

City of Moreno Valley
Single Audit Report on Federal Awards
Year Ended June 30, 2023



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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**

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

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, 2023, 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 17, 2024.

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.



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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 17, 2024



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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

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Independent Auditor's Report

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 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 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAGAS); 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.

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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.

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, business-type activities, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated January 17, 2024, 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. 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 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 27, 2024 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 17, 2024)

**City of Moreno Valley
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

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 Care Food Program	10.558	04321-CACFP-33-GM-CS	\$ -	\$ 34,824
Total U.S. Department of Agriculture			<u>-</u>	<u>34,824</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct assistance:				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-20-MC-06-0567	6,825	6,825
Community Development Block Grant	14.218	B-21-MC-06-0567	96,216	1,805,486
Community Development Block Grant	14.218	B-22-MC-06-0567	288,959	1,822,085
Community Development Block Grant-CARES Act	14.218	B-20-MW-06-0567	-	187,635
Total CDBG-Entitlement Grants Cluster			<u>392,000</u>	<u>3,822,031</u>
Emergency Solutions Grant	14.231	E-21-MC-06-0567	50,021	50,021
Emergency Solutions Grant	14.231	E-22-MC-06-0567	15,495	28,392
Emergency Solutions Grant - CARES Act	14.231	E-20-MW-06-0567	304,376	385,313
Total Emergency Solutions Grant			<u>369,892</u>	<u>463,726</u>
HOME Investment Partnership Program	14.239	M-20-MC-06-551	-	28,909
HOME Investment Partnership Program	14.239	M-21-MC-06-551	173,669	240,423
HOME Investment Partnership Program	14.239	M-22-MC-06-551	77,069	103,898
Total HOME Investment Partnership Program			<u>250,738</u>	<u>373,230</u>
Neighborhood Stabilization Program	14.256	B-08-MN-06-0513	-	2,586
Total Neighborhood Stabilization Program			<u>-</u>	<u>2,586</u>
Total U.S. Department of Housing and Urban Development			<u>1,012,630</u>	<u>4,661,573</u>

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

**City of Moreno Valley
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

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 County Sheriff:				
Edward Byrne Memorial Justice Assistance Grant	16.738	BJA-2019-15141	\$ -	\$ 8,142
Edward Byrne Memorial Justice Assistance Grant	16.738	BJA-2020-17276	-	30,076
Total Edward Byrne Memorial Justice Assistance Grant			-	38,218
Total U.S. Department of Justice			-	38,218
<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)	-	251,960
Highway Planning and Construction	20.205	HSIPL-5441(066)	-	53,808
Highway Planning and Construction	20.205	HSIPL-5441(067)	-	41,743
Total Highway Planning and Construction Cluster			-	347,511
Total U.S. Department of Transportation			-	347,511
<u>U.S. Department of the Treasury</u>				
Direct assistance:				
Emergency Rental Assistance Program - COVID	21.023	ERA0351	813,633	828,222
Emergency Rental Assistance Program - COVID	21.023	ERAE0220	368,406	408,197
Total Emergency Rental Assistance Program - COVID			1,182,039	1,236,419
American Rescue Plan Act - ARPA	21.027	SLT-0979	-	24,475,408
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	-	399,622
Total American Rescue Plan Act - ARPA			-	24,875,030
Total U.S. Department of the Treasury			1,182,039	26,111,449
<u>National Endowment for the Humanities</u>				
Passed through the California State Library Foundation:				
Library Services and Technology	45.310	40.9079	9,611	9,611
Total National Endowment for the Humanities			9,611	9,611

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

**City of Moreno Valley
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

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#: S287C220005 CDE#: 22-14349-21860-3A	\$ 43,495	\$ 45,784
Total U.S. Department of Education			<u>43,495</u>	<u>45,784</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 - 2177 - 15136-2186	-	275,150
Child Care & Development Block Grant	93.575	Unknown	-	3,040
Child Care & Development Block Grant	93.575	Unknown	-	67,183
Child Care & Development Block Grant	93.575	Unknown	-	5,900
Total CCDF Cluster			<u>-</u>	<u>351,273</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>351,273</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	-	692,878
Total Disaster Grants - Public Assistance (Senior Eats - Great Plates Delivered Program) - COVID			<u>-</u>	<u>692,878</u>
Passed through the State of California Office of Emergency Services:				
Moreno Master Drain K-1 - Flood Control Mitigation Project	97.039	HMGP-4240-35-34R	-	869,483
Total Hazard Mitigation Grant Program			<u>-</u>	<u>869,483</u>
Emergency Management Performance	97.042	2021-0015		13,733
Emergency Management Performance	97.042	2022-0005	-	27,583
Total Emergency Management Performance			<u>-</u>	<u>41,316</u>
State Homeland Security Program	97.067	2021-0081	-	23,774
Total State Homeland Security			<u>-</u>	<u>23,774</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>1,627,451</u>
Total Expenditures of Federal Awards			<u>\$ 2,247,775</u>	<u>\$ 33,227,694</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, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal awards activity of the City of Moreno Valley (the City) under federal programs of federal government for the year ended June 30, 2023. The information in this SEFA is presented in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City. For the purposes of this schedule, federal financial assistance includes both federal financial assistances received directly from a federal agency, as well as federal funds received indirectly by the City from a nonfederal agency or other organization. Only that portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. 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. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. De Minimis Indirect Cost Rate

The City did not elect to use the 10-percent indirect cost rate allowed under the Uniform Guidance.

**City of Moreno Valley
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023**

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?	_____	Yes	<u> X </u>	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>
14.218	Community Development Block Grant
21.027	American Rescue Plan Act - ARPA
97.039	Hazard Mitigation Grant Program

Dollar threshold used to distinguish between type A and type B programs:	<u>\$996,831</u>
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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, 2023**

Section II: Financial Statement Findings

No findings to be reported.

Section III: Federal Awards Findings and Questioned Costs

No findings to be reported.

**City of Moreno Valley
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

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

Corrective action was taken.