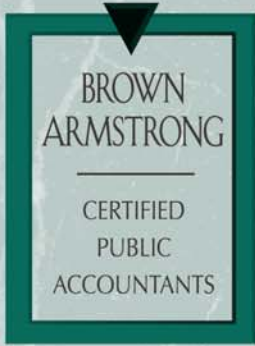


**CITY OF FRESNO**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

**CITY OF FRESNO  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**

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# BROWN ARMSTRONG

*Certified Public Accountants*

## **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**

Honorable Mayor and Members of the  
City Council of the  
City of Fresno, 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 Fresno (the City), as of and for the year ended June 30, 2020, 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 29, 2021. Our report includes references to other auditors who audited the financial statements of the Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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.

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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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 through 2020-003, that we consider to be significant deficiencies.

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005.

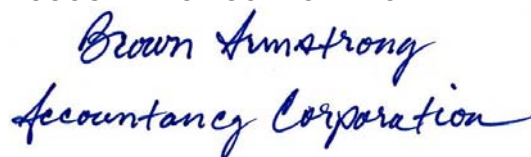
### **City's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

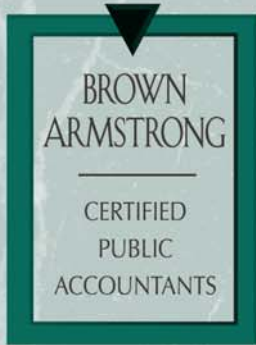
### **Purpose of this Report**

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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
January 29, 2021



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of the  
City Council of the  
City of Fresno, California

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Fresno’s (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2020. 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.

### **Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

### **Opinion on Each Major Federal Program**

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, 2020.

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## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005 to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and Schedule of Expenditures of State or Local Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 29, 2021, which contained unmodified opinions on those financial statements. Other auditors audited the financial statements of the Successor Agency to the Fresno Redevelopment Agency Private-Purpose Trust Fund, as described in our report on the City's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying

schedule of expenditures of federal awards and the schedule of expenditures of state or local awards are presented for purposes of additional analysis as required by the Uniform Guidance and the State of California, respectively, and are 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 and schedule of expenditures of state or local awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
September 21, 2021

