

**CITY OF SANTA ANA, CALIFORNIA
SINGLE AUDIT OF FEDERAL AWARDS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CITY OF SANTA ANA, CALIFORNIA
June 30, 2021
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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*

Honorable City Council
of the City of Santa Ana
Santa Ana, 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 Santa Ana, 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 8, 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
December 8, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE, SCHEDULE OF EXPENDITURES OF STATE
AWARDS REQUIRED BY THE STATE OF CALIFORNIA, AND HOUSING AUTHORITY
OF THE CITY OF SANTA ANA FINANCIAL DATA SCHEDULES REQUIRED BY
THE US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Honorable City Council
of the City of Santa Ana
Santa Ana, California

Report on Compliance for Each Major Federal Program

We have audited the City of Santa Ana'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 auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and 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's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance 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.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, the Schedule of Expenditures of State Awards Required by the State of California, and the Housing Authority of the City of Santa Ana Financial Data Schedules Required by the US Department of Housing and Urban Development

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 of Santa Ana 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 8, 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, the Schedule of Expenditures of State Awards, and the Housing Authority of the City of Santa Ana Financial Data Schedules are presented for purposes of additional analysis as required by the Uniform Guidance, the State of California, and the US Department of Housing and Urban Development, respectively, and are 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, the Schedule of Expenditures of State Awards, and the Housing Authority of the City of Santa Ana Financial Data Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Irvine, California
June 17, 2022

CITY OF SANTA ANA, CALIFORNIA

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2021

| Federal Grantor / Pass-Through Grantor / Program / Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|--|--|----------------------------------|---------------------------------------|
| U.S. Department of Housing and Urban Development | | | | |
| Direct Programs: | | | | |
| Community Development Block Grants - Entitlement Grants Cluster: | | | | |
| Community Development Block Grants | 14.218 | N/A | \$ 7,511,180 | \$ 720,338 |
| COVID-19 - Community Development Block Grants | 14.218 | N/A | 4,508,225 | 3,782,996 |
| Neighborhood Stabilization Program 1 | 14.218 | N/A | 2,235 | - |
| Neighborhood Stabilization Program 3 | 14.218 | N/A | 1,967 | - |
| Subtotal Community Development Block Grants - Entitlement Grants Cluster | | | 12,023,607 | 4,503,334 |
| Emergency Solutions Grant Program | 14.231 | N/A | 452,850 | 360,355 |
| COVID-19 - Emergency Solutions Grant Program | 14.231 | N/A | 3,560,234 | 3,102,596 |
| Subtotal Emergency Solutions Grant Program | | | 4,013,084 | 3,462,951 |
| Housing Voucher Cluster: | | | | |
| Section 8 Housing Choice Vouchers | 14.871 | N/A | 39,132,051 | - |
| COVID-19 - Section 8 Housing Choice Vouchers - CARES Act | 14.871 | N/A | 1,260,045 | - |
| COVID-19 - Housing Assistance Payments - CARES Act | 14.871 | N/A | 1,127,700 | - |
| Subtotal Section 8 Housing Choice Vouchers | | | 41,519,796 | - |
| Mainstream Vouchers | 14.879 | N/A | 1,535,620 | - |
| COVID-19 - Mainstream Vouchers - CARES Act | 14.879 | N/A | 15,716 | - |
| Subtotal Mainstream Vouchers | | | 1,551,336 | - |
| Subtotal Housing Voucher Cluster | | | 43,071,132 | - |
| Family Self-Sufficiency Program | 14.896 | N/A | 71,322 | - |
| Family Self-Sufficiency Program | 14.896 | N/A | 97,419 | - |
| Subtotal Family Self-Sufficiency Program | | | 168,741 | - |
| HOME Investment Partnerships Program | 14.239 | N/A | 201,662 | - |
| Total U.S. Department of Housing and Urban Development | | | 59,478,226 | 7,966,285 |
| U.S. Department of Labor | | | | |
| Workforce Innovation and Opportunity Act (WIOA) Cluster: | | | | |
| Passed through CA Employment Development Department: | | | | |
| WIOA Adult Program | 17.258 | AA111027 | 682,155 | - |
| WIOA Dislocated Worker Formula Grants | 17.278 | AA111027 | 601,790 | - |
| WIOA Dislocated Worker Formula Grants (Rapid Response) | 17.278 | AA111027 | 239,472 | - |
| Subtotal WIOA Dislocated Worker Formula Grants | | | 841,262 | - |
| WIOA Youth Activities | 17.259 | AA011027 | 196,341 | - |
| WIOA Youth Activities | 17.259 | AA111027 | 561,499 | 345,027 |
| Subtotal WIOA Youth Activities | | | 757,840 | 345,027 |

