

CITY OF SANTA ANA, CALIFORNIA
SINGLE AUDIT OF FEDERAL AWARDS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2022



CITY OF SANTA ANA, CALIFORNIA
JUNE 30, 2022
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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, 2022, 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, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

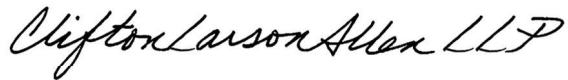
Honorable City Council
of the City of Santa Ana
Santa Ana, California

Report on 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 28, 2022



**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

Opinion on the 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, 2022. The City's major federal programs are identified in the summary of auditors' 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 its major federal program for the year ended June 30, 2022.

Basis for Opinion on each Major Federal Program

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 Auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's 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 federal programs.

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 occurred, 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 omission, misrepresentations, or 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 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 each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 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 the 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

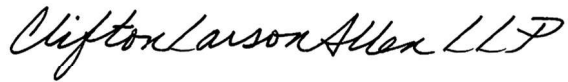
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on 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, 2022, 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, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, 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.

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

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
March 28, 2023

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022

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	\$ 4,964,158	\$ 1,024,514
COVID-19 - Community Development Block Grants	14.218	N/A	716,437	222,608
Neighborhood Stabilization Program 1	14.218	N/A	3,975	-
Neighborhood Stabilization Program 3	14.218	N/A	3,937	-
Subtotal Community Development Block Grants - Entitlement Grants Cluster			5,688,507	1,247,122
Emergency Solutions Grant Program	14.231	N/A	508,071	378,877
COVID-19 - Emergency Solutions Grant Program	14.231	N/A	6,517,376	5,280,487
Subtotal Emergency Solutions Grant Program			7,025,447	5,659,364
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	43,986,581	-
COVID-19 - Emergency Housing Voucher Rental Assistance (ARP)	14.871	N/A	132,291	-
COVID-19 - Emergency HSG Voucher Rental Assist-Admin (ARPA)	14.871	N/A	83,252	-
Subtotal Section 8 Housing Choice Vouchers			44,202,124	-
Mainstream Vouchers	14.879	N/A	2,276,351	-
COVID-19 - Mainstream Vouchers - CARES Act - Admin Fees	14.879	N/A	4,852	-
Subtotal Mainstream Vouchers			2,281,203	-
Subtotal Housing Voucher Cluster			46,483,327	-
Family Self-Sufficiency Program	14.896	N/A	54,659	-
Family Self-Sufficiency Program	14.896	N/A	33,199	-
Subtotal Family Self-Sufficiency Program			87,858	-
HOME Investment Partnerships Program	14.239	N/A	2,132,926	-
COVID-19 - HOME - American Rescue Plan Program	14.239	N/A	16,817	-
Subtotal HOME Investment Partnerships Program			2,149,743	-
ARRA - Neighborhood Stabilization Program 2	14.256		17	-
Total U.S. Department of Housing and Urban Development			61,434,899	6,906,486
U.S. Department of Justice				
Direct Programs:				
Equitable Sharing Program (Asset Forfeiture)	16.922	N/A	430,124	-
Public Safety Partnership and Community Policing Grants	16.710	N/A	731,634	-
Body Worn Camera Policy and Implementation	16.835	N/A	28,598	-
Passed through County of Orange Sheriff's Department:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Byrne Justice Assistance Grant 2020	16.738	2020-DJ-BX-0773	82,577	-
Byrne Justice Assistance Grant 2021	16.738	15PBJA-21-GG-01188-JAGX	6,640	-
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			89,217	-
Passed through Human Options:				
Culturally and Linguistically Specific Services Program	16.016	2016-WE-AX-0054	78,240	-
Total U.S. Department of Justice			1,357,813	-

(Continued)

