

16. Receive and File Single Audit Report for the Fiscal Year Ended June 30, 2023

**Department(s):**

**Recommended Action:** Receive and file Single Audit Report for the Fiscal Year Ended June 30, 2023.



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**May 7, 2024**

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**TOPIC:** Receive and file the Single Audit Report for the Fiscal Year Ended June 30, 2023

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**AGENDA TITLE**

Receive and File Single Audit Report for the Fiscal Year Ended June 30, 2023

**RECOMMENDED ACTION**

Receive and file Single Audit Report for the Fiscal Year Ended June 30, 2023.

**GOVERNMENT CODE §84308 APPLIES:** No

**DISCUSSION**

All non-Federal entities that expend \$750,000 or more of Federal awards each fiscal year are required to obtain a Single Audit to comply with the regulations of the Federal Office of Management and Budget (OMB). The Single Audit for the fiscal year ended June 30, 2023 has been completed by the City's independent auditor, Clifton Larson Allen LLP.

During the fiscal year 2022-23, the City administered twenty-six (26) Federal grant programs and expended \$114.5 million, representing an increase of \$8.7 million from the prior fiscal year. The increase was primarily due to \$4.9 million in additional HOME American Rescue Plan Program expenditures and \$4.5 million in additional Section 8 Housing Choice Vouchers.

Of the twenty-six (26) programs administered by the City, the auditors identified five major programs for the audit: Community Development Block Grant – Entitlements Grants Cluster (\$9.5 million), Coronavirus State and Local Fiscal Recovery (\$22.8 million), Emergency Rental Assistance Program (\$5.2 million), Community Programs to Improve Minority Health Grant (\$2.1 million), and the Homeland Security Grant Program (\$4.2 million).

The Finance and Management Services Agency is pleased to report that the City received an unmodified opinion commonly known as a clean opinion; which is considered the most favorable conclusion for the audit. The unmodified opinion indicates that the City has complied, in all material respects, with the compliance requirements for the fiscal year ended June 30, 2023. However, the auditors disclosed

two compliance findings related to the Community Program to Improve Minority Health Grant program; the Federal Funding Accountability and Transparency Act (FFATA) reports and quarterly SF-425 financial reports were not filed timely.

The City's Grant Management Policy (Policy) requires the grant administering departments to adhere to all reporting requirements for their grant programs. However, the department administering this program experienced turnover at key positions and was not able to submit the required reports on time. Program staff will follow the Policy and update procedures to ensure the status of all compliance requirements are tracked and proper knowledge transfer takes place to prevent future findings.

The report (Exhibit 1) is posted and available on the City's website (<https://www.santa-ana.org/financial-reports>) along with prior fiscal years and has been submitted to the Federal Audit Clearinghouse. The Single Audit Report is required to be submitted by March 31.

#### **FISCAL IMPACT**

There is no fiscal impact associated with this action.

#### **EXHIBIT**

1. FY22-23 Single Audit Report

Submitted By: Kathryn Downs, Executive Director of Finance and Management Services

Approved By: Alvaro Nuñez, Acting City Manager

**CITY OF SANTA ANA, CALIFORNIA**  
**SINGLE AUDIT OF FEDERAL AWARDS**  
**AND OTHER FINANCIAL INFORMATION**  
**JUNE 30, 2023**



**CITY OF SANTA ANA, CALIFORNIA**  
**JUNE 30, 2023**  
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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, 2023, 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 11, 2023.

***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 cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Irvine, California  
December 11, 2023



**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, 2023. 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, 2023.

**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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

### **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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

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 responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

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

**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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2023, 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  
March 26, 2024

