CITY OF HUNTINGTON BEACH
Huntington Beach, California

Single Audit Report on Federal Awards

For the year ended June 30, 2020
# CITY OF HUNTINGTON BEACH

**Single Audit Report on Federal Awards**

For the year ended June 30, 2020

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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

Independent Auditor’s Report

Honorable Mayor and City Council
City of Huntington Beach
Huntington Beach, 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 Huntington Beach, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Huntington Beach’s basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Huntington Beach’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Huntington Beach’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Huntington Beach’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 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 of Huntington Beach'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Irvine, California
December 16, 2020

Independent Auditor’s Report

Honorable Mayor and City Council
City of Huntington Beach
Huntington Beach, California

Report on Compliance for Each Major Federal Program

We have audited the City of Huntington Beach’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 of Huntington Beach’s major federal programs for the year ended June 30, 2020. The City of Huntington Beach’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 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 of Huntington Beach’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 requirement 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 of Huntington Beach’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 of Huntington Beach’s compliance.
Opinion on Each Major Federal Program

In our opinion, the City of Huntington Beach complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Huntington Beach 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 of Huntington Beach’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 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 of Huntington Beach’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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.
Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach as of and for the year ended June 30, 2020 and have issued our report thereon dated December 16, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Irvine, California
February 24, 2021, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 16, 2020
### U.S. Department of Housing and Urban Development

**Direct Programs:**

- **Community Development Block Grants Cluster**
  - **Entitlement Grants**
    - Federal Grantor: 14.218
    - Domestic Assistance Number: B-17-MC-06-0506
    - Program Identification Number: 17
    - Current Year Federal Expenditures: $135,413
    - Disbursements to Subrecipients: $0
    - Entitlement Grants
    - Federal Grantor: 14.218
    - Domestic Assistance Number: B-18-MC-06-0506
    - Program Identification Number: 18
    - Current Year Federal Expenditures: 231,802
    - Disbursements to Subrecipients: 0
  - **Entitlement Grants**
    - Federal Grantor: 14.218
    - Program Identification Number: Program Income
    - Current Year Federal Expenditures: 793,645
    - Disbursements to Subrecipients: 50,814
    - Entitlement Grants
    - Federal Grantor: 14.218
    - Program Identification Number: Revolving Loan Funds
    - Current Year Federal Expenditures: 326,414
    - Disbursements to Subrecipients: 135,413
  - **Subtotal Community Development Block Grants Cluster**
    - Total Federal Expenditures: 1,635,270
    - Disbursements to Subrecipients: 103,784

- **HOME Investment Partnerships Program**
  - Federal Grantor: 14.218
  - Program Identification Number: M-15-MC-06-0514
  - Current Year Federal Expenditures: 19,034
  - Disbursements to Subrecipients: 19,034
  - HOME Investment Partnerships Program
  - Federal Grantor: 14.218
  - Program Identification Number: M-16-MC-06-0514
  - Current Year Federal Expenditures: 20,384
  - Disbursements to Subrecipients: 20,384
  - HOME Investment Partnerships Program
  - Federal Grantor: 14.218
  - Program Identification Number: M-17-MC-06-0514
  - Current Year Federal Expenditures: 73,619
  - Disbursements to Subrecipients: 0
  - HOME Investment Partnerships Program
  - Federal Grantor: 14.218
  - Program Identification Number: M-18-MC-06-0514
  - Current Year Federal Expenditures: 783,260
  - Disbursements to Subrecipients: 783,260
  - **Subtotal HOME Investment Partnerships Program**
    - Total Federal Expenditures: 911,039
    - Disbursements to Subrecipients: 822,678

**Total U.S. Department of Housing and Urban Development**

- Total Federal Expenditures: 2,546,309
- Disbursements to Subrecipients: 926,462

### U.S. Department of Justice

**Direct Programs:**

- **Equitable Sharing Program**
  - Federal Grantor: 16.922
  - Program Identification Number: CA0301000
  - Current Year Federal Expenditures: 135,734
  - Disbursements to Subrecipients: 0

**Passed through California Office of Emergency Services:**

- **Violence Against Women Formula Grants**
  - Federal Grantor: 16.588
  - Program Identification Number: LE18016860
  - Current Year Federal Expenditures: 112,654
  - Disbursements to Subrecipients: 112,654
  - Violence Against Women Formula Grants
  - Federal Grantor: 16.588
  - Program Identification Number: LE19036860
  - Current Year Federal Expenditures: 94,639
  - Disbursements to Subrecipients: 94,639
  - **Subtotal Violence Against Women Formula Grants**
    - Total Federal Expenditures: 207,293
    - Disbursements to Subrecipients: 207,293