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

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022 (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 Labor				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed through CA Employment Development Department:				
WIOA Adult Program	17.258	AA111027	\$ 139,671	\$ -
WIOA Adult Program	17.258	AA211027	488,937	-
Subtotal WIOA Adult Activities			628,608	-
WIOA Dislocated Worker Formula Grants	17.278	AA111027	253,007	-
WIOA Dislocated Worker Formula Grants	17.278	AA211027	332,430	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	AA111027	40,461	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	AA211027	176,622	-
Subtotal WIOA Dislocated Worker Formula Grants			802,520	-
WIOA Youth Activities	17.259	AA111027	115,997	58,775
WIOA Youth Activities	17.259	AA211027	720,322	384,379
Subtotal WIOA Youth Activities			836,319	443,154
Passed through County of Orange Community Resources Agency:				
WIOA Adult Program	17.258	MA-012-22010003	5,697	-
Passed through County of Orange Community Resources Agency:				
WIOA Dislocated Worker Formula Grants	17.278	MA-012-20011850	15,000	-
Subtotal Workforce Innovation and Opportunity Act (WIOA) Cluster			2,288,144	443,154
Passed through CA Employment Development Department:				
WIOA National Dislocated Worker Grants	17.277	AA011027	883	-
WIOA National Dislocated Worker Grants	17.277	AA111027	14,940	-
Subtotal WIOA National Dislocated Worker Grants			15,823	-
Total U.S. Department of Labor			2,303,967	443,154
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)	314,601	-
Bicycle Corridor Improvement	20.205	CMAQ 5063(181) BCI	19,481	-
Bicycle Corridor Improvement	20.205	CMAQ 5063(182) BCI	1,310	-
Bicycle Corridor Improvement	20.205	CMAQ 5063(183) BCI	1,188,229	-
Bicycle Corridor Improvement	20.205	CMAQ 5063(200) BCI	6,526	-
Highway Safety Improvement Program	20.205	HSIPL 5063(171)	102,061	-
Highway Safety Improvement Program	20.205	HSIPL 5063(186)	374	-
Highway Safety Improvement Program	20.205	HSIPL 5063(187)	202,838	-
Highway Safety Improvement Program	20.205	HSIPL 5063(188)	1,871	-
Highway Safety Improvement Program	20.205	HSIPL 5063(190)	3,831	-
Highway Safety Improvement Program	20.205	HSIPL 5063(204)	6,643	-
Subtotal Highway Planning and Construction Cluster			1,847,765	-

(Continued)

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022 (Continued)

Federal Grantor / Pass-Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Highway Safety Cluster:				
State and Community Highway Safety:				
Passed through CA Office of Traffic Safety:				
Selective Traffic Enforcement	20.600	PT21189	\$ 150,994	\$ -
Selective Traffic Enforcement	20.600	PT22130	403,697	-
Public Education on Bicycle Safety	20.600	PS20034	66,239	-
Public Education on Bicycle Safety	20.600	PS22025	35,300	-
Subtotal State and Community Highway Safety Cluster			656,230	-
Total U.S. Department of Transportation			2,503,995	-
U.S. Department of Treasury				
Direct Programs:				
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)	21.027	N/A	12,233,442	955,430
Passed through the State Water Resource Control Board:				
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)	21.027	CA3010038	1,069,505	-
COVID-19 - Emergency Rental Assistance Program				
Direct Program:				
COVID-19 - Emergency Rental Assistance Program 1	21.023	N/A	6,414,753	6,388,587
COVID-19 - Emergency Rental Assistance Program 2	21.023	N/A	13,378,357	13,157,659
Passed through CA Department of Housing & Community Development:				
COVID-19 - Emergency Rental Assistance Program - State	21.023	21-ERAP-20081	1,871,804	1,857,615
Subtotal COVID-19 - Emergency Rental Assistance Program			21,664,914	21,403,861
Total U.S. Department of Treasury			34,967,861	22,359,291
U.S. Institute of Museum and Library Services				
Passed through CA State Library:	45.310	40-9114	16,150	-
Grants to States (Library Services and Technology Act)				
U.S. Small Business Administration				
Direct Program:				
COVID-19 - Shuttered Venue Operators Grant Program	59.075	N/A	689,120	-
U.S. Department of Homeland Security				
Homeland Security Grant Program:				
Passed through CA Office of Emergency Services:				
Urban Area Security Initiative 2019	97.067	2019-0035 059-95010	896,163	194,190
Passed through City of Anaheim:				
Urban Area Security Initiative 2018	97.067	2018-0054	274,427	-
Urban Area Security Initiative 2020	97.067	2020-0095	514,351	-
Subtotal Homeland Security Grant Program			1,684,941	194,190
Passed through County of Orange Sheriff's Department:				
Emergency Management Performance Grants	97.042	EMPG 2021-0015	48,338	-
Total U.S. Department of Homeland Security			1,733,279	194,190

