



CITY OF POMONA, CALIFORNIA

JUNE 30, 2021

SINGLE AUDIT REPORT

Focused
on YOU



CITY OF POMONA, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2021

CITY OF POMONA, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page Number</u>
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 <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2021.....	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2021.....	8
Schedule of Prior Year Findings and Questioned Costs for the Fiscal Year Ended June 30, 2020.....	11



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*

To the Honorable Mayor and Members of the City Council
City of Pomona, 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 Pomona, California, (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 6, 2022.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





To the Honorable Mayor and Members of the City Council
City of Pomona, California

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.

Lance, Solt & Lughard, LLP

Brea, California
January 6, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Pomona, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Pomona (the City), California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of 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, 2021.

Basis for Opinion

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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 government programs.



To the Honorable Mayor and Members of the City Council
City of Pomona, California

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, 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 the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.



To the Honorable Mayor and Members of the City Council
City of Pomona, California

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.

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 6, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards 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.

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.

Lance, Soll & Luyhard, LLP

Brea, California

March 21, 2022 (except for the Schedule of Expenditures of Federal Awards which is as of January 6, 2022)

CITY OF POMONA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant Award Number	Pass-Through Grantor's DUNS Number	Total Federal Expenditures	Passed Through to Subrecipients
CDBG - Entitlement Grants Cluster					
<u>U.S. Department of Housing and Urban Development</u>					
Direct Assistance:					
Community Development Block Grants/Entitlement Grants*	14.218	B-20-MC-06-0527	N/A	\$ 2,060,485	\$ 306,507
COVID 19 - Community Development Block Grants/Entitlement Grants*	14.218	B-20-MW-06-0527	N/A	516,567	-
CDBG Loans Program*	14.218		N/A	1,545,013	-
Neighborhood Stabilization Loans Program*	14.218		N/A	289,200	-
Total CDBG - Entitlement Grants Cluster				4,411,265	306,507
Housing Voucher Cluster					
<u>U.S. Department of Housing and Urban Development</u>					
Direct Assistance:					
Section 8 Housing Choice Vouchers	14.871	CA123VO	N/A	14,956,605	-
Mainstream Vouchers	14.879	CA123VO	N/A	292,504	-
COVID 19 - Housing Choice Vouchers	14.HCC	CA123VO	N/A	77,614	-
Total Housing Voucher Cluster				15,326,723	-
Highway Planning and Construction Cluster					
<u>U.S. Department of Transportation</u>					
Passed through State of California Department of Transportation					
Highway Planning and Construction	20.205	HSIPL-5070(034)	70329025	6,088	-
Highway Planning and Construction	20.205	HSIPL-5070(037)	70329025	2,030	-
Highway Planning and Construction	20.205	ATPL - 5070(035)	70329025	58,771	-
Total Highway Planning and Construction Cluster				66,889	-
Highway Safety Cluster					
<u>U.S. Department of Transportation</u>					
Passed through State of California Office of Traffic Safety					
State and Community Highway Safety	20.600	PT21017	965053908	153,955	-
State and Community Highway Safety	20.600	PT21103	965053908	225,826	-
Total State and Community Highway Safety				379,781	-
National Priority Safety Programs					
National Priority Safety Programs	20.616	OP20012	965053908	41,372	-
National Priority Safety Programs	20.616	PS21026	965053908	15,069	-
Total National Priority Safety Programs				56,441	-
Total Highway Safety Cluster				436,222	-
Aging Cluster					
<u>U.S. Department of Health and Human Services</u>					
Passed through County of Los Angeles Workforce Development, Aging and Community Services					
Nutrition Services Incentive Program	93.053	AAA-ENP-202109	98620180	178,864	-
Passed through County of Los Angeles Community and Senior Special Programs for the Aging - Title III, Park C--Nutrition Services					
Special Programs for the Aging - Title III, Park C--Nutrition Services	93.045	AAA-ENP-202109	14975041	19,726	-
Total Aging Cluster				198,590	-
Other Programs					
<u>U.S. Department of Housing and Urban Development</u>					
Direct Assistance:					
Emergency Solutions Grants Program*	14.231	E-20-MC-060527	N/A	164,013	-
Emergency Solutions Grants Program*	14.231	E-20-MC-060527	N/A	559,707	-
Total Emergency Solutions Grants Program				723,720	-
HOME Investment Partnerships Program*					
HOME Investment Partnerships Program*	14.239	M-15-MC-06-0528	N/A	95,888	-
HOME Investment Partnerships Program*	14.239	M-16-MC-06-0528	N/A	90,747	-
HOME Investment Partnerships Program*	14.239	M-17-MC-06-0528	N/A	418,823	-
HOME Investment Partnerships Program*	14.239	M-18-MC-06-0528	N/A	150,281	-
HOME Investment Partnerships Program*	14.239	M-19-MC-06-0528	N/A	109,726	-
HOME Investment Partnerships Program*	14.239	M-20-MC-06-0528	N/A	170,189	-
HOME Loans Program*	14.239		N/A	16,158,520	-
Total HOME Investment Partnership Program				17,194,174	-
Family Self-Sufficiency Program					
Family Self-Sufficiency Program	14.896	CA123VO	N/A	68,772	-
Lead Paint Hazard Control Grant					
Lead Paint Hazard Control Grant	14.900	CALHB0750-19	N/A	222,005	-
Healthy Homes Grant	14.900	CALHB0750-19	N/A	84,445	-
Total Lead-Based Paint Hazard Control in Privately-Owned Housing Program				306,450	-
Continuum of Care Program					
Continuum of Care Program	14.267	CA0462L9D001811	N/A	224,694	-
Continuum of Care Program	14.267	CA0462L9D001912	N/A	1,247,670	18,980
Passed through Los Angeles Homeless Services Authority					
Continuum of Care Program	14.267	CA0358L9D001811	837100361	280,040	271,525
Continuum of Care Program	14.267	CA0358L9D001912	837100361	278,106	269,767
Total Continuum of Care Program				2,030,510	560,272
Total U.S. Department of Housing and Urban Development				20,323,626	560,272
<u>U.S. Department of Justice</u>					
Direct Assistance:					
Equitable Sharing Program	16.922	CA0195500	N/A	360,471	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0340	N/A	38,168	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0760	N/A	42,122	-
Passed through Board of State and Community Corrections					
Edward Byrne Memorial Justice Assistance Grant	16.738	BSCC 0143-18-MH	949095731	3,570	-
Direct Assistance:					
COVID 19 - Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1445	N/A	135,295	-
Total U.S. Department of Justice				579,626	-
<u>U.S. Department of Transit</u>					
Direct Assistance:					
COVID 19 - Coronavirus Relief Funds*	21.019	AAA-ENP-202109	N/A	1,911,546	-
Passed through Los Angeles County Department Of Workforce Development, Aging and Community Services					
COVID 19 - Coronavirus Relief Funds*	21.019	AAA-ENP-202109	98620180	27,996	-
COVID 19 - Coronavirus Relief Funds*	21.019	AAA-ENP-202109	98620180	106,882	-
COVID 19 - Coronavirus Relief Funds*	21.019	AAA-ENP-202109	98620180	207,917	-
Total COVID 19 - Corona Virus Relief Funds				342,795	-
Passed through State of California Office of Traffic Safety					
Emergency Rental Assistance Program	21.023	ERA0003	808244842	851	-
Total U.S. Department of Transit				2,255,192	-
Total Other Programs				23,158,444	560,272
Total Expenditures of Federal Awards				\$ 43,598,133	866,779