**Total U.S. Department of Justice**

- Total Federal Expenditures: 343,027
- Disbursements to Subrecipients: 343,027

### U.S. Department of Transportation

**Passed through California Department of Transportation:**

- **Highway Planning and Construction Cluster**
  - Bridge Preventive Maintenance - Non ARRA
    - Federal Grantor: 20.205
    - Program Identification Number: BPMPL-S181 (169)
    - Current Year Federal Expenditures: 40,000
    - Disbursements to Subrecipients: 0
  - Bridge Preventive Maintenance - Non ARRA
    - Federal Grantor: 20.205
    - Program Identification Number: BPMPL-S181 (172)
    - Current Year Federal Expenditures: 2,399
    - Disbursements to Subrecipients: 0
  - Highway Safety Improvement Program
    - Federal Grantor: 20.205
    - Program Identification Number: HSIP-S181(180), HSIP6-12-004
    - Current Year Federal Expenditures: 74,137
    - Disbursements to Subrecipients: 0
  - Highway Safety Improvement Program
    - Federal Grantor: 20.205
    - Program Identification Number: HSIP-S181(181), HSIP6-12-005
    - Current Year Federal Expenditures: 178,452
    - Disbursements to Subrecipients: 0
  - Highway Safety Improvement Program
    - Federal Grantor: 20.205
    - Program Identification Number: HSIP-S181(184), HSIP6-12-006
    - Current Year Federal Expenditures: 33,084
    - Disbursements to Subrecipients: 0
  - Highway Safety Improvement Program
    - Federal Grantor: 20.205
    - Program Identification Number: HSIP-S181(185), HSIP6-12-007
    - Current Year Federal Expenditures: 332,958
    - Disbursements to Subrecipients: 0
  - Highway Safety Improvement Program
    - Federal Grantor: 20.205
    - Program Identification Number: HSIP-S181(186), HSIP6-12-008
    - Current Year Federal Expenditures: 269,867
    - Disbursements to Subrecipients: 0
  - Highway Safety Improvement Program
    - Federal Grantor: 20.205
    - Program Identification Number: HSIP-S181(181), HSIP6-12-002
    - Current Year Federal Expenditures: 856,990
    - Disbursements to Subrecipients: 0
  - Highway Safety Improvement Program
    - Federal Grantor: 20.205
    - Program Identification Number: HSIP-S181(182), HSIP6-12-003
    - Current Year Federal Expenditures: 392,505
    - Disbursements to Subrecipients: 0
  - **Subtotal Highway Planning and Construction Cluster**
    - Total Federal Expenditures: 2,180,392
    - Disbursements to Subrecipients: 2,180,392

**Passed through California Office of Traffic Safety:**

- **Highway Safety Cluster**
  - State and Community Highway Safety
    - Federal Grantor: 20.600
    - Program Identification Number: PT19050 (402PT-19)
    - Current Year Federal Expenditures: 40,000
    - Disbursements to Subrecipients: 0
  - State and Community Highway Safety
    - Federal Grantor: 20.600
    - Program Identification Number: PT20061 (402PT-20)
    - Current Year Federal Expenditures: 105,918
    - Disbursements to Subrecipients: 0
  - **Subtotal State and Community Highway Safety**
    - Total Federal Expenditures: 145,918
    - Disbursements to Subrecipients: 145,918

**Total U.S. Department of Transportation**

- Total Federal Expenditures: 2,680,940
- Disbursements to Subrecipients: 2,680,940

See accompanying notes to the schedule of expenditures of federal awards.
**Institute of Museum and Library Services:**
- Passed through California State Library:
  - Library Services and Technology Grant
    - Catalog of Federal Domestice Assistance Number: 45.310
    - Program Identification Number: LS-00-19-0005-19
    - Current Year Federal Expenditures: $33,177
- Subtotal Passed through the California State Library: $33,177

**Department of Homeland Security**
- Passed through County of Orange:
  - Emergency Management Performance Grant
    - Federal Grantor Program Title: 97.042
    - Catalog of Federal Domestic Assistance Number: 97.042
    - Program Identification Number: 2019 EMPG Local Allocation
    - Current Year Federal Expenditures: $25,799
- Passed through City of Anaheim:
  - Homeland Security Grant Program (Police)
    - Federal Grantor Program Title: 97.067
    - Catalog of Federal Domestic Assistance Number: 97.067
    - Program Identification Number: 2016-SS-0102
    - Current Year Federal Expenditures: $2,184

**Total Department of Homeland Security**: $27,983

**Total Expenditures of Federal Awards**: $5,631,436

See accompanying notes to the schedule of expenditures of federal awards
CITY OF HUNTINGTON BEACH  
Notes to the Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2020

(1) **Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

(a) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the City of Huntington Beach (the City) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of and the audit requirement 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 assets or cash flows of the City. The City did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

The City of Huntington Beach includes loans granted under the Community Development Block Grants/Entitlement Grants Revolving Loan Funds.

