



Single Audit Report
City of Moreno Valley, California
For the Year Ended June 30, 2022
With Report of Independent Auditors

City of Moreno Valley

**Single Audit Report on Federal Awards
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Moreno Valley
Moreno Valley, California

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

We have audited, in accordance with 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, the aggregate remaining fund information and each major fund of the City of Moreno Valley (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Moreno Valley's basic financial statements, and have issued our report thereon dated January 24, 2023.

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 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.

MEMBERS

American Institute of
Certified Public Accountants

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Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

January 24, 2023 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is August 22, 2023)



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

Independent Auditor's Report

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To the Honorable Mayor and Members of the City Council
City of Moreno Valley
Moreno Valley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Moreno Valley's (the City) compliance with the types of compliance requirements identified as subject to audit 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 auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (*Government Auditing Standards*); 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 Auditor's 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 each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



Other Matter

This report is replacing the original Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance and report on Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance which was dated on March 24, 2023 due to changes in the amount reported for the American Rescue Program Act (ARPA) program (AL 21.027). No additional procedures were performed subsequent to the issuance date, no changes to the opinion were needed.

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 omissions, misrepresentations, or the 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 the 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

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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

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 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 January 24, 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 is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

March 24, 2023 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is August 22, 2023)

City of Moreno Valley

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through the State of California Department of Education:				
Child and Adult Card Food Program	10.558	04321-CACFP-33-GM-CS	\$ -	\$ 26,158
Total U.S. Department of Agriculture			<u>-</u>	<u>26,158</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct assistance:				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-17-MC-06-0567	-	169,264
Community Development Block Grant	14.218	B-18-MC-06-0567	-	165,925
Community Development Block Grant	14.218	B-19-MC-06-0567	-	410,462
Community Development Block Grant	14.218	B-20-MC-06-0567	-	378,134
Community Development Block Grant	14.218	B-21-MC-06-0567	-	715,645
Community Development Block Grant	14.218	B-20-MW-06-0567	-	736,099
Total CDBG-Entitlement Grants Cluster			<u>-</u>	<u>2,575,529</u>
Emergency Solutions Grant	14.231	E-20-MC-06-0567	-	21,400
Emergency Solutions Grant	14.231	E-21-MC-06-0567	-	85,999
Emergency Solutions Grant	14.231	E-20-MW-06-0567	-	572,231
Total Emergency Solutions Grant			<u>-</u>	<u>679,630</u>
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	B-08 MN-06-0513	-	2,186,476
Total Neighborhood Stabilization Program			<u>-</u>	<u>2,186,476</u>
HOME Investment Partnership Program	14.239	M-19-MC-06-551	-	758,848
HOME Investment Partnership Program	14.239	M-20-MC-06-551	-	40,314
HOME Investment Partnership Program	14.239	M-21-MC-06-551	-	50,398
Total HOME Investment Partnership Program			<u>-</u>	<u>849,560</u>
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>6,291,195</u>

See accompanying notes to the schedule of expenditures of federal awards.

City of Moreno Valley

**Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2022**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
<u>U.S. Department of Justice</u>				
Passed through Riverside Police Department:				
Edward Byrne Memorial Justice Assistance Grant	16.738	BJA-2018-13626	\$ -	\$ 4,169
Edward Byrne Memorial Justice Assistance Grant	16.738	BJA-2019-15141	-	40,428
Total U.S. Department of Justice			-	44,597
<u>U.S. Department of Transportation</u>				
Passed through the State of California Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	ATPL-5441(069)	-	717,989
Highway Planning and Construction	20.205	HSIPL-5441(068)	-	412,536
Highway Planning and Construction	20.205	HSIPL-5441(066)	-	2,962
Highway Planning and Construction	20.205	HSIPL-5441(067)	-	3,199
Highway Planning and Construction	20.205	HSIPL-5441(072)	-	34,521
Highway Planning and Construction	20.205	HSIPL-5441(071)	-	97,400
Total U.S. Department of Transportation / Highway Planning and Construction Cluster			-	1,268,607
<u>U.S. Department of the Treasury</u>				
Direct assistance				
Emergency Rental Assistance Program - COVID	21.023	ERAE0220	5,012,189	9,801,062
Emergency Rental Assistance Program - COVID	21.023	ERA0351	-	3,593,490
Total Emergency Rental Assistance Program - COVID			5,012,189	13,394,552
American Rescue Plan Act - ARPA	21.027	SLT-0979	-	24,395,437
Passed through the State of California Department of Community Services and Development				
American Rescue Plan Act - ARPA California Arrearage Payment Program	21.027	68-0283471	-	470,194
Total American Rescue Plan Act - ARPA			-	24,865,631
Total U.S. Department of the Treasury			5,012,189	38,260,183
<u>National Endowment for the Humanities</u>				
Passed through the California State Library Foundation:				
Library Services and Technology	45.310	40-9140/40-9079	-	83,599
Total National Endowment for the Humanities			-	83,599

See accompanying notes to the schedule of expenditures of federal awards.