(Continued)

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards

CITY OF SANTA ANA, CALIFORNIA

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2021 (Continued)

| Federal Grantor / Pass-Through Grantor / Program / Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Passed Through to Subrecipients |
|--|--|--|-------------------------|---------------------------------------|
| Passed through County of Orange Community Resources Agency WIOA Adult Program | 17.258 | 19-28-0070-RWS | \$ 18,686 | \$ - |
| Passed through Goodwill Industries of Orange: WIOA Adult Program (Veterans Employment Assistance Program) | 17.258 | K9110010 | 6,837 | - |
| Subtotal Workforce Innovation and Opportunity Act (WIOA) Cluster | | | 2,306,780 | 345,027 |
| Passed through CA Employment Development Department: WIOA National Dislocated Worker Grants | 17.277 | AA011027 | 158,358 | - |
| Total U.S. Department of Labor | | | 2,465,138 | 345,027 |
| U.S. Department of Transportation | | | | |
| Highway Planning and Construction Cluster: | | | | |
| Passed through CA Department of Transportation: | | | | |
| National Highway Performance Program | 20.205 | BRLS 5063(184) | 597,152 | - |
| Bicycle Corridor Improvement | 20.205 | CMAQ 5063(180) BCI | 566,518 | - |
| Bicycle Corridor Improvement | 20.205 | CMAQ 5063(181) BCI | 17,546 | - |
| Bicycle Corridor Improvement | 20.205 | CMAQ 5063(182) BCI | 847,818 | - |
| Bicycle Corridor Improvement | 20.205 | CMAQ 5063(183) BCI | 906,619 | - |
| Bicycle Corridor Improvement | 20.205 | CMAQ 5063(200) BCI | 3,416 | - |
| Regional Surface Transportation Program | 20.205 | STPL5063(176) | 10,867 | - |
| Highway Safety Improvement Program | 20.205 | HSIPL 5063(171) | 142,280 | - |
| Highway Safety Improvement Program | 20.205 | HSIPL 5063(186) | 344,573 | - |
| Highway Safety Improvement Program | 20.205 | HSIPL 5063(187) | 456,795 | - |
| Highway Safety Improvement Program | 20.205 | HSIPL 5063(188) | 397,482 | - |
| Highway Safety Improvement Program | 20.205 | HSIPL 5063(189) | 7,772 | - |
| Highway Safety Improvement Program | 20.205 | HSIPL 5063(190) | 8,613 | - |
| Subtotal Highway Planning and Construction Cluster | | | 4,307,451 | - |
| Highway Safety Cluster: | | | | |
| State and Community Highway Safety: | | | | |
| Passed through CA Office of Traffic Safety: | | | | |
| Selective Traffic Enforcement | 20.600 | PT20164 | 186,798 | - |
| Selective Traffic Enforcement | 20.600 | PT21066 | 24,800 | - |
| Selective Traffic Enforcement | 20.600 | PT21189 | 308,590 | - |
| Public Education on Bicycle Safety | 20.600 | PS20034 | 72,386 | - |
| Subtotal State and Community Highway Safety Cluster | | | 592,574 | - |
| Total U.S. Department of Transportation | | | 4,900,025 | - |

(Continued)