(b) **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified-accural basis of accounting for those grants that were recorded in governmental funds, and on the accrual basis of accounting for those grants that were recorded in proprietary funds. Such expenditures for part of the year are recognized following the cost principles contained in OMB Circular 87 Cost Principles for State, Local, and Indian Tribal Governments, and for part of the year contained in Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

(c) **Subrecipients**

For the fiscal year ended June 30, 2020, payments to subrecipients consisted of the following:

<table>
<thead>
<tr>
<th>Program Number</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-19-MC-06-0506</td>
<td>Program Income</td>
<td>$52,970</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50,814</td>
</tr>
<tr>
<td>M-15-MC-06-0514</td>
<td></td>
<td>19,034</td>
</tr>
<tr>
<td>M-16-MC-06-0514</td>
<td></td>
<td>20,384</td>
</tr>
<tr>
<td></td>
<td>Program Income</td>
<td>783,260</td>
</tr>
<tr>
<td></td>
<td>Total Payments to Subrecipient</td>
<td>$926,462</td>
</tr>
</tbody>
</table>


Notes to the Schedule of Expenditures of Federal Awards

For the year ended June 30, 2020

(Continued)

(2) Federal Funded Loans

The City administers loans, primarily deferred loans, made from funds provided by the following federal programs:

<table>
<thead>
<tr>
<th>Federal Programs</th>
<th>CFDA No.</th>
<th>Loans Outstanding as of June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development Block</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants/Entitlement Grants</td>
<td>14.218</td>
<td>$ 2,315,254</td>
</tr>
<tr>
<td>HOME Investment Partnerships Program</td>
<td>14.239</td>
<td>13,417,838</td>
</tr>
<tr>
<td>Neighborhood Stabilization Program - HERA</td>
<td>14.228</td>
<td>511,097</td>
</tr>
</tbody>
</table>

The loans are not subject to continuing compliance requirements. The outstanding loan requirements have not been included in the accompanying Schedule of Expenditures of Federal Awards.

(3) Office of Emergency Services

The following represents federal expenditures for the grant period, which may extend over several fiscal years, for programs from the Department of Justice passed through the Office of Emergency Services:

Violence Against Women Formula Grant LE18016860 from July 1, 2019 – June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>$ 39,018</td>
<td>$ 39,018</td>
<td>$ -</td>
</tr>
<tr>
<td>Operating Expenses/Equipment</td>
<td>73,636</td>
<td>73,636</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 112,654</td>
<td>$ 112,654</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Violence Against Women Formula Grant LE19036860 from July 1, 2019 – June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>$ 64,170</td>
<td>$ 26,288</td>
<td>$ 37,882</td>
</tr>
<tr>
<td>Operating Expenses/Equipment</td>
<td>138,973</td>
<td>68,351</td>
<td>70,622</td>
</tr>
<tr>
<td>Total</td>
<td>$ 203,143</td>
<td>$ 94,640</td>
<td>$ 108,503</td>
</tr>
</tbody>
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CITY OF HUNTINGTON BEACH

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Section I - Summary of Auditor’s Results

Financial Statement:

1. Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

2. Internal control over financial reporting:
   a. Material weakness(es) identified? No
   b. Significant deficiency(ies) identified? None Reported

3. Noncompliance material to the financial statements noted? No

Federal Awards

1. Internal control over major programs:
   a. Material weakness(es) identified? No
   b. Significant deficiency(ies) identified? None Reported

2. Type of auditors’ report issued on compliance for major programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? No

4. Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.239</td>
<td>Department of Housing and Urban Development: Home Investment Partnership Program</td>
</tr>
<tr>
<td>20.205</td>
<td>U.S. Department of Transportation: Highway Safety Improvement Program</td>
</tr>
</tbody>
</table>

5. Dollar threshold used to distinguish between Type A and Type B programs: $750,000

6. Auditee qualified as a low-risk auditee? Yes
CITY OF HUNTINGTON BEACH

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

(Continued)

Section II - Financial Statement Findings

There are no findings noted during the year under audit.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs.
CITY OF HUNTINGTON BEACH

Summary Schedule of Prior Year Findings

For the year ended June 30, 2020

Section IV – Summary Schedule of Prior Year Findings

There were no material audit adjustments noted during the audit for the year ended June 30, 2019.