City of Chula Vista, California

Single Audit Report on Federal Awards

Year Ended June 30, 2025

Single Audit Report on Federal Awards
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RAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable City Council
City of Chula Vista, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chula Vista (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2025.

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 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 City'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. We identified certain a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a significant deficiency.

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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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the entity'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
March 31, 2026

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

Independent Auditor's Report

To the Honorable City Council
City of Chula Vista, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Chula Vista's (the City's) 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, 2025. 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, 2025.

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.

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.

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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 City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon, dated March 31, 2026, 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 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 31, 2026

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Assistance Listing Number*	*Unique Entity ID*	*Federal Expenditures*	*Passed through to Subrecipients*
U.S. Department of Housing and Urban Development				
CDBG - Entitlement / Special Purpose Grants Cluster				
Direct Assistance				
Community Development Block Grants	14.218	B-23-MC-06-0540 B-24-MC-06-0540	$ 2,703,000	$ 761,164
CDBG - Beginning Loan Balances	14.218	Unknown	2,081,007	-
Total Assistance Listing Number 14.218 / CDBG - Entitlement / Special Purpose Grants Cluster			4,784,007	761,164
Direct Assistance				
Emergency Solutions Grant Program	14.231	E-23-MC-06-0540 E-24-MC-06-0540	100,184	83,994
Home Investment Partnerships Program	14.239	M23-MC060505 M24-MC060505	1,889,143	1,523,190
Home Investment Partnerships Program - Beginning Loan Balances	14.239	Unknown	14,641,668	-
Total Assistance Listing Number 14.239			16,530,811	1,523,190
Total U.S. Department of Housing and Urban Development			**21,415,002**	**2,368,348**
U.S. Department of Justice				
Direct Assistance				
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-24-GG-02550-PPSE	44,622	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-003167-JAGX 15PBJA-24-GG-05142-JAGX	63,372	-
Equitable Sharing Program	16.922	CA0370200	813,226	-
Passed-through the Federal Bureau of Investigation (FBI)				
Equitable Sharing Program	16.922	Various	121,330	-
Passed-through the U.S Drug Enforcement Administration (DEA)				
Equitable Sharing Program	16.922	NTF2024-02	16,305	-
Passed-through the U.S Marshal Service				
Equitable Sharing Program	16.922	Unknown	8,342	-
Total Assistance Listing Number 16.922			959,203	-
Passed-through the City of San Diego				
Missing Children's Assistance	16.543	ICAC - IC18-10-799	108,097	-
Passed-through the California Governor's Office of Emergency Services				
Violence Against Women Formula Grants	16.588	LE24102701	120,700	117,314
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ23 13 6364 CQ24 10 2701	56,150	-
Total U.S. Department of Justice			**1,352,144**	**117,314**

See accompanying notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Assistance Listing Number*	*Unique Entity ID*	*Federal Expenditures*	*Passed through to Subrecipients*
U.S. Department of Transportation				
Passed-through the State of California Department of Transportation				
Highway Planning and Construction	20.205	11-5203F15 11-5203R	$ 9,062,392	$ -
Highway Safety Cluster				
Passed-through the State of California Office of Traffic Safety				
State and Community Highway Safety	20.600	PS25039/26004 PT24043/25151	340,434	168,768
Total Assistance Listing 20.600 / Highway Safety Cluster			340,434	168,768
Passed-through the State of California Office of Traffic Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT24043/25151	454,224	-
Incentive Grant Program to Prohibit Racial Profiling	20.611	PT24043/25151	3,691	-
Total U.S. Department of Transportation			**9,860,741**	**168,768**
U.S. Department of Treasury				
Direct Assistance				
Equitable Sharing	21.016	CA0370200	224,042	-
Passed-through Immigration and Customs Enforcement (ICE)				
Equitable Sharing	21.016	MOU	20,384	-
Total Assistance Listing Number 21.016			244,426	-
Direct Assistance				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	12,501,762	-
Total U.S. Department of Treasury			**12,746,188**	**-**
The Institute of Museum and Library Services				
Passed-through the California State Library				
Grants to States	45.310	SEF8B2944EP9	5,901	-
Total The Institute of Museum and Library Services			**5,901**	**-**
U.S. Department of Energy				
Direct Assistance				
Energy Efficiency and Conservation Block Grant Program	81.128	EECEQ-00648	111,850	-
Total U.S. Department of Energy			**111,850**	**-**

