



# CITY OF CHULA VISTA, CALIFORNIA

JUNE 30, 2021

SINGLE AUDIT REPORT

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CITY OF CHULA VISTA, CALIFORNIA

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council  
City of Chula Vista, 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Chula Vista, 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 December 28, 2021.

#### **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*.



To the Honorable Mayor and Members of the City Council  
City of Chula Vista, California

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Loughard, LLP*

Brea, California  
December 28, 2021



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

To the Honorable Mayor and Members of the City Council  
City of Chula Vista, California

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

***Opinion on Each Major Federal Program***

We have audited the City of Chula Vista, California (the "City")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 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.

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.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's government programs.



To the Honorable Mayor and Members of the City Council  
City of Chula Vista, California

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.



To the Honorable Mayor and Members of the City Council  
City of Chula Vista, California

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Luythard, LLP".

Brea, California

April 7, 2022 (Except for the *Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance* which is dated December 28, 2021)



## CITY OF CHULA VISTA, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
<b>CDBG - Entitlement Grants Cluster</b>				
Department of Housing and Urban Development Direct Programs:				
Community Development Block Grants/Entitlement Grants (CDBG)	14.218	N/A	\$ 927,432	\$ 2,585,378
Community Development Block Grants/Entitlement Grants (CDBG) - Loan Programs (Note 3)	14.218	N/A	-	2,081,007
Subtotal - Assistance Listing 14.218			927,432	4,666,385
Total Department of Housing and Urban Development Direct Programs			927,432	4,666,385
<b>Total CDBG - Entitlement Grants Cluster</b>			<b>927,432</b>	<b>4,666,385</b>
<b>Highway Planning and Construction Cluster</b>				
Department of Transportation Pass-Through Programs from:				
State of California Department of Transportation				
Highway Planning and Construction	20.205	02-549-9144	-	3,290,744
Total Department of Transportation Pass-Through Programs			-	3,290,744
<b>Total Highway Planning and Construction Cluster</b>			<b>-</b>	<b>3,290,744</b>
<b>Highway Safety Cluster</b>				
Department of Transportation Pass-Through Programs from:				
State of California Office of Traffic Safety				
State and Community Highway Safety	20.600	96-505-3908	-	603,187
Total Department of Transportation Pass-Through Programs			-	603,187
<b>Total Highway Safety Cluster</b>			<b>-</b>	<b>603,187</b>
<b>Other Programs</b>				
Department of Housing and Urban Development Direct Programs:				
Home Investment Partnerships Program *	14.239	N/A	600,811	652,972
Home Investment Partnerships Program - Loan Programs (Note 3) *	14.239	N/A	-	15,147,238
Subtotal - Assistance Listing 14.239			600,811	15,800,210
Emergency Solutions Grant Program	14.231	N/A	107,548	136,946
Total Department of Housing and Urban Development			708,359	15,937,156
Department of Justice Direct Programs:				
Bulletproof Vest Partnership Program	16.607	N/A	-	11,932
Community Oriented Policing Services	16.710	N/A	-	203,666
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	50,199
Equitable Sharing Program	16.922	N/A	-	485,483
Department of Justice Pass-Through Programs from:				
California Governor's Office of Emergency Services				
Violence Against Women Formula Grants	16.588	94-743-6176	-	203,170
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	94-743-6176	-	54,934
City of San Diego				
Missing Children's Assistance	16.543	00-958-1208	-	111,397
Total Department of Justice			-	1,120,781
Department of Treasury Direct Programs:				
Equitable Sharing Program *	21.016	N/A	-	3,012,268
COVID-19--Emergency Rental Assistance Program *	21.023	N/A	4,420,469	4,425,649
Department of the Treasury Pass-Through Programs from:				
County of San Diego				
COVID-19--Coronavirus Relief Fund *	21.019	00-958-1646	524,412	3,112,870
State of California				
COVID-19--Coronavirus Relief Fund *	21.019	17-015-0440	633,491	3,360,914
Subtotal - Assistance Listing 21.019			1,157,903	6,473,784
Total Department of Treasury			5,578,372	13,911,701
Executive Office of the President Direct Programs:				
High Intensity Drug Trafficking Areas Program	95.001	N/A	-	2,768,384
Total Executive Office of the President			-	2,768,384
Department of Homeland Security Direct Programs:				
FEMA 2020	97.U01	N/A	-	(414,284)
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	-	1,415,843
Department of Homeland Security Pass-Through Programs from:				
County of San Diego Office of Emergency Services				
Emergency Management Performance Grants	97.042	04-744-0925	-	63,959
Homeland Security Grant Program	97.067	04-744-0925	-	113,630
County of San Diego				
Homeland Security Grant Program	97.067	00-958-1208	-	2,883,014
City of San Diego Office of Homeland Security				
Homeland Security Grant Program	97.067	17-221-6389	-	29,151
Subtotal - Assistance Listing 97.067			-	3,025,795
Total Department of Homeland Security			-	4,091,313
<b>Total Other Programs</b>			<b>6,286,731</b>	<b>37,829,335</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 7,214,163</b>	<b>\$ 46,389,651</b>

\* Major Program

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

CITY OF CHULA VISTA, CALIFORNIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Chula Vista (the "City") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized according to the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3: Loan Programs**

The federal housing loan programs listed subsequently are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented on the Schedule. The balance of loans outstanding at June 30, 2021 consist of:

<b>Federal Assistance Listing No.</b>	<b>Program Name</b>	<b>Outstanding Balance at June 30, 2021</b>
14.218	CDBG Loans	\$ 1,870,207
14.239	HOME Loans	12,922,723
	Total Loans Outstanding	<u>\$ 14,792,930</u>

CITY OF CHULA VISTA, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
21.016	Equitable Sharing Fund
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program

Dollar threshold used to distinguish between type A and type B program \$1,391,689

Auditee qualified as low-risk auditee? ☐ yes ☒ no

**CITY OF CHULA VISTA, CALIFORNIA**

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

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.



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

**2020-001: Cash and Investments Reconciliation**  
*Significant Deficiency*

This finding is corrected and considered fully resolved as of June 30, 2021.