## CITY OF SANTA ANA, CALIFORNIA

# Schedule of Expenditures of Federal Awards

## For the Fiscal Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Direct Programs:				
Community Development Block Grants - Entitlement Grants Cluster:				
Community Development Block Grants	14.218	N/A	\$ 7,885,514	\$ 1,280,747
COVID-19 - Community Development Block Grants	14.218	N/A	417,418	148,347
Neighborhood Stabilization Program 1	14.218	N/A	1,064,234	-
Neighborhood Stabilization Program 3	14.218	N/A	94,898	-
Subtotal Community Development Block Grants - Entitlement Grants Cluster			9,462,064	1,429,094
Emergency Solutions Grant Program	14.231	N/A	480,379	362,716
COVID-19 - Emergency Solutions Grant Program	14.231	N/A	2,583,686	1,605,974
Subtotal Emergency Solutions Grant Program			3,064,065	1,968,690
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	48,528,016	-
COVID-19 - Emergency Housing Voucher Rental Assistance (ARPA)	14.871	N/A	1,284,998	-
COVID-19 - Emergency HSG Voucher Rental Assist-Admin (ARPA)	14.871	N/A	342,390	265,260
Subtotal Section 8 Housing Choice Vouchers			50,155,404	265,260
Mainstream Vouchers	14.879	N/A	2,744,877	-
Subtotal Housing Voucher Cluster			52,900,281	265,260
Family Self-Sufficiency Program	14.896	N/A	82,066	-
Family Self-Sufficiency Program	14.896	N/A	114,161	-
Subtotal Family Self-Sufficiency Program			196,227	-
HOME Investment Partnerships Program	14.239	N/A	3,109,689	-
COVID-19 - HOME - American Rescue Plan Program	14.239	N/A	3,938,163	-
Subtotal HOME Investment Partnerships Program			7,047,852	-
ARRA - Neighborhood Stabilization Program 2	14.256	N/A	478,288	-
Total U.S. Department of Housing and Urban Development			73,148,777	3,663,044
<b>U.S. Department of the Interior - Bureau of Reclamation</b>				
Direct Programs:				
Reclamation States Emergency Drought Relief	15.514	N/A	7,769	-
WaterSMART (Sustain & Manage America's Resources for Tomorrow)	15.507	N/A	349,874	-
Total U.S. Department of Interior - Bureau of Reclamation			357,643	-
<b>U.S. Department of Justice</b>				
Direct Programs:				
Equitable Sharing Program (Asset Forfeiture)	16.922	N/A	145,282	-
Public Safety Partnership and Community Policing Grants	16.710	N/A	418,994	-

(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, 2023 (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 Sheriff's Department:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Byrne Justice Assistance Grant 2019	16.738	2019-DJ-BX-0899	\$ 1,744	\$ -
Byrne Justice Assistance Grant 2020	16.738	2020-DJ-BX-0773	3,556	-
Byrne Justice Assistance Grant 2021	16.738	15PBJA-21-GG-01188-JAGX	82,618	-
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			87,918	-
Total U.S. Department of Justice			652,194	-
<b>U.S. Department of Labor</b>				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed through CA Employment Development Department:				
WIOA Adult Program	17.258	AA211027	541,701	-
WIOA Adult Program	17.258	AA311027	114,348	-
Subtotal WIOA Adult Activities			656,049	-
WIOA Dislocated Worker Formula Grants	17.278	AA211027	465,776	-
WIOA Dislocated Worker Formula Grants	17.278	AA311027	500,340	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	AA211027	85,352	-
WIOA Dislocated Worker Formula Grants (Rapid Response)	17.278	AA311027	253,597	-
Subtotal WIOA Dislocated Worker Formula Grants			1,305,065	-
WIOA Youth Activities	17.259	AA211027	163,585	-
WIOA Youth Activities	17.259	AA311027	501,784	399,517
Subtotal WIOA Youth Activities			665,369	399,517
Passed through County of Orange Community Resources Agency:				
WIOA Adult Program	17.258	MA-012-22010003	9,517	-
Subtotal Workforce Innovation and Opportunity Act (WIOA) Cluster			2,636,000	399,517
Passed through CA Employment Development Department:				
WIOA National Dislocated Worker Grants	17.277	AA111027	145,060	-
Total U.S. Department of Labor			2,781,060	399,517
<b>U.S. Department of Transportation</b>				
Highway Planning and Construction Cluster:				
Passed through CA Department of Transportation:				
National Highway Performance Program	20.205	BRLS 5063(184)	215,066	-
Bicycle Corridor Improvement	20.205	CMAQ 5063(181) BCI	9,702	-
Bicycle Corridor Improvement	20.205	CMAQ 5063(200) BCI	83,899	-
Highway Safety Improvement Program	20.205	HSIPL 5063(189)	412,587	-
Highway Safety Improvement Program	20.205	HSIPL 5063(190)	316,737	-
Highway Safety Improvement Program	20.205	HSIPL 5063(205)	92,158	-
Active Transportation Program - Federal	20.205	ATPLNI-5063(203)	6,075	-
Active Transportation Program - Federal	20.205	ATPSBIL-5063(191)	1,331	-
Active Transportation Program - Federal	20.205	ATPSBIL-5063(193)	4,143	-
Active Transportation Program - Federal	20.205	ATPSBIL-5063(195)	405,765	-
Subtotal Highway Planning and Construction Cluster			1,547,463	-