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

CITY OF SANTA ANA, CALIFORNIA

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2021 (Continued)

| Federal Grantor / Pass-Through Grantor / Program / Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Passed Through to Subrecipients |
|--|--|--|-------------------------|---------------------------------------|
| U.S. Department of Justice | | | | |
| Direct Programs: | | | | |
| Equitable Sharing Program (Asset Forfeiture) | 16.922 | N/A | \$ 498,666 | \$ - |
| Public Safety Partnership and Community Policing Grants | 16.710 | N/A | 99,372 | - |
| Body Worn Camera Policy and Implementation | 16.835 | N/A | 28,598 | - |
| COVID-19 - Coronavirus Emergency Supplemental Funding | 16.034 | N/A | 23,383 | - |
| Passed through County of Orange Sheriff's Department: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program: | | | | |
| Byrne Justice Assistance Grant 2017 | 16.738 | 2017-DJ-BX-0990 | 9,017 | - |
| Byrne Justice Assistance Grant 2018 | 16.738 | 2018-DJ-BX-0820 | 40,356 | - |
| Byrne Justice Assistance Grant 2019 | 16.738 | 2019-DJ-BX-0899 | 107,633 | - |
| Byrne Justice Assistance Grant 2020 | 16.738 | 2020-DJ-BX-0773 | 7,022 | - |
| Subtotal Edward Byrne Memorial Justice Assistance Grant Program | | | 164,028 | - |
| Passed through Human Options: | | | | |
| Culturally and Linguistically Specific Services Program | 16.016 | 2016-WE-AX-0054 | 104,206 | - |
| Total U.S. Department of Justice | | | 918,253 | - |
| U.S. Department of Homeland Security | | | | |
| Homeland Security Grant Program: | | | | |
| Passed through CA Office of Emergency Services: | | | | |
| Urban Area Security Initiative 2017 | 97.067 | 2017-00083 059-95010 | 291,455 | 293,619 |
| Urban Area Security Initiative 2019 | 97.067 | 2019-0035 059-95010 | 819,858 | 9,829 |
| Passed through City of Anaheim: | | | | |
| Urban Area Security Initiative 2018 | 97.067 | 2018-0054 | 512,934 | - |
| Subtotal Homeland Security Grant Program | | | 1,624,247 | 303,448 |
| Total U.S. Department of Homeland Security | | | 1,624,247 | 303,448 |
| U.S. Department of Health and Human Services | | | | |
| Passed through County of Orange Social Services Agency: | | | | |
| Temporary Assistance for Needy Families | 93.558 | WGM0319 | 552,607 | - |
| U.S. Department of Treasury | | | | |
| Direct Programs: | | | | |
| Equitable Sharing Program (Asset Forfeiture) | 21.016 | N/A | 179,995 | - |
| COVID-19 - Emergency Rental Assistance Program | 21.023 | N/A | 3,375,042 | 3,304,652 |
| COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA) | 21.027 | N/A | 265,000 | - |

(Continued)

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021 (Continued)**

| Federal Grantor / Pass-Through Grantor / Program / Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Passed Through to Subrecipients |
|---|--|---|---------------------------------|--|
| Coronavirus Relief Fund: | | | | |
| Passed through CA Department of Finance | | | | |
| COVID-19 - Coronavirus Relief Fund | 21.019 | N/A | \$ 28,456,555 | \$ 1,576,258 |
| Passed through County of Orange: | | | | |
| COVID-19 - Coronavirus Relief Fund | 21.019 | N/A | 3,393,353 | - |
| Subtotal Coronavirus Relief Fund | | | <u>31,849,908</u> | <u>1,576,258</u> |
| Total U.S. Department of Treasury | | | <u>35,669,945</u> | <u>4,880,910</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 105,608,441</u></u> | <u><u>\$ 13,495,670</u></u> |