City of Moreno Valley

**Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2022**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
<u>U.S. Department of Education</u>				
Passed through the State of California Department of Education:				
21st Century Community Learning Centers Elementary/Middle	84.287	FED#: S287C200005 CDE#: 20-14349-2186-0A	\$ 44,111	\$ 45,799
Total U.S. Department of Education			<u>44,111</u>	<u>45,799</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the State of California Department of Education:				
CCDF Cluster:				
Child Care & Development Block Grant	93.575	CCTR - 0171 - 15136-2186	-	79,631
Total Child Care & Development Block Grant			<u>-</u>	<u>79,631</u>
Child Care Mandatory & Matching Funds	93.596	CCTR - 0171 - 13609-2186	-	176,326
Child Care Mandatory & Matching Funds	93.596	CCTR - 0171 - 15549-2186	-	28,440
Total Child Care Mandatory & Matching Funds			<u>-</u>	<u>204,766</u>
Total U.S. Department of Health and Human Services / CCDF Cluster			<u>-</u>	<u>284,397</u>
<u>U.S. Department of Homeland Security</u>				
Direct assistance:				
Disaster Grants - Public Assistance (Senior Eats - Great Plates Delivered Program) - COVID	97.036	FEMA-4482-DR-CA	-	46,725
Total Disaster Grants - Public Assistance (Senior Eats - Great Plates Delivered Program) - COVID			<u>-</u>	<u>46,725</u>
Passed through the State of California Office of Emergency Services:				
Emergency Management Performance	97.042	2020-0006	-	34,671
Total Emergency Management Performance			<u>-</u>	<u>34,671</u>
Hazard Mitigation Grant Program (FEMA)	97.039	HMGP-4240-35-34R	-	65,085
Sunnymead Master Drainage Plan - Storm Drain Lines	97.039	HMGP-4308-225-03R	-	3,133
Total Hazard Mitigation Grant Program			<u>-</u>	<u>68,218</u>
State Homeland Security Program	97.067	2020-0095	-	23,674
Total U.S. Department of Homeland Security			<u>-</u>	<u>173,288</u>
Total expenditures of federal awards			<u>\$ 5,056,300</u>	<u>\$ 46,477,823</u>

See accompanying notes to the schedule of expenditures of federal awards.

City of Moreno Valley

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Moreno Valley, California (City). For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting, which is defined in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures reported include any property or equipment acquisitions incurred under the federal programs.

Note 2: De Minimis Indirect Cost Rate

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

Note 3: Relationship to the Basic Financial Statements

In accordance with the Governmental Accounting Standards Board's Statement No. 61, *Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No.14*, activities relating to all federal financial assistance programs are blended in the City's financial statements as special revenue funds.

City of Moreno Valley

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	<u> X </u>	Yes	_____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weakness identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	_____	Yes	<u> X </u>	None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

_____	Yes	<u> X </u>	No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Programs or Cluster</u>
21.023	Emergency Rental Assistance Program - COVID
21.027	American Rescue Plan Act - ARPA

Dollar threshold used to distinguish between type A and type B programs: \$1,357,520

Auditee qualified as low-risk auditee?	<u> X </u>	Yes	_____	No
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City of Moreno Valley

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

SECTION II: FINANCIAL STATEMENT FINDINGS

**Finding 2022-001 – Preparation of the Schedule of Expenditures of Federal Awards
*Significant Deficiency***

Criteria

In order to have a proper basis for the single audit, the entity must have procedures in place in order to prepare and accurate Schedule of Expenditures of Federal Awards (SEFA).

Condition

Subsequent to the single audit issuance, it was identified that the SEFA was missing expenditures from a program for the fiscal year.

Cause

The single audit report originally issued was incorrect.

Identification as a Repeat Finding, if Applicable

Not a repeat finding.

Effect

Reissuance of the single audit report.

Recommendation

We recommend that the City maintain a listing of all components of federal programs in order to ensure that the SEFA is complete in subsequent years.

Management's Response

See Corrective Action Plan.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings to be reported.

City of Moreno Valley

**Status of Prior Year Audit Findings
Year Ended June 30, 2022**

No prior year findings reported.



City of Moreno Valley
Corrective Action Plan
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Findings

2022 –001 Preparation of the Schedule of Expenditures of Federal Awards – Significant Deficiency

Name of contact person: Brian Mohan, Assistant City Manager / Chief Financial Officer / City Treasurer

Corrective Action: The City Manager and Council are committed to the City’s internal controls and fiduciary responsibilities. As such, Council has approved a new Deputy Compliance Director position and formally created a new Grant Division with the approval of four positions (Grants Division Manager, 2 Senior Grants Analysts and 1 Senior Grants Accountant). These new positions will ensure managers citywide will review financial activity on a regular basis and coordinate with the Chief Financial Officer and Grants Division all Federal and State funding received to ensure that all federal and state awards received are properly disclosed and accounted for on the Schedule of Expenditures of Federal Awards.

Proposed Completion Date: Management will implement the above procedure immediately.

Section III – Federal Award Findings and Questioned Costs

No findings to be reported.

Section IV – State Award Findings and Questioned Costs

No findings to be reported.