(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, 2023 (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	PT22130	\$ 124,605	\$ -
Selective Traffic Enforcement	20.600	PT23066	310,206	-
Public Education on Bicycle Safety	20.600	PS22025	64,700	-
Public Education on Bicycle Safety	20.600	PS23007	84,143	-
Subtotal State and Community Highway Safety Cluster			583,654	-
Total U.S. Department of Transportation			2,131,117	-
<b>U.S. Department of Treasury</b>				
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA):				
Direct Program:				
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)	21.027	N/A	20,362,081	3,428,396
Passed through the State Water Resource Control Board:				
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)	21.027	CA3010038	36,623	-
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)	21.027	443251	5,974	-
Passed through County of Orange Community Resources Agency:				
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)	21.027	None	1,200,000	-
Passed through California Volunteers:				
COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)	21.027	JP21-002	1,172,272	333,680
Subtotal COVID-19 - Coronavirus State & Local Fiscal Recovery (ARPA)			22,776,950	3,762,076
COVID-19 - Emergency Rental Assistance Program:				
Direct Program:				
COVID-19 - Emergency Rental Assistance Program 1	21.023	N/A	86,522	86,522
COVID-19 - Emergency Rental Assistance Program 2	21.023	N/A	60,672	-
Passed through CA Department of Housing & Community Development:				
COVID-19 - Emergency Rental Assistance Program - State	21.023	21-ERAP-20081	5,022,175	4,829,388
Subtotal COVID-19 - Emergency Rental Assistance Program			5,169,369	4,915,910
Total U.S. Department of Treasury			27,946,319	8,677,986
<b>U.S. Department of Health and Human Services</b>				
Direct Program:				
COVID-19 - Community Programs to Improve Minority Health Grant	93.137	N/A	2,097,385	2,004,659
Passed through County of Orange Social Services Agency:				
Temporary Assistance for Needy Families	93.558	WDM0522	614,896	-
Total U.S. Department of Health and Human Services			2,712,281	2,004,659
<b>U.S. Department of Homeland Security</b>				
Homeland Security Grant Program:				
Passed through CA Office of Emergency Services:				
Urban Area Security Initiative 2019	97.067	2019-0035 059-95010	2,644,926	2,560,084
Urban Area Security Initiative 2021	97.067	2021-0081 059-95050	891,982	-
Passed through City of Anaheim:				
Urban Area Security Initiative 2018	97.067	2018-0054	43,603	-
Urban Area Security Initiative 2020	97.067	2020-0095	667,594	-
Subtotal Homeland Security Grant Program			4,248,105	2,560,084

(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, 2023 (Continued)**

<b>Federal Grantor / Pass-Through Grantor / Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Passed Through to Subrecipients</b>
Passed through CA Office of Emergency Services: Disaster Grants - Public Assistance (FEMA)	97.036	059-69000	\$ 381,591	\$ -
Passed through County of Orange Sheriff's Department: Emergency Management Performance Grants	97.042	EMPG 2021-0015	51,210	-
Passed through County of Orange Sheriff's Department: Hazard Mitigation Grant	97.039	DR-4353-020-45	74,000	-
Total U.S. Department of Homeland Security			4,754,906	2,560,084
<b>Total Expenditures of Federal Awards</b>			<u>\$ 114,484,297</u>	<u>\$ 17,305,290</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, 2023**