(Continued)

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

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022 (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 Health and Human Services				
Direct Program:				
COVID-19 - Community Programs to Improve Minority Health Grant	93.137	N/A	\$ 137,782	\$ 82,525
Passed through County of Orange Social Services Agency:				
Temporary Assistance for Needy Families	93.558	WGM0319	624,147	-
Total U.S. Department of Health and Human Services			761,929	82,525
Total Expenditures of Federal Awards			<u>\$ 105,769,013</u>	<u>\$ 29,985,646</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, 2022**

Grantor / Program Title	Program Identification Number	State Awards Expenditures
CA Business Consumer Services and Housing Agency		
Homeless Housing Assistance & Prevention	20-HHAP-00019	\$ 5,043,068
Homeless Housing Assistance & Prevention 2	21-HHAP-00012	2,877,699
Homeless Housing Assistance & Prevention 3	22-HHAP-10004	637,260
		<u>8,558,027</u>
CA Department of Housing and Community Development		
Affordable Housing Sustainable Communities Program	16-AHSC-11200	178,888
SB2 Planning Grants Program	19-PGP-13895	241,962
Local Early Action Planning Program	20-LEAP-15676	95,099
Permanent Local Housing Allocation	20-PLHA-15193	2,665,322
		<u>3,181,271</u>
CA Department of Justice		
Sexual Assault Evidence Grant	2019-2020-02	<u>12,174</u>
CA Department of Resources Recycling and Recovery		
Oil Payment Program	OPP10	14,181
Beverage Container Payment Program	FY 19/20	11,331
		<u>25,512</u>
CA Department of Transportation		
Active Transportation Program	ATPL-5063(170)	1,043,943
Active Transportation Program	ATPL-5063(174)	255,000
Active Transportation Program	ATPL-5063(177)	1,032,892
Active Transportation Program	ATPL-5063(178)	271,063
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(191)	85,000
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(195)	9,342
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(196)	802,103
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(197)	281,637
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(198)	564,587
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(199)	92,576
		<u>4,438,143</u>
CA Department of Water Resources		
Prop 1 IRWMP Disadvantaged Communities Involvement	4600011889	100,000
Prop 1 Integrated Regional Water Management Program	4600013842	66,259
		<u>166,259</u>
CA Natural Resources Agency		
Statewide Park Development & Community Revitalization	C9801033	138,189
Statewide Park Development & Community Revitalization	C9801034	425,811
Advanced Metering Infrastructure	GF1806-0	1,870,953
Proposition 68 Urban Flood Protection	UF8807-0	157,991
		<u>2,592,944</u>
CA State Coastal Conservancy		
Santa Ana River Conservancy Program	19-097, 19-098, 19-158	<u>601,892</u>
CA State Library		
Mobile Library Solutions Grant	SVBT-026	<u>12,353</u>
CA Workforce Development Board		
Prison to Employment Program	M0113404	422,464
Prison to Employment Program	M0113521	594,961
		<u>1,017,425</u>
Total Expenditures of State Awards		<u><u>\$ 20,606,000</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, 2022

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, 2022. 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. 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, 2022