**CITY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
<b>US Department of Commerce</b>					
<i>Economic Development Cluster:</i>					
<b>Economic Development Administration (EDA) - Pass-Through Program</b>					
Investments for Public Works and Economic Development Facilities	11.300	EDA	EDA 07 01 07362	\$ -	\$ 390,584
<u>Total Economic Development Administration (EDA) - Pass-Through Program</u>				<u>-</u>	<u>390,584</u>
<b>Economic Development Administration (EDA) - Direct Program</b>					
Economic Development Adjustment Assistance Program - Revolving Loan Fund	11.307		07-39-02434	894,206	894,206
<u>Total Economic Development Administration (EDA) - Direct Program</u>				<u>894,206</u>	<u>894,206</u>
<i>Total Economic Development Cluster</i>				<u>894,206</u>	<u>1,284,790</u>
<b>TOTAL US DEPARTMENT OF COMMERCE</b>				<b>894,206</b>	<b>1,284,790</b>
<b>US Department of Housing and Urban Development</b>					
<i>Community Development Block Grants (CDBG) - Entitlement Grants Cluster</i>					
<b>Office of Community Planning and Development - Direct Program</b>					
2016 Community Development Block Grants/Entitlement Grants	14.218		B-15-MC-06-0001	-	82,561
2016 Community Development Block Grants/Entitlement Grants	14.218		B-15-MC-06-0001	-	(21,819)
2017 Community Development Block Grants/Entitlement Grants	14.218		B-16-MC-06-0001	-	(8,087)
2018 Community Development Block Grants/Entitlement Grants	14.218		B-17-MC-06-0001	180,344	836,841
2019 Community Development Block Grants/Entitlement Grants	14.218		B-18-MC-06-0001	854,343	2,932,473
2020 Community Development Block Grants/Entitlement Grants	14.218		B-19-MC-06-0001	163,247	2,540,563
<u>Total Office of Community Planning and Development - Direct Program</u>				<u>1,197,934</u>	<u>6,362,532</u>
<i>Total CDBG - Entitlement Grants Cluster</i>				<u>1,197,934</u>	<u>6,362,532</u>
<b>Emergency Solutions Grant (ESG) Program - Direct Program</b>					
2015 Emergency Solutions Grant Program	14.231		E-14-MC-06-0001	-	(90)
2016 Emergency Solutions Grant Program	14.231		E-15-MC-06-0001	-	(72)
2016 Emergency Solutions Grant Program	14.231		E-15-MC-06-0001	-	7,381
2017 Emergency Solutions Grant Program	14.231		E-16-MC-06-0001	-	(22,898)
2018 Emergency Solutions Grant Program	14.231		E-17-MC-06-0001	68,461	118,488
2019 Emergency Solutions Grant Program	14.231		E-18-MC-06-0001	389,945	419,538
2020 Emergency Solutions Grant Program	14.231		E-19-MC-06-0001	281,420	281,420
<u>Total Emergency Solutions Grant (ESG) Program - Direct Program</u>				<u>739,826</u>	<u>803,767</u>
<b>Home Investment Partnership Program (HOME) - Direct Program</b>					
2014 Home Investment Partnership Program	14.239		M-13-MC-06-0204		
2015 Home Investment Partnership Program	14.239		M-14-MC-06-0204		
2014 Home Investment Partnership Program	14.239		M-13-MC-06-0204	-	19,109
2015 Home Investment Partnership Program	14.239		M-14-MC-06-0204	3,763	3,763
2016 Home Investment Partnership Program	14.239		M-15-MC-06-0204	449,585	449,585
2017 Home Investment Partnership Program	14.239		M-16-MC-06-0204	63,170	63,170
2017 Home Investment Partnership Program	14.239		M-17-MC-06-0204	-	(161,968)
2018 Home Investment Partnership Program	14.239		M-17-MC-06-0204	150,307	921,985
2019 Home Investment Partnership Program	14.239		M-18-MC-06-0204	97,549	247,141
<u>Total Home Investment Partnership Program (HOME) - Direct Program</u>				<u>764,374</u>	<u>1,542,785</u>
<b>Office of Community Planning and Development - Direct Program</b>					
2019 Housing Opportunities for Persons with AIDS (HOPWA) - PY18)	14.241		CAH18F011	458,704	458,704
2019 Housing Opportunities for Persons with AIDS (HOPWA)	14.241		CAH18F011	-	750
2020 Housing Opportunities for Persons with AIDS (HOPWA)	14.241		CAH19F011	104,440	104,440
<u>Total Office of Community Planning and Development - Direct Program</u>				<u>563,144</u>	<u>563,894</u>
<b>TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>3,265,278</b>	<b>9,272,978</b>
<b>US Department of Justice</b>					
<b>Equitable Revenue Sharing Program - Direct Program</b>					
Joint Law Enforcement Operations (JLEO) - Seized Assets	16.111		2011	65,223	65,223
<u>Total Equitable Revenue Sharing Program - Direct Program</u>				<u>65,223</u>	<u>65,223</u>
<b>Office of Juvenile Justice and Delinquency Prevention - Direct Program</b>					
Community-Based Violence Prevention Program (2019)	16.123		2019-MU-MU-0013	8,154	32,362
<u>Total Office of Juvenile Justice and Delinquency Prevention - Direct Program</u>				<u>8,154</u>	<u>32,362</u>
<b>Office of Community Oriented Policing Services (COPS) - Direct Program</b>					
Public Safety Partnership and Community Policing Grants - COPS Hiring Program (CHP) 2015	16.710		2015ULWX0004	-	75,799
<u>Total Office of Community Oriented Policing Services (COPS) - Direct Program</u>				<u>-</u>	<u>75,799</u>

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of state or local awards and independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards and the schedule of expenditures of state or local awards required by the Uniform Guidance.