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

CITY OF SANTA ANA, CALIFORNIA

**Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2021**

| Grantor / Program Title | Program Identification Number | State Awards Expenditures |
|---|--------------------------------------|----------------------------------|
| CA Business Consumer Services and Housing Agency | | |
| Homeless Emergency Aid Program | 18-HEAP-00007 | \$ 2,266,783 |
| Homeless Housing Assistance & Prevention COVID-19 | 20-HCFC-00019 | 1,158,916 |
| Homeless Housing Assistance & Prevention | 20-HHAP-00019 | 2,144,077 |
| | | <u>5,569,776</u> |
| CA Department of Education | | |
| RSCCD - Strong Workforce Program | DO-18-2226-01 | <u>8,955</u> |
| CA Department of Housing and Community Development | | |
| Affordable Housing Sustainable Communities Program | 16-AHSC-11200 | 1,150,649 |
| SB2 Planning Grants Program | 19-PGP-13895 | 56,300 |
| Local Early Action Planning Program | 20-LEAP-15676 | 28,633 |
| | | <u>1,235,582</u> |
| CA Department of Justice | | |
| Sexual Assault Evidence Grant | 2019-2020-02 | <u>19,836</u> |
| CA Department of Motor Vehicles | | |
| SCAQMD Mobile Source Air Pollution Reduction | 2015 MSRC ML14012 | <u>24,717</u> |
| CA Department of Resources Recycling and Recovery | | |
| Oil Payment Program | OPP6, OPP8, OPP10 | 12,325 |
| Beverage Container Payment Program | FY 13/14, 16/17, 17/18, 18/19 | 91,353 |
| | | <u>103,678</u> |
| CA Department of Transportation | | |
| Active Transportation Program | ATPL-5063(170) | 2,505,200 |
| Active Transportation Program | ATPL-5063(172) | 987,814 |
| Active Transportation Program | ATPL-5063(177) | 16,877 |
| Active Transportation Program | ATPL-5063(178) | 2,076,310 |
| Active Transportation Program | ATPLNI-5063(185) | 14,524 |
| Active Transportation Program - SB1 Augmentation | ATPSB1L-5063(191) | 215,704 |
| Active Transportation Program - SB1 Augmentation | ATPSB1L-5063(193) | 679,593 |
| Active Transportation Program - SB1 Augmentation | ATPSB1L-5063(195) | 146,832 |
| Active Transportation Program - SB1 Augmentation | ATPSB1L-5063(196) | 209,598 |
| Active Transportation Program - SB1 Augmentation | ATPSB1L-5063(197) | 410,950 |
| Active Transportation Program - SB1 Augmentation | ATPSB1L-5063(198) | 34,685 |
| Active Transportation Program - SB1 Augmentation | ATPSB1L-5063(199) | 27,388 |
| Southern California Association of Government Gran | 275-4823U3.01/4823E.01 | 14,800 |
| | | <u>7,340,275</u> |
| CA Natural Resources Agency | | |
| Urban Greening Grant Program - Proposition 84 | U59151-0 | 2,346 |
| Statewide Park Development & Community Revitalization | C9801034 | 14,023 |
| Advanced Metering Infrastructure | GF1806-0 | 1,272,188 |
| | | <u>1,288,557</u> |
| CA State Coastal Conservancy | | |
| Santa Ana River Conservancy Program | 19-098 | <u>504,180</u> |
| CA State Library | | |
| Mobile Library Solutions Grant | SVBT-026 | <u>67,647</u> |
| CA Workforce Development Board | | |
| Prison to Employment Program | M0113404 | 527,078 |
| Prison to Employment Program | M0113521 | 508,505 |
| | | <u>1,035,583</u> |
| Total Expenditures of State Awards | | <u><u>\$ 17,198,786</u></u> |

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

CITY OF SANTA ANA, CALIFORNIA
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the Schedules) include the federal and state award activities of the City of Santa Ana, California (the City), under programs of the federal government and the State of California, as well as federal and state financial assistance passed through other government agencies for the year ended June 30, 2021. The information in the Schedule of Expenditures of Federal Awards (SEFA) is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of the City, they are not intended to, and do not, present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedules are presented using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in the Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Federal assistance listing number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The information in the SEFA is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements. Pass-through entity identifying numbers are identified where available.

3. INDIRECT COST RATE

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

CITY OF SANTA ANA, CALIFORNIA

Housing Authority of the City of Santa Ana
Financial Data Schedule of Assets, Liabilities, and Equity
June 30, 2021