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
<u>Assets</u>								
Current Assets:								
111	Cash - Unrestricted	\$ -	\$ 2,396,325	\$ 109,435	\$ 428	\$ -	\$ 29,111	\$ 2,535,299
113	Cash - Other Restricted	-	629,733	-	-	-	572,164	1,201,897
115	Cash - Restricted for Payment of Current Liabilities	-	209,911	-	-	-	-	209,911
100	Total Cash	-	3,235,969	109,435	428	-	601,275	3,947,107
Receivables:								
122	Accounts Receivable - HUD Other Projects	-	74,901	36,508	-	-	-	111,409
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-
128	Fraud Recovery	-	12,776	-	-	-	-	12,776
128.1	Allowance for Doubtful Accounts - Fraud	-	(4,599)	-	-	-	-	(4,599)
129	Accrued Interest Receivable	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	83,078	36,508	-	-	-	119,586
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-
150	Total Current Assets	-	3,319,047	145,943	428	-	601,275	4,066,693
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	\$ -	\$ 3,319,047	\$ 145,943	\$ 428	\$ -	\$ 601,275	\$ 4,066,693
<u>Liabilities and Equity</u>								
Liabilities:								
312	Accounts Payable - HUD PHA Programs <=90 days	\$ -	\$ 104,717	\$ 110	\$ -	\$ -	\$ -	\$ 104,827
322	Accrued Compensated Absences - Current Portion	-	31,751	-	-	-	-	31,751
331	Accounts Payable - HUD PHA Programs	-	-	-	428	-	-	428
342	Deferred Revenues	-	8,177	-	-	-	155,750	163,927
345	Other Current Liabilities	-	209,911	-	-	-	-	209,911
346	Accrued Liabilities - Other	-	-	-	-	-	-	-
310	Total Current Liabilities	-	354,556	110	428	-	155,750	510,844
Noncurrent Liabilities:								
353	Noncurrent Liabilities - Other	-	629,733	-	-	-	-	629,733
354	Accrued Compensated Absences - Non Current	-	95,251	-	-	-	-	95,251
350	Total Noncurrent Liabilities	-	724,984	-	-	-	-	724,984
300	Total Liabilities	-	1,079,540	110	428	-	155,750	1,235,828
Equity:								
509.3	Restricted Fund Balance	-	-	-	-	-	416,414	416,414
511.3	Assigned Fund Balance	-	2,239,507	145,833	-	-	29,111	2,414,451
	Unassigned Fund Balance	-	-	-	-	-	-	-
513	Total Equity - Net Assets/Position	-	2,239,507	145,833	-	-	445,525	2,830,865
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$ -	\$ 3,319,047	\$ 145,943	\$ 428	\$ -	\$ 601,275	\$ 4,066,693