<b>Grantor / Program Title</b>	<b>Program Identification Number</b>	<b>State Awards Expenditures</b>
<b>CA Business Consumer Services and Housing Agency</b>		
Homeless Housing Assistance & Prevention	20-HHAP-00019	\$ 255,799
Homeless Housing Assistance & Prevention 2	21-HHAP-00012	311,565
Homeless Housing Assistance & Prevention 3	22-HHAP-10004	850,441
		<u>1,417,805</u>
<b>CA Department of Housing and Community Development</b>		
Affordable Housing Sustainable Communities Program	16-AHSC-11200	36,826
SB2 Planning Grants Program	19-PGP-13895	218,556
Local Early Action Planning Program	20-LEAP-15676	24,977
Permanent Local Housing Allocation	20-PLHA-15193	2,274,765
		<u>2,555,124</u>
<b>CA Department of Justice</b>		
Sexual Assault Evidence Grant	2019-2020-02	<u>1,252</u>
<b>CA Department of Motor Vehicles</b>		
SCAQMD - Mobile Source Air Pollution Reduction	2015 MSRC - ML-14012	<u>17,500</u>
<b>CA Department of Resources Recycling and Recovery</b>		
Oil Payment Program	OPP12-21-0194	43,455
Beverage Container Payment Program	CCP-19-276	71,270
Beverage Container Payment Program	CCP-20-280	4,379
		<u>119,104</u>
<b>CA Department of Transportation</b>		
Solutions for Congested Corridors Program SB1	SCCPSB1L-5063(202)	1,816,676
Active Transportation Program	ATPL-5063(170)	460,373
Active Transportation Program	ATPL-5063(177)	963
Active Transportation Program	ATPL-5063(179)	3,103
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(191)	26,765
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(196)	93,359
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(197)	133,430
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(198)	289,267
Active Transportation Program - SB1 Augmentation	ATPSB1L-5063(199)	58,042
Highway Safety Improvement Program - State	HSIPSL-5063(204)	26,711
Clean California Local Grant Program	CCL-5063-206	101,817
		<u>3,010,506</u>
<b>CA Department of Water Resources</b>		
Prop 1 Integrated Regional Water Management Program	4600013842	<u>1,098,890</u>
<b>CA Natural Resources Agency</b>		
Statewide Park Development & Community Revitalization	C9801033	149,689
Statewide Park Development & Community Revitalization	C9801034	988,896
Youth Soccer - 2002 Resources Bond	C0232020	1,000,000
Per Capita Grant - 2018 Parks Bond	C9801458	177,952
Advanced Metering Infrastructure	GF1806-0	222,826
Proposition 68 Urban Flood Protection	UF8807-0	120,196
		<u>2,659,559</u>
<b>CA Office of Emergency Services</b>		
FY 2020-21 Community Power Resiliency Allocation	None	<u>300,000</u>
<b>CA State Coastal Conservancy</b>		
Santa Ana River Conservancy Program	19-097, 19-158	<u>172,872</u>
<b>CA State Library</b>		
Zip Books	ZIP22-68	6,834
Building Forward Library	BF-1-21-053	17,677
		<u>24,511</u>
<b>Total Expenditures of State Awards</b>		<u><u>\$ 11,377,123</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, 2023**

**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, 2023. 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, 2023**

Line Item No.	Account Description	Family Self Sufficiency Program	FSS Escrow Forfeiture Account	Housing Choice Vouchers	Mainstream Vouchers	Emergency Housing Voucher ARPA	Total
<b><u>Assets</u></b>							
Current Assets:							
111	Cash - Unrestricted	\$ -	\$ -	\$ 2,962,000	\$ 316,559	\$ -	\$ 3,278,559
113	Cash - Other Restricted	-	153,865	889,280	-	-	1,043,145
115	Cash - Restricted for Payment of Current Liabilities	-	-	189,089	-	-	189,089
100	Total Cash	-	153,865	4,040,369	316,559	-	4,510,793
Receivables:							
122	Accounts Receivable - HUD Other Projects	-	-	209,072	15,987	47,713	272,772
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-
128	Fraud Recovery	-	-	12,376	-	-	12,376
128.1	Allowance for Doubtful Accounts - Fraud	-	-	(6,188)	-	-	(6,188)
129	Accrued Interest Receivable	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	215,260	15,987	47,713	278,960
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-
150	Total Current Assets	-	153,865	4,255,629	332,546	47,713	4,789,753
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	-	153,865	4,255,629	332,546	47,713	4,789,753
<b><u>Liabilities and Equity</u></b>							
Liabilities:							
312	Accounts Payable - HUD PHA Programs <=90 days	-	-	150,252	1,855	11,056	163,163
322	Accrued Compensated Absences - Current Portion	-	-	44,947	-	-	44,947
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
342	Deferred Revenues	-	-	6,188	-	-	6,188
345	Other Current Liabilities	-	-	189,089	-	-	189,089
346	Accrued Liabilities - Other	-	-	-	-	-	-
310	Total Current Liabilities	-	-	390,476	1,855	11,056	403,387
Noncurrent Liabilities:							
353	Noncurrent Liabilities - Other	-	-	567,268	-	-	567,268
354	Accrued Compensated Absences - Non Current	-	-	134,841	-	-	134,841
350	Total Noncurrent Liabilities	-	-	702,109	-	-	702,109
300	Total Liabilities	-	-	1,092,585	1,855	11,056	1,105,496
Equity:							
509.3	Restricted Fund Balance	-	153,865	271,897	-	-	425,762
511.3	Assigned Fund Balance	-	-	2,891,147	330,691	36,657	3,258,495
512.3	Unassigned Fund Balance	-	-	-	-	-	-
513	Total Equity - Net Assets/Position	-	153,865	3,163,044	330,691	36,657	3,684,257
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$ -	\$ 153,865	\$ 4,255,629	\$ 332,546	\$ 47,713	\$ 4,789,753

