

CITY OF YUCAIPA

**Single Audit Report on
Federal Award Programs**

June 30, 2022

CITY OF YUCAIPA
SINGLE AUDIT REPORT ON FEDERAL AWARD PROGRAMS
Year Ended June 30, 2022

TABLE OF CONTENTS

	Page
Independent Auditor's 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 - 2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	3 - 5
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8 - 10
Summary Schedule of Prior Audit Findings	11



**Independent Auditor’s 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***

City Council
City of Yucaipa
Yucaipa, 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, each major fund and the aggregate remaining fund information of the City of Yucaipa (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 22, 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 opinion 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.

Van Lant & Fankhanel, LLP

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909.856.6879

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*.

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.

Van Lant + Fankhaed, LLP

February 22, 2023



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

City Council
City of Yucaipa
Yucaipa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Yucaipa'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, 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 of Yucaipa, 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, 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; 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 of Yucaipa 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 requirements referred to above.

Van Lant & Fankhanel, LLP

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Responsibilities of Management for Compliance

Management is responsible for compliance with 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 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 generally accepted auditing standards, *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 City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 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 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 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 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 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 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, each major fund, and the aggregate remaining fund information, of the City of Yucaipa, 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 February 22, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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.

Van Lant & Fankhauser, LLP

March 28, 2023

CITY OF YUCAIPA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(SUPPLEMENTARY INFORMATION)
Year Ended June 30, 2022

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	Federal Assistance Listing Number	Program Identification Number	Program Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Agriculture</u>				
<i>Direct Assistance:</i>				
Emergency Watershed Protection Program	10.923	NR219104XXXXC007	\$ 195,468	\$ -
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through the San Bernardino County</i>				
<i>Community Development and Housing:</i>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant	14.218	YUCA-21-1-05G/1681	6,500	6,500
Community Development Block Grant	14.218	YUCA-21-1-05A/7518	6,500	6,500
Community Development Block Grant	14.218	YUCA-19-CV-1-18A/0214	70,000	-
Community Development Block Grant	14.218	YUCA-19CV3-1-05Q/0233	33,654	-
Community Development Block Grant	14.218	YUCA-21-1-03K/0186	202,304	-
Community Development Block Grant	14.218	YUCA-19-1-03L/7517	11,311	-
Community Development Block Grant	14.218	YUCA-18-1-03L/0152	2,789	-
Community Development Block Grant	14.218	YUCA-21-1-03A/0249	46,205	-
Community Development Block Grant	14.218	YUCA-21-1-05Z/2484	9,888	-
Community Development Block Grant	14.218	YUCA-19-1-03K/0174	31,903	-
Subtotal U.S. Department of Housing and Urban Development			<u>421,054</u>	<u>13,000</u>
<u>U.S. Department of Transportation</u>				
<i>Passed through the State of California</i>				
<i>Department of Transportation:</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	BR-NBIL (506)	10,327	-
Highway Planning and Construction	20.205	BR-NBIL (534)	115,254	-
Highway Planning and Construction	20.205	SRTSL-5457 (019)	646,642	-
Highway Planning and Construction	20.205	HSIPL-5457 (025)	67,436	-
Subtotal U.S. Department of Transportation			<u>839,659</u>	<u>-</u>
<u>U.S. Department of the Interior</u>				
<i>Direct Assistance:</i>				
Water and Energy Efficiency Grant	15.507	R14AP00C166	290,000	-
<u>U.S. Small Business Administration</u>				
<i>Direct Assistance:</i>				
Shuttered Venue Operators Grant	59.075	SBAHQ21SV007567	303,547	-
<u>U.S. Department of Treasury</u>				
<i>Direct Assistance:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	20-1892-0-1-806	3,710,247 *	-
<u>U.S. Department of Homeland Security</u>				
<i>Passed through the San Bernardino County Office of Emergency Services</i>				
Public Assistance Grant	97.036	FEMA-4569-DR-CA	516	-
Emergency Management Performance Grant	97.042	2021-0015	17,476	-
Hazard Mitigation Grant Program	97.039	FEMA-4407-DR-CA	24,600	-
Homeland Security Grant Program - Law	97.067	2019-0035	18,666	-
Homeland Security Grant Program - Fire	97.067	2020-0095	32,297	-
Subtotal U.S. Department of Homeland Security			<u>93,555</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 5,853,530</u>	<u>\$ 13,000</u>

*Major Program

CITY OF YUCAIPA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF FEDERAL AWARDS

A) Scope of Presentation

The accompanying schedule presents only the expenditures incurred (and related awards received) by the City of Yucaipa that are reimbursable under programs of federal agencies providing financial assistance. For the purpose of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received from pass-through entities by the City of Yucaipa. 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 the 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 of Yucaipa becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program. The City elected to use the 10% de minimis cost rate as covered in Section 200.414 Indirect (F & A) costs.

C) Major Programs

The City had one major program for the year ended June 30, 2022, consisting of the American Rescue Plan Act grant which had total disbursements of \$3,710,247. This amount calculates to 63% of the total disbursements from federal awards.

D) Subrecipient Expenditures

During the fiscal year ended June 30, 2022, the City of Yucaipa made \$13,000 in payments to subrecipients, which consisted of \$6,500 to the San Bernardino Sexual Assault Inc., and \$6,500 to the Family Services Association.

CITY OF YUCAIPA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditors’ Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified not Considered to be Material Weaknesses?	None reported
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified not Considered to be Material Weaknesses?	None reported
Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance With Uniform Guidance?	No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster
21.027	American Rescue Plan Act

Dollar Threshold used to Distinguish Between Type A And Type B Programs:	\$ <u>750,000</u>
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Auditee Qualified as Low-Risk Auditee?	No
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CITY OF YUCAIPA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no auditor's findings required to be reported in accordance with *Government Auditing Standards*.

CITY OF YUCAIPA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings required to be reported in accordance with the Uniform Guidance.

CITY OF YUCAIPA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001 General Fund Advances

Current Status: Corrective action has been taken

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings to be reported in accordance with the *Uniform Guidance*.