**CITY OF FRESNO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
<b>US Department of Justice (Continued)</b>					
<b>Office of Juvenile Justice and Delinquency Prevention - Pass-Through Program</b>					
Enforcing Underage Drinking Laws Program (2019)	16.727	CA Department of Alcoholic Beverage Control	18G-LA10	-	72
Enforcing Underage Drinking Laws Program (2020)	16.727	CA Department of Alcoholic Beverage Control	19G-LA10	-	87,420
<u>Total Office of Juvenile Justice and Delinquency Prevention - Pass-Through Program</u>				-	87,492
<b>Bureau of Justice Assistance - Direct Program</b>					
Edward Byrne Memorial Justice Assistance Grant FY 16	16.738		2016-DJ-BX-0157	-	6,079
Edward Byrne Memorial Justice Assistance Grant 2017	16.738		2017-DJ-BX-0916	-	166,980
<u>Total Bureau of Justice Assistance - Direct Program</u>				-	173,059
<b>Office of the Attorney General - Pass-Through Program</b>					
Tobacco Law Enforcement Grant (FY19-20)	16.738	CA Department of Alcoholic Beverage Control	DOJ-PRPO56-2018-1-91	-	91,701
<u>Total Office of the Attorney General - Pass-Through Program</u>				-	91,701
<b>Bureau of Justice Assistance - Direct Program</b>					
FY 19 Body Worn Camera Grant	16.835		2019-BC-BX-0053	-	46,877
Sexual Assault Kit Initiative Grant	16.833		2018-AK-BX-0034	13,269	300,781
Sexual Assault Kit Initiative Grant 2019	16.833		2019-AK-BX-0021	90,527	149,801
<u>Total Bureau of Justice Assistance - Direct Program</u>				103,796	497,459
<b>TOTAL US DEPARTMENT OF JUSTICE</b>				<b>177,173</b>	<b>1,023,095</b>
<b>US Department of Transportation</b>					
<b>Federal Aviation Administration (FAA) - Direct Program</b>					
<b>FAA Airport Improvement Program (AIP)</b>					
FAA AIP 79 FF16	20.106		3-06-0087-79	-	18,228
FAA AIP 80 FF17	20.106		3-06-0087-80	-	798,239
FAA AIP 81 FF18	20.106		3-06-0087-81	-	4,402,504
FAA AIP 82 FF18	20.106		3-06-0087-82	-	499,954
FAA AIP 24 FF16	20.106		3-06-0088-24	-	34,330
FAA AIP 83	20.106		Pending	-	462,085
FAA AIP 84	20.106		Pending	-	2,440,385
<u>Total Federal Aviation Administration (FAA) - Direct Program</u>				-	8,655,725
<i>Highway Planning and Construction Program Cluster</i>					
<b>Federal Highway Administration - Pass-Through Program</b>					
Highway Research, Planning, and Construction Program	20.205	State of California Department of Transportation	Master Agreement 06-5060	-	8,326,156
<u>Total Federal Highway Administration - Pass-Through Program</u>				-	8,326,156
<i>Total Highway Planning and Construction Program Cluster</i>					
<i>Federal Transit Cluster</i>					
<b>Federal Transit Administration - Capital Investment Grants - Direct Program</b>					
2012 5309 Bus & Bus Facilities Livability Initiative	20.500		CA-04-0280-00	-	33,497
2012-14 5309: Bus Rapid Transit - Very Small Starts	20.500		CA-04-0282-00	-	406,852
<u>Total Federal Transit Administration - Capital Investment Grants - Direct Program</u>				-	440,349
<b>Federal Transit Administration - Formula Grants - Direct Program</b>					
FY15 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2017-081	-	144,636
FY12 Urban Mass Transportation Capital, CMAQ	20.507		CA-2017-118	-	3,059,882
FY14 Urban Mass Transportation Capital, CMAQ	20.507		CA-2017-144	-	971,247
FY16 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2018-002	-	252,585
FY17 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2018-006	-	132,411
FY18 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2019-044-01	-	8,367,998
FY19 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2019-044-02	-	7,687,859
FY12 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-90-Y947-00	-	60,437
FY13 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-90-Z026-00	-	42,611
FY10 Urban Mass Transportation Capital, CMAQ	20.507		CA-95-X072	-	630,479
FY20 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		Temp 2019-####	-	13,571
<u>Total Federal Transit Administration - Formula Grants - Direct Program</u>				-	21,363,716
<b>Federal Transit Administration - Formula Grants - Direct Program</b>					
2013-2016 Bus and Bus Facilities Grant Program	20.526		CA-2016-106	-	16,452
2017 Bus and Bus Facilities Grant Program	20.526		CA-2010-045	-	973,401
<u>Total Federal Transit Administration - Formula Grants - Direct Program</u>				-	989,853
<i>Total Federal Transit Cluster</i>				-	22,793,918

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of state or local awards and independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards and the schedule of expenditures of state or local awards required by the Uniform Guidance.

**CITY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
<b>US Department of Transportation (Continued)</b>					
<i>Transit Services Programs Cluster</i>					
<b>Federal Transit Administration - Pass-Through Program</b>					
2012 Job Access Reverse Commute (JARC)	20.516	Fresno Council of Governments	CA-37-X165	-	99,447
2010 New Freedom (NF)	20.521	Fresno Council of Governments	CA-57-X041 & CA-57-X054	-	11,971
2012 New Freedom (NF)	20.521	Fresno Council of Governments	CA-57-X090	-	327,654
2012 New Freedom (NF)	20.521	Fresno Council of Governments	CA-57-X101	-	224,475
<u>Total Federal Transit Administration - Pass-Through Program</u>				-	663,547
<i>Total Transit Services Program Cluster</i>				-	663,547
<i>Highway Safety Cluster</i>					
<b>National Highway Traffic Safety Administration - Pass-Through Program</b>					
State and Community Highway Safety-Selective Traffic Enforcement Program FY 2019	20.600	CA Office of Traffic Safety	PT19039	-	171,429
State and Community Highway Safety-Selective Traffic Enforcement Program FY 2020	20.600	CA Office of Traffic Safety	PT20049	-	448,953
<u>Total National Highway Traffic Safety Administration - Pass-Through Program</u>				-	620,382
<i>Total Highway Safety Cluster</i>				-	620,382
<b>Federal Railroad Administration - Pass-Through Program</b>					
High Speed Rail - Engineering and Plan Review Contract	20.319	California High Speed Rail Authority	HSR 16-37	-	155,991
<u>Total Federal Railroad Administration - Pass-Through Program</u>				-	155,991
<i>Total Federal Railroad Administration</i>				-	155,991
<b>TOTAL US DEPARTMENT OF TRANSPORTATION</b>				-	<b>41,215,719</b>
<b>US Department of the Treasury</b>					
<b>Department of Treasury - Direct Program</b>					
Equitable Sharing	21.016			16,159	16,159
<u>Total Department of Treasury - Direct Program</u>				16,159	16,159
<b>Department of Treasury - Direct Program</b>					
COVID-19 Coronavirus Relief Fund	21.019			750,000	13,734,757
<u>Total Department of Treasury - Direct Program</u>				750,000	13,734,757
<b>TOTAL US DEPARTMENT OF THE TREASURY</b>				<b>766,159</b>	<b>13,750,916</b>
<b>US Environmental Protection Agency (EPA)</b>					
<i>Drinking Water State Revolving Fund Cluster</i>					
<b>Office of Water - Pass-Through Program</b>					
Capitalization Grants for Drinking Water State Loan - Southeast Water Treatment Facility	66.468	CA State Water Resources Control Board	D15-02012	-	(213,583)
Capitalization Grants for Drinking Water State Loan - KRP Kings River Pipeline	66.468	CA State Water Resources Control Board	D15-02042	-	5,946,319
Capitalization Grants for Drinking Water State Loan - Regional Transmission Mains	66.468	CA State Water Resources Control Board	D16-02031	-	4,011,015
<u>Total Office of Water - Pass-Through Program</u>				-	9,743,751
<i>Total Drinking Water State Revolving Fund Cluster</i>				-	9,743,751
<b>Office of Solid Waste and Emergency Response - Direct Program</b>					
Brownfields Area-Wide Planning Cooperative Agreement	66.814		99T91201	-	1,745
Brownfields Area-Wide Planning Cooperative Agreement	66.814		TR99T27301-1	-	12,034
<u>Total Office of Solid Waste and Emergency Response - Direct Program</u>				-	13,779
<b>TOTAL US ENVIRONMENTAL PROTECTION AGENCY (EPA)</b>				-	<b>9,757,530</b>

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of state or local awards and independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards and the schedule of expenditures of state or local awards required by the Uniform Guidance.

**CITY OF FRESNO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
<b>US Department of Health and Human Services</b>					
<i>Aging Cluster</i>					
<b>Administration for Community Living - Pass-Through Program</b>					
Special Programs for the Aging Nutrition Services: Senior Hot Meals FY 17	93.045	Fresno Madera Area Agency on Aging	19-0310	-	56,999
<u>Total Administration for Community Living - Pass-Through Program</u>				-	56,999
<u>Total Aging Cluster</u>				-	56,999
<b>TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				-	<b>56,999</b>
<b>US Department of Homeland Security</b>					
<i>Homeland Security Grant Cluster</i>					
<b>Homeland Security Grant Program - Pass-Through Program</b>					
FY 17 Homeland Security Grant Program	97.067	CA Homeland Security & County of Fresno		-	127,998
FY 18 Homeland Security Grant Program	97.067	CA Homeland Security & County of Fresno	HSGP-2018-0054	-	29,451
<u>Total Homeland Security Grant Program - Pass-Through Program</u>				-	157,449
<u>Total Homeland Security Grant Cluster</u>				-	157,449
<b>Homeland Security Grant Program - Pass-Through Program</b>					
Homeland Security Grant Program 2017	97.004	CA Office of Emergency Services & County of Fresno	2017-0083	-	4,957
<u>Total Homeland Security Grant Program - Pass-Through Program</u>				-	4,957
<b>Federal Emergency Management Agency - Direct Program</b>					
FY 15 Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.044		EMW-2015-FH-00440	-	(17,978)
FY 16 Assistance to Firefighters Grant (AFG)	97.044		EMW-2016-FO-6598	-	(2,216)
<u>Total Federal Emergency Management Agