

COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS  
SINGLE AUDIT REPORT ON FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021



**DavisFarr**  
CERTIFIED PUBLIC ACCOUNTANTS

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Single Audit Report on Federal Awards**

**Year Ended June 30, 2021**

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Single Audit Report on Federal Awards**

**Year Ended June 30, 2021**

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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**

Executive Committee  
Coachella Valley Association of Governments  
Palm Desert, 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, each major fund, and the aggregate remaining fund information of the Coachella Valley Association of Governments (the Association), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated May 24, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* to be a significant deficiency. The reference number of the related finding is 2021-001.

Executive Committee  
Coachella Valley Association of Governments  
Palm Desert, California

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association'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*.

### **CVAG's Response to Findings**

CVAG's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. CVAG's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarrLLP

Irvine, California  
May 24, 2022

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

**INDEPENDENT AUDITOR'S REPORT**

Executive Committee  
Coachella Valley Association of Governments  
Palm Desert, California

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

We have audited the Coachella Valley Association of Governments (the Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended June 30, 2021. The Association'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 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 Association'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 Association'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 the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

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

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the Association 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 Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Executive Committee  
Coachella Valley Association of Governments  
Palm Desert, California

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Association as of and for the year ended June 30, 2021, and have issued our report thereon dated May 24, 2022, 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 Expenditures of Federal Awards is fairly stated in material respects in relation to the financial statements as a whole.

*DavisFarrLLP*

Irvine, California

June 15, 2022 except for our report on the Schedule of Expenditures of Federal Awards, for which the date is May 24, 2022

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Program Identification Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<b><u>U.S. Department of Transportation</u></b>				
Passed through the California Department of Transportation:				
Highway Planning and Construction Cluster:				
Active Transportation Program (ATP)	20.205	08-6164R	\$ 1,269,584	\$ -
Congestion Mitigation and Air Quality (CMAQ)	20.205	08-6164F15	224,340	-
Total Highway Planning and Construction Cluster			<u>1,493,924</u>	<u>-</u>
Total Expenditure of Federal Awards			<u>\$ 1,493,924</u>	<u>\$ -</u>

See Note to Schedule of Expenditures of Federal Awards.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Note to the Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2021**

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

Scope of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the Coachella Valley Association of Governments under programs of the federal government for the year ended June 30, 2021. All financial assistance received directly from federal agencies is included in the accompanying Schedule. The information in the 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). The Association did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles 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.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements**

- |   |            |
|---|------------|
| 1. Type of auditor's 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?  | 2021-001   |
| 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 auditor's 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:

CFDA Number  
20.205

Name of Federal Program or Cluster  
United States Department  
of Transportation  
Highway Planning and  
Construction Cluster

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee?                                 | No        |

# COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

### Section II - Financial Statement Findings

#### 2021-001 Journal Entries Detected During the Audit

Auditing standards require the auditors to include an internal control recommendation when there are prior period adjustments and material audit adjustments. During our audit, there were two material journal entries detected as a result of audit procedures. There was one prior period adjustment recorded by CVAG.

The journal entries detected as a result of audit procedures were to record accounts payable and the related expenses in the TUMF Fund for \$260,000 and the Signal Sync Fund for \$119,000 and to record Due from Other Governments and Unavailable Revenue for \$119,000 in the Signal Sync Fund.

#### Recommendation

We recommend CVAG establish procedures to, whenever possible, identify adjustments in the reporting period in which the related transactions occurred. It is recognized this is not always possible and on occasion CVAG accounting procedures will properly identify adjustment in subsequent periods.

#### Management Response

Management recognizes that it not always possible to identify adjustments in the reporting period in which the related transactions occurred and that on occasion CVAG accounting procedures will properly identify adjustment in subsequent periods. Management also recognizes that the lack of timely billing of member agencies and related organizations to CVAG may cause for material audit adjustments unknown to CVAG at the time of financial statement closing process. Management further recognizes that while it does not control how other agencies perform their billing, there are other steps that CVAG can take to ensure expenditures are recorded in the proper period. Management has already begun to implement such procedures related to accounts payable and other processes by notifying member agencies and vendors to provide invoices in a timely manner for closing of accounts payable. In addition, Management understands that accounting estimates may be required from time-to-time and intends to utilize recent and relevant information to make such estimates when there is a lack of timely billing of member agencies and related organizations.

### Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the year ended June 30, 2021.

**COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2021**

**Section IV – Summary of Prior Audit Findings and Current Status**

There are no prior year audit findings.