**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, 2023**

Line Item No.	Account Description	Family Self Sufficiency Program	FSS Escrow Forfeiture Account	Housing Choice Vouchers	Mainstream Vouchers	Emergency Housing Voucher ARPA	Total
<b>Revenues</b>							
70600	HUD PHA Operating Grants	\$ 196,227	\$ -	\$ 49,499,200	\$ 2,928,498	\$ 1,218,520	\$ 53,842,445
71100	Investment Income - Unrestricted - ADMIN	-	-	-	-	-	-
71400	Fraud Recovery	-	-	400	-	-	400
71500	Other Revenue	-	153,865	50,808	15,950	87,450	308,073
72000	Investment Income - Restricted - HAP	-	-	-	-	-	-
70000	Total Revenue	196,227	153,865	49,550,408	2,944,448	1,305,970	54,150,918
<b>Expenses</b>							
Administrative:							
91100	Administrative Salaries	-	-	1,353,638	80,912	34,973	1,469,523
91200	Auditing Fees	-	-	18,717	560	52	19,329
91400	Advertising and Marketing	-	-	12,138	-	-	12,138
91500	Employee Benefit Contributions - Administrative	-	-	746,215	43,244	20,757	810,216
91600	Other Operating - Administrative	-	-	642,101	14,450	5,398	661,949
91800	Travel, Training & Transportation	-	-	2,248	-	-	2,248
91810	Allocated Overhead	-	-	249,103	14,408	6,327	269,838
91900	Other	-	-	61,125	2,550	3,825	67,500
91000	Total Operating - Administrative Expenses	-	-	3,085,285	156,124	71,332	3,312,741
Tenant Services:							
92100	Tenant Services - Salaries	115,512	-	-	-	173,933	289,445
92300	Employee Benefit Contributions - Tenant Services	76,887	-	-	-	-	76,887
92400	Tenant Services - Other	3,828	-	-	-	91,327	95,155
92500	Total Tenant Services	196,227	-	-	-	265,260	461,487
General Expenses:							
96140	All Other Insurance	-	-	-	-	-	-
96200	Other General Expenses	-	-	794,197	520	377	795,094
96210	Compensated Absences	-	-	-	-	-	-
96000	Total Operating - General Expenses	-	-	794,197	520	377	795,094
96900	Total Operating Expenses	196,227	-	3,879,482	156,644	336,969	4,569,322
97000	Excess Operating Revenue over Operating Expenses	-	153,865	45,670,926	2,787,804	969,001	49,581,596
97300	Housing Assistance Payments	-	-	44,718,751	2,586,852	1,284,998	48,590,601
97350	HA Portability-In	-	-	28,638	16,094	92,871	137,603
90000	Total Expenses	196,227	-	48,626,871	2,759,590	1,714,838	53,297,526
10093	Transfers between Program & Project-In	-	-	-	-	-	-
10094	Transfers between Program & Project-Out	-	-	-	-	-	-
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	\$ -	\$ 153,865	\$ 923,537	\$ 184,858	\$ (408,868)	\$ 853,392
<b>Memo Account Information:</b>							
11030	Beginning Equity	-	-	2,239,507	145,833	445,525	2,830,865
11040	Prior period Adjustments and Equity Transfers	-	-	-	-	-	-
11050	Changes in Compensated Absence Balance	-	-	-	-	-	-
11190	Unit Months Available	-	-	34,344	2,772	1,068	38,184
11210	Number of Unit Months Leased	-	-	33,615	1,644	750	36,009
11170	Administrative Fee Equity	-	-	2,891,147	330,691	36,657	3,258,495
11180	Housing Assistance Payments Equity	-	153,865	271,897	-	-	425,762
	Line 11170 & 11180	-	153,865	3,163,044	330,691	36,657	\$ 3,684,257
	Line 513	-	153,865	3,163,044	330,691	36,657	-
		\$ -	\$ -	\$ -	\$ -	\$ -	-