CITY OF POMONA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CORONAVIRUS EMERGENCY ACTS FUNDING RECONCILIATION

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant Award Number	Pass-Through Grantor's DUNS Number	Total Federal Expenditures	Passed Through to Subrecipients
Coronavirus Emergency Supplemental Funding					
<u>U.S. Department of Housing and Urban Development</u>					
Direct Assistance:					
COVID 19 - Community Development Block Grants/Entitlement Grants*	14.218	B-20-MW-06-0527	N/A	\$ 516,567	\$ -
COVID 19 - Housing Choice Vouchers	14.HCC	CA123VO	N/A	77,614	
<u>U.S. Department of Justice</u>					
Direct Assistance:					
COVID 19 - Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1445	N/A	135,295	-
<u>U.S. Department of Transit</u>					
Direct Assistance:					
COVID 19 - Corona Virus Relief Funds*	21.019	AAA-ENP-202109	N/A	1,911,546	-
Passed through State of California Department of Workforce Development, Aging and Community Services					
COVID 19 - Coronavirus Relief Funds*	21.019	AAA-ENP-202109	98620180	27,996	-
COVID 19 - Coronavirus Relief Funds*	21.019	AAA-ENP-202109	98620180	106,882	-
COVID 19 - Coronavirus Relief Funds*	21.019	AAA-ENP-202109	98620180	207,917	-
Total Coronavirus Emergency Acts Funding				\$ 2,983,817	\$ -

* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used to prepare this schedule.

Note b: There were no federal awards expended in the form of non-cash assistance and insurance in effect during the year.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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

a. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Pomona, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance 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 portion of program expenditures reimbursable with such federal funds is 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.

b. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

c. Indirect Cost Rate

The City did not elect to use the 10% de minimis cost rate.