| Line Item No. | Account Description | Family Self Sufficiency Program | Housing Choice Vouchers | Mainstream Vouchers | Housing Choice Vouchers CARES ACT | Mainstream Vouchers CARES ACT | Emergency Housing Voucher ARPA | Total |
|-------------------------------|---|---------------------------------|-------------------------|---------------------|-----------------------------------|-------------------------------|--------------------------------|--------------|
| Assets | | | | | | | | |
| Current Assets: | | | | | | | | |
| 111 | Cash - Unrestricted | \$ - | \$ 1,944,188 | \$ 113,896 | \$ 428 | \$ - | \$ 35,600 | \$ 2,094,112 |
| 113 | Cash - Other Restricted | - | 564,225 | 117,679 | - | 4,852 | 155,750 | 842,506 |
| 115 | Cash - Restricted for Payment of Current Liabilities | - | 188,075 | 368 | 669 | - | - | 189,112 |
| 100 | Total Cash | - | 2,696,488 | 231,943 | 1,097 | 4,852 | 191,350 | 3,125,730 |
| Receivables: | | | | | | | | |
| 122 | Accounts Receivable - HUD Other Projects | - | 161,660 | - | - | - | - | 161,660 |
| 125 | Accounts Receivable - Miscellaneous | - | - | - | - | - | - | - |
| 128 | Fraud Recovery | - | 13,976 | - | - | - | - | 13,976 |
| 128.1 | Allowance for Doubtful Accounts - Fraud | - | (5,031) | - | - | - | - | (5,031) |
| 129 | Accrued Interest Receivable | - | - | - | - | - | - | - |
| 120 | Total Receivables, Net of Allowances for Doubtful Accounts | - | 170,605 | - | - | - | - | 170,605 |
| 142 | Prepaid Expenses and Other Assets | - | 20,683 | - | - | - | - | 20,683 |
| 150 | Total Current Assets | - | 2,887,776 | 231,943 | 1,097 | 4,852 | 191,350 | 3,317,018 |
| Noncurrent Assets: | | | | | | | | |
| Fixed Assets: | | | | | | | | |
| 164 | Furniture, Equipment & Machinery - Administration | - | - | - | - | - | - | - |
| 166 | Accumulated Depreciation | - | - | - | - | - | - | - |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | - | - | - | - | - | - | - |
| 174 | Other Assets | - | - | - | - | - | - | - |
| 180 | Total Non-Current Assets | - | - | - | - | - | - | - |
| 290 | Total Assets and Deferred Outflows of Resources | \$ - | \$ 2,887,776 | \$ 231,943 | \$ 1,097 | \$ 4,852 | \$ 191,350 | \$ 3,317,018 |
| Liabilities and Equity | | | | | | | | |
| Liabilities: | | | | | | | | |
| 312 | Accounts Payable - HUD PHA Programs <=90 days | \$ - | \$ 92,509 | \$ 368 | \$ 669 | \$ - | \$ - | \$ 93,546 |
| 322 | Accrued Compensated Absences - Current Portion | - | 25,871 | - | - | - | - | 25,871 |
| 331 | Accounts Payable - HUD PHA Programs | - | - | - | - | - | - | - |
| 342 | Deferred Revenues | - | 8,945 | - | 428 | 4,852 | 155,750 | 169,975 |
| 345 | Other Current Liabilities | - | 188,075 | - | - | - | - | 188,075 |
| 346 | Accrued Liabilities - Other | - | - | - | - | - | - | - |
| 310 | Total Current Liabilities | - | 315,400 | 368 | 1,097 | 4,852 | 155,750 | 477,467 |
| Noncurrent Liabilities: | | | | | | | | |
| 353 | Noncurrent Liabilities - Other | - | 564,225 | - | - | - | - | 564,225 |
| 354 | Accrued Compensated Absences - Non Current | - | 77,613 | - | - | - | - | 77,613 |
| 350 | Total Noncurrent Liabilities | - | 641,838 | - | - | - | - | 641,838 |
| 300 | Total Liabilities | - | 957,238 | 368 | 1,097 | 4,852 | 155,750 | 1,119,305 |
| Equity: | | | | | | | | |
| 509.3 | Restricted Fund Balance | - | - | 117,680 | - | - | - | 117,680 |
| 511.3 | Assigned Fund Balance | - | 1,930,538 | 113,895 | - | - | 35,600 | 2,080,033 |
| 513 | Total Equity - Net Assets/Position | - | 1,930,538 | 231,575 | - | - | 35,600 | 2,197,713 |
| 600 | Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position | \$ - | \$ 2,887,776 | \$ 231,943 | \$ 1,097 | \$ 4,852 | \$ 191,350 | \$ 3,317,018 |

