



CITY OF RIALTO, CALIFORNIA

JUNE 30, 2022

SINGLE AUDIT REPORT

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Rialto, 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 Rialto, California (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, and have issued our report thereon dated March 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.



City of Rialto California

CITY OF RIALTO, CALIFORNIA

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

Finding 2021-007 – Material Weakness and Compliance: Accuracy of Financial Reporting
Noncompliance/Material Weakness

Federal Agencies: U.S. Department of Housing and Urban Development
Program Title: Community Development Block Grants/Entitlement Grants
Award Numbers: B-20-MC-06-0571 and B-20-MW-06-0571
Award Years: 2020-2021

Condition: The C04PR29 Cash on Hand Quarterly Reports do not include expenditures for CDBG-CV grant award number B-20-MW-06-0571 in line number 4 on the form, however the City has incurred \$109,636 in expenditures through June 30, 2021. The City also failed to report these costs in the Consolidated Annual Performance and Evaluation Report (CAPER). In addition, the City has been delayed in drawing down funds in IDIS which has resulted in the City having to alter their submissions for the C04PR29 Cash on Hand Quarterly Report due to limitations in IDIS where negative cash balances are not allowed. As a result, the City included amounts on line number 2 of the report showing cash was received through IDIS drawdowns for two quarters where no drawdown was received.

Status: Appropriate corrective actions were taken; this finding is considered resolved and is not repeated in the fiscal year ended June 30, 2022.