See accompanying notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Assistance Listing Number*	*Unique Entity ID*	*Federal Expenditures*	*Passed through to Subrecipients*
U.S. Executive Office of the President				
Direct Assistance				
High Intensity Drug Trafficking Areas Program	95.001	HID2725G0459	$ 2,809,029	$ -
Total U.S. Executive Office of the President			**2,809,029**	**-**
U.S. Department of Homeland Security				
Passed-through the California Governor's Office of Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	073-13392	62,080	-
Passed-through the County of San Diego Office of Emergency Services				
		2023-006		
Emergency Management Performance Grants	97.042	2024-0050	55,438	-
Homeland Security Grant Program	97.067	Various	3,458,298	-
Total U.S. Department of Homeland Security			**3,575,816**	**-**
Total Expenditures of Federal Awards			**$ 51,876,671**	**$ 2,654,430**

See accompanying notes to the Schedule of Expenditures of Federal Awards

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Chula Vista (the "City") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule 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 cash flows of the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized according to 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 Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: DE MINIMIS INDIRECT COST RATE

Effective October 1, 2024, the Office of Management and Budget (OMB) revised the Uniform Guidance under 2 CFR Part 200 to increase the de minimis indirect cost rate from 10% to 15% of Modified Total Direct Costs (MTDC). Awards issued prior to October 1, 2024 (and not subsequently amended) continue to apply the 10% de minimis rate. Awards issued or amended on or after October 1, 2024 apply the revised 15% de minimis rate. The City has elected not to use the de minimis indirect cost rate for any federal awards.

NOTE 4: LOAN PROGRAMS

The federal housing loan programs listed subsequently are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented on the Schedule. The balance of loans outstanding at June 30, 2025 consist of:

Assistance Listing Number	*Program Name*	*Outstanding Balance at through to June 30, 2025*
14.218	CDBG Loan	$ 2,081,007
14.239	HOME Loans	14,641,668

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(es) identified?		Yes	X	No
Significant deficiency(ies) identified?	X	Yes		None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	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 2 CFR 200.516(a)		Yes	X	No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program/Cluster
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: $ 1,556,300

Auditee qualified as low-risk auditee?	X	Yes		No

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding 2025-001 – Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Significant Deficiency

Criteria

Per 2 CFR Part 200, the City is responsible for preparing an accurate SEFA that properly reflects all federal expenditures.

Condition

During the audit, we noted that a material balance was included in the SEFA that should not have been reported.

Cause

The City has recently changed personnel reviewing the SEFA, which has caused errors in preparation.

Effect

As a result, the SEFA was not initially accurate, which could cause incorrect major programs to be determined and therefore, having an inaccurate single audit performed.

Question Costs

None.

Recommendation

We recommend that the City document the process for how to prepare the SEFA and allow for the necessary time for a review and approval process prior to submitting the SEFA for the audit.

Repeating Finding

Not repeating.

Management's response

See Corrective Action Plan.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings to report.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

CURRENT STATUS OF PRIOR YEAR FINDINGS:

No prior year findings to report.

MEMO

CITY OF CHULA VISTA

Finance Department

DATE: March 31, 2026

TO: File

FROM: Amy Pope, Finance Manager

SUBJECT: Corrective Action Plan

Reference Number: 2025-001

Name of Contact Person: Amy Pope, Finance Manager

Corrective Action: Management agrees to the importance of providing a schedule of expenditures of federal awards that is accurate and complete in all material respects. To mitigate the risk of future reporting discrepancies and ensure the accuracy of the SEFA going forward, management will conduct a thorough review of the current SEFA preparation process to identify gaps and strengthen internal controls.

As part of this effort, we will:

- Document detailed procedures for compiling, reviewing, and approving the SEFA.
- Establish a structured timeline that allows adequate time for review and verification before submission for audit.
- Provide training to staff involved in SEFA preparation to ensure consistent application of federal reporting requirements.

Anticipated Completion Date: December 31, 2026