CITY OF SANTA ANA, CALIFORNIA

Housing Authority of the City of Santa Ana

Financial Data Schedule of Revenues, Expenses, and Changes in Equity

For the Fiscal Year Ended June 30, 2021

| Line Item No. | Account Description | Family Self Sufficiency Program | Housing Choice Vouchers | Mainstream Vouchers | Housing Choice Vouchers CARES ACT | Mainstream Vouchers CARES ACT | Emergency Housing Voucher ARPA | Total |
|----------------------------------|---|---------------------------------|-------------------------|---------------------|-----------------------------------|-------------------------------|--------------------------------|---------------|
| Revenues | | | | | | | | |
| 70600 | HUD PHA Operating Grants | \$ 168,741 | \$ 39,086,743 | \$ 1,733,990 | \$ 2,387,745 | \$ 15,716 | \$ 35,600 | \$ 43,428,535 |
| 71100 | Investment Income - Unrestricted - ADMIN | - | 349 | 20 | - | - | - | 369 |
| 71400 | Fraud Recovery | - | 12,738 | - | - | - | - | 12,738 |
| 71500 | Other Revenue | - | 55,336 | - | - | - | - | 55,336 |
| 72000 | Investment Income - Restricted - HAP | - | - | - | - | - | - | - |
| 70000 | Total Revenue | 168,741 | 39,155,166 | 1,734,010 | 2,387,745 | 15,716 | 35,600 | 43,496,978 |
| Expenses | | | | | | | | |
| Administrative: | | | | | | | | |
| 91100 | Administrative Salaries | - | 389,083 | 4,359 | 662,253 | 9,619 | - | 1,065,314 |
| 91200 | Auditing Fees | - | 18,247 | 222 | 13 | - | - | 18,482 |
| 91400 | Advertising and Marketing | - | 2,466 | - | 7,980 | - | - | 10,446 |
| 91500 | Employee Benefit Contributions - Administrative | - | 216,913 | 1,956 | 356,026 | 4,611 | - | 579,506 |
| 91600 | Other Operating - Administrative | 4,581 | 459,695 | 369 | 168,552 | 614 | - | 633,811 |
| 91800 | Travel, Training & Transportation | - | - | - | - | - | - | - |
| 91810 | Allocated Overhead | - | 35,562 | 312 | 54,346 | 795 | - | 91,015 |
| 91900 | Other | - | 2,325 | - | 10,875 | - | - | 13,200 |
| 91000 | Total Operating - Administrative Expenses | 4,581 | 1,124,291 | 7,218 | 1,260,045 | 15,639 | - | 2,411,774 |
| Tenant Services: | | | | | | | | |
| 92100 | Tenant Services - Salaries | 89,636 | - | - | - | - | - | 89,636 |
| 92300 | Employee Benefit Contributions - Tenant Services | 74,524 | - | - | - | - | - | 74,524 |
| 92500 | Total Tenant Services | 164,160 | - | - | - | - | - | 164,160 |
| General Expenses: | | | | | | | | |
| 96140 | All Other Insurance | - | - | - | - | - | - | - |
| 96200 | Other General Expenses | - | 696,271 | - | - | 77 | - | 696,348 |
| 96210 | Compensated Absences | - | - | - | - | - | - | - |
| 96000 | Total Operating - General Expenses | - | 696,271 | - | - | 77 | - | 696,348 |
| 96900 | Total Operating Expenses | 168,741 | 1,820,562 | 7,218 | 1,260,045 | 15,716 | - | 3,272,282 |
| 97000 | Excess Operating Revenue over Operating Expenses | - | 37,334,604 | 1,726,792 | 1,127,700 | - | 35,600 | 40,224,696 |
| 97300 | Housing Assistance Payments | - | 37,313,022 | 1,528,402 | 1,127,700 | - | - | 39,969,124 |
| 97350 | HA Portability-In | - | 26,981 | - | - | - | - | 26,981 |
| 90000 | Total Expenses | 168,741 | 39,160,565 | 1,535,620 | 2,387,745 | 15,716 | - | 43,268,387 |
| 10093 | Transfers between Program & Project-In | - | - | - | - | - | - | - |
| 10094 | Transfers between Program & Project-Out | - | - | - | - | - | - | - |
| 10000 | Excess (Deficiency) of Operating Revenues Over (Under) Expenses | \$ - | \$ (5,399) | \$ 198,390 | \$ - | \$ - | \$ 35,600 | \$ 228,591 |
| Memo Account Information: | | | | | | | | |
| 11030 | Beginning Equity | - | 1,935,937 | 33,185 | - | - | - | 1,969,122 |
| 11040 | Prior period Adjustments and Equity Transfers | - | - | - | - | - | - | - |
| 11050 | Changes in Compensated Absence Balance | - | - | - | - | - | - | - |
| 11200 | Unit Months Available | - | 32,388 | 2,064 | - | - | - | 34,452 |
| 11210 | Number of Unit Months Leased | - | 31,673 | 1,095 | - | - | - | 32,768 |
| 11170 | Administrative Fee Equity | - | 1,930,538 | 113,895 | - | - | 35,600 | 2,080,033 |
| 11180 | Housing Assistance Payments Equity | - | - | 117,680 | - | - | - | 117,680 |
| | Line 11170 & 11180 | - | 1,930,538 | 231,575 | - | - | 35,600 | \$ 2,197,713 |
| | Line 513 | - | 1,930,538 | 231,575 | - | - | 35,600 | - |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |

**CITY OF SANTA ANA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|------------|------------------------------|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>x</u> none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ <u>x</u> no |

Federal Awards

- | | | |
|---|--------------------|------------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>x</u> none reported |
| 2. Type of auditors’ report issued on compliance for major federal programs: | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ <u>x</u> yes | _____ no |

Identification of Major Federal Programs

| Assistance Listings Number(s) | Name of Federal Program or Cluster |
|--------------------------------------|---|
| 14.231 | Emergency Solutions Grant Program |
| 17.258, 17.278, 17.259 | WIOA Cluster |
| 21.019 | Coronavirus Relief Fund |
| 21.023 | Emergency Rental Assistance Program |

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

_____ x yes _____ no

**CITY OF SANTA ANA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2021-001

Federal agency: U.S. Department of Labor (DOL)

Federal program title: WIOA Youth Activities

Federal Assistance Listing Number: 17.259

Award Period: April 10, 2020 through March 31, 2022

Type of Finding:

- Other Matter

Criteria or specific requirement: In accordance with (Section 129(c)(4)), WIOA, 128 Stat. 1510), Not less than 20 percent of Youth Activity funds allocated to the local area, except for the local area expenditures for administration, must be used to provide paid and unpaid work experiences.

Condition: Total WIOA Youth Activities expenditures used to provide paid and unpaid work experiences was less than 20% of total WIOA Youth Activities expenditures less administrative expenditures.

Questioned costs: None

Context: As of June 30, 2021, approximately only 17% of WIOA Youth Activities expenditures had been expended to provide paid and unpaid work experiences.

Cause: Due to COVID-19 restrictions, planned work experience opportunities could not be completed.

Effect: The City's expended less than the amount required to meet earmarking requirements for the WIOA Youth Activities grant.

**CITY OF SANTA ANA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

2021-001 (Continued)

Recommendation: We recommend the City adjust budgeted expenditure levels of nonwork experience WIOA Youth Activities expenditures whenever conditions exist where they do not expect to expend up to budgeted work experience amounts.

Views of responsible officials and planned corrective actions:

Due to the varying COVID-19 pandemic restrictions and limitations, the program was not able to meet the 20% minimum funding for paid and unpaid work experiences. Worksites were either closed or not accepting remote work for youth. This has continued to be a challenge for the program year 2021-22.

In order to prevent future findings, program staff are restructuring subrecipient agreements to include increasing the percentage of expenditure for work experience to be greater than 20% and to encourage meeting enrollment goals in the beginning of Q2 so that the youth can begin their work experience earlier in the contract year. These changes in the subrecipient agreements will also include corrective action plans for subrecipients that do not meet minimum requirements set forth by the City. Program staff will monitor these metrics once they are in place in order to ensure compliance with programmatic requirements.

**CITY OF SANTA ANA, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Financial Statement Findings

None noted.

Section II – Findings and Questioned Costs – Major Federal Programs

None noted.