Note 2: Federal Loan Programs with Compliance Requirements

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the accompanying schedule. The balance of loans outstanding with compliance requirements at June 30, 2021, consists of:

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Balance at June 30, 2021</u>
14.218	CDBG Loans Program	\$ 1,547,696
14.218	Neighborhood Stabilization Loans Program	231,716
14.239	HOME Loans Program	<u>16,650,528</u>
Total loans subject to continuing compliance requirements		<u>\$ 18,429,940</u>

CITY OF POMONA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant deficiencies identified? ___yes X none reported
- Material weaknesses identified? ___yes X no

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified? ___yes X none reported
- Material weaknesses identified? ___yes X no

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200? ___yes X no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG – Entitlement Grants Cluster
14.231	Emergency Solutions Grants Program
14.239	HOME Investment Partnership Program
21.019	COVID 19 – Corona Virus Relief Funds

Dollar threshold used to distinguish between type A and type B program \$1,307,944

Auditee qualified as low-risk auditee? ___yes X no

CITY OF POMONA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

THE CITY OF POMONA

Finance Department



SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

Construction in Progress Adjustment

Reference Number: 2020-001

Condition:

A restatement was required in the Governmental Activities as the result of the City capitalizing costs related to pollution remediation. The removal of these prior period cost incorrectly capitalized required a restatement in the amount of (\$3,532,586).

Criteria:

Costs related to pollution remediations, which are returning land back to its original state should not be capitalized.

Cause of Condition:

Incorrect capitalization of costs for remediation.

Effect or Potential Effect of Condition:

Capitalization of costs related to pollution remediation totaled \$3,532,586, which will reduce the net position in the Governmental Activities.

Recommendation:

The City should ensure appropriate review by management occurs with all costs identified to be capitalized. All costs should be reviewed by management to ensure they meet the City's capitalization policy and are eligible costs to be capitalized in line with generally accepted accounting principles.

Management's Response and Corrective Action:

Management reviews the capitalization of assets on an annual basis. We will ensure going forward that any costs related to pollution remediation are not capitalized.

Current Status:

Corrected. No similar instances noted in the current fiscal year.

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Fuel Inventory Adjustment

Reference Number: 2020-002

Condition:

A material journal entry was required during the audit to correct fuel inventory in the Equipment Maintenance fund. This was the result of the fuel inventory not being reconciled as of June 30, 2020. An adjustment in the amount of \$850,434 was required to correct fuel inventory balance.

Criteria:

Reconciliation of fuel inventory should be in line with City policy and generally accepted accounting principles. Inventory asset should not include fuel that has already been utilized.

Cause of Condition:

No reconciliation was performed during the year end closing process.

Effect or Potential Effect of Condition:

Inventory assets were overstated and required a material journal entry in the amount of \$850,434 to adjust to proper inventory balance at June 30, 2020.

Recommendation:

Management should ensure all reconciliations are performed during the year end closing process. Management should review trial balance and perform analytical procedures while also maintaining an organized yearend close process with documentation to help prevent inaccurate reporting information.

Management's Response and Corrective Action:

The City has mechanisms in place to ensure all necessary year-end adjustments are made. Due to the pandemic and the shutdowns, it was increasingly difficult to ensure all the mechanisms were working and being utilized.

Current Status:

Corrected. No similar instances noted in the current fiscal year.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reporting – Internal Control and Compliance over Reporting

Identification of the Federal Programs:

Catalog of Federal Domestic Assistance (CFDA) Number:	14.871
CFDA Title:	Section 8 Housing Choice Voucher Program
Federal Agency:	Department of Housing and Urban Development
Pass-Through Entity:	N/A
Federal Award Number and Award Year:	CA123VO

Reference Number: 2020-003

Condition:

During our testing, we noted the programs financial reporting was not submitted in a timely manner. The fiscal year 2020 Annual Unaudited Financial Submission Report for Section 8 Housing Choice Voucher Program was submitted on January 5, 2021.

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Criteria:

Under the Uniform Financial Reporting Requirements (UFRS), PHAs are required to submit their financial data electronically in a manner prescribed by HUD. PHAs administering the HCV program must submit their Annual Financial Statements through the Financial Assessment Sub-System for Public Housing (FASS-PH) or commonly known as the Financial Data Schedule (FDS). Their monthly leasing and cost data must be submitted through the Voucher Management System (VMS). Failure to do so by the deadlines required by HUD may result in a withholding or a permanent reduction to a PHA's administrative fees in accordance with 24 CFR § 982.152. The normal due date is August 31st; however, HUD extended the due date to October 30, 2020 for Fiscal Year Ending June 30, 2020 for the Annual Unaudited Financial Submission Report.

Cause of Condition:

The City does not have sufficient monitoring control over the reporting requirements.

Effect or Potential Effect of Condition:

The delay in filing the report resulted in noncompliance.

Recommendation:

This is a repeat finding. (See reference 2019-005). We recommend that the City implement deadlines for all required reports to ensure timely filing of the reports.

Management's Response and Corrective Action:

The City acknowledges the late submission of the unaudited REAC report to HUD. The report was delayed due to the late filing of the prior year's report. The prior year's filing was late due to complications with the reporting of new funding sources. The City was in constant contact with HUD during this process of updating the report and HUD was aware of the late filing. The City has since implemented internal control measures to prevent late filings in the future.

Current Status:

Corrected. No similar instances noted in the current fiscal year.