**CITY OF SANTA ANA, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Section I – Summary of Auditors' Results**

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**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)?   x   yes      \_\_\_\_\_ no

**Identification of Major Federal Programs**

**Assistance Listings Number(s)**

**Name of Federal Program or Cluster**

14.218	Community Development Block Grant – Entitlement Grants Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
21.023	COVID-19 - Emergency Rental Assistance
93.137	COVID-19 - Community Programs to Improve Minority Health Grant
97.067	Homeland Security Grant 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, 2023**

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2023-001 - Reporting**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Name:** COVID-19 - Community Programs to Improve Minority Health Grant

**Assistance Listing Number:** 93.137

**Award Period:** July 1, 2021, through December 30, 2023

**Type of Finding:** Significant Deficiency in Internal Control over Compliance and other matter

**Criteria or Specific Requirement:** Prime recipients awarded a federal grant greater than or equal to \$30,000 are subject to FFATA sub-award reporting requirements as outlined in the Office of Management and Budgets guidance issued August 13, 2020. The prime recipient is required to file a FFATA subaward report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000.

**Condition:** The City is a prime recipient and provided subawards totaling \$3,599,804 to four recipients, each over the \$30,000 reporting threshold. FFATA reports were not filed for these sub-grants awarded until after inquiry by auditors.

**Questioned Costs:** None.

**Context:** The City is a prime recipient and provided subawards totaling \$3,599,804 to four recipients, each over the \$30,000 reporting threshold. FFATA reports were not filed for these sub-grants awarded until after inquiry by auditors.

**Cause:** There was turnover in the department overseeing the program and knowledge of FFATA reporting requirements, if any, was not passed along due to the turnover.

**Effect:** The City was not in compliance with the FFATA reporting requirements.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend the City implement policies and procedures to ensure that FFATA reporting occurs for all subawards of \$30,000 or more for all federal awards and that the reporting be performed timely.

**Views of Responsible Officials:** The City's Grant Management Policy requires grant administering departments to ensure compliance with the Uniform Guidance and all other requirements per their grant agreements. The City will update its procedures for accepting new federal grant awards and inform departments of the Uniform Guidance and Compliance Supplement, including the FFATA reporting requirements.

**CITY OF SANTA ANA, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2023-002 - Reporting**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Name:** COVID-19 - Community Programs to Improve Minority Health Grant

**Assistance Listing Number:** 93.137

**Award Period:** July 1, 2021, through December 30, 2023

**Type of Finding:** Significant Deficiency in Internal Control over Compliance and other matter

**Criteria or Specific Requirement:** Federal Financial Reports (SF-425) should be submitted within 30 days of the end of each quarter.

**Condition:** Three of the four reports for the fiscal year ended June 30, 2023 were not submitted timely.

**Questioned Costs:** None.

**Context:** Three of four reports required during the fiscal year were not submitted timely.

**Cause:** There was turnover in the department and the tracking of reporting deadlines was tracked personally by an employee who terminated employment with the City.

**Effect:** The City did not timely comply with its reporting requirements.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that the City review its processes for managing grants, whereby deadlines for reporting, and other compliance requirements, are not isolated solely within one individual's tracking system.

**Views of Responsible Officials:** The department administering the COVID-19 – Community Programs to Improve Minority Health Grant will review and update procedures to ensure the status of all federal grant compliance requirements are properly tracked. Grant related documents and files will be saved in a secure network location that can be accessed by grant managers. When there is employee turnover, the department will ensure effective knowledge transfer takes place to maintain continued compliance with federal grant requirements.

**CITY OF SANTA ANA, CALIFORNIA  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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***Section I – Financial Statement Findings***

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None noted.

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***Section II – Findings and Questioned Costs – Major Federal Programs***

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**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.

**Status:** Corrected.



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