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, 2022

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	\$ 87,858	\$ 44,108,561	\$ 2,190,609	\$ -	\$ 4,852	\$ 597,477	\$ 46,989,357
71100	Investment Income - Unrestricted - ADMIN	-	-	-	-	-	-	-
71400	Fraud Recovery	-	1,200	-	-	-	-	1,200
71500	Other Revenue	-	209,307	-	-	-	27,991	237,298
72000	Investment Income - Restricted - HAP	-	-	-	-	-	-	-
70000	Total Revenue	87,858	44,319,068	2,190,609	-	4,852	625,468	47,227,855
Expenses								
Administrative:								
91100	Administrative Salaries	-	1,105,122	87,754	-	2,992	41,387	1,237,255
91200	Auditing Fees	-	12,486	305	-	116	-	12,907
91400	Advertising and Marketing	-	35,093	-	-	-	-	35,093
91500	Employee Benefit Contributions - Administrative	-	739,243	38,735	-	1,430	12,454	791,862
91600	Other Operating - Administrative	-	700,482	14,175	-	-	130	714,787
91800	Travel, Training & Transportation	-	-	-	-	-	-	-
91810	Allocated Overhead	-	121,920	9,158	-	314	4,337	135,729
91900	Other	-	56,100	-	-	-	900	57,000
91000	Total Operating - Administrative Expenses	-	2,770,446	150,127	-	4,852	59,208	2,984,633
Tenant Services:								
92100	Tenant Services - Salaries	62,936	-	-	-	-	-	62,936
92300	Employee Benefit Contributions - Tenant Services	24,922	-	-	-	-	-	24,922
92500	Total Tenant Services	87,858	-	-	-	-	-	87,858
General Expenses:								
96140	All Other Insurance	-	-	-	-	-	-	-
96200	Other General Expenses	-	708,790	-	-	-	-	708,790
96210	Compensated Absences	-	-	-	-	-	-	-
96000	Total Operating - General Expenses	-	708,790	-	-	-	-	708,790
96900	Total Operating Expenses	87,858	3,479,236	150,127	-	4,852	59,208	3,781,281
97000	Excess Operating Revenue over Operating Expenses	-	40,839,832	2,040,482	-	-	566,260	43,446,574
97300	Housing Assistance Payments	-	40,505,981	2,122,477	-	-	132,291	42,760,749
97350	HA Portability-In	-	24,882	3,747	-	-	24,044	52,673
90000	Total Expenses	87,858	44,010,099	2,276,351	-	4,852	215,543	46,594,703
10093	Transfers between Program & Project-In	-	-	-	-	-	-	-
10094	Transfers between Program & Project-Out	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	\$ -	\$ 308,969	\$ (85,742)	\$ -	\$ -	\$ 409,925	\$ 633,152
Memo Account Information:								
11030	Beginning Equity	-	1,930,538	231,575	-	-	35,600	2,197,713
11040	Prior period Adjustments and Equity Transfers	-	-	-	-	-	-	-
11050	Changes in Compensated Absence Balance	-	-	-	-	-	-	-
11200	Unit Months Available	-	36,140	2,085	-	-	-	38,225
11210	Number of Unit Months Leased	-	32,223	1,394	-	-	-	33,617
11170	Administrative Fee Equity	-	2,239,507	145,833	-	-	29,111	2,414,451
11180	Housing Assistance Payments Equity	-	-	-	-	-	416,414	416,414
	Line 11170 & 11180	-	2,239,507	145,833	-	-	445,525	\$ 2,830,865
	Line 513	-	2,239,507	145,833	-	-	445,525	-
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

**CITY OF SANTA ANA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ 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)? _____ yes x no

Identification of Major Federal Programs

Assistance Listings Number(s)

14.871, 14.879
14.239
21.027
21.023

Name of Federal Program or Cluster

Housing Voucher Cluster
HOME Investment Partnerships Program
Corona Virus State & Local Fiscal Recovery
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, 2022**

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

2022-001 - Suspension and Debarment

Federal Agency: U.S. Department of Treasury

Federal Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Award Period: March 3, 2021, through December 31, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of suspension and debarment. The City should have internal controls designed to ensure compliance with those provisions.

Condition: The City was not able to provide supporting documentation that the City verified the vendor was not suspended or debarred prior to entering the transaction.

Questioned Costs: None.

Context: There were twenty-five vendors during FY 21-22 that were a covered transaction for this program.

Cause: The City did not maintain supporting documentation that the verification of suspension or debarment was performed prior to entering into a contract for three of the seven samples tested.

Effect: The auditor noted no instances of noncompliance with the provisions of suspension, and debarment; however, we were not able to verify that the City followed their internal controls to ensure the vendor was not suspended or debarred prior to entering the transaction.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the City implement procedures to ensure that verification documentation for suspension and debarment is maintained to support the City's internal control over compliance.

Views of Responsible Officials: There is no disagreement with the audit finding. The City's Purchasing Policies & Procedures require the grant managing departments to adhere to the Uniform Guidance requirements and maintain procurement documentation related to Federal grants including suspension and debarment. City staff assigned to manage or support federal grant-funded projects will check sam.gov to ensure their vendors are not excluded parties prior to selecting vendors and maintain supporting documentation.

**CITY OF SANTA ANA, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Financial Statement Findings

None noted.

Section II – Findings and Questioned Costs – Major Federal Programs

Finding 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.

Status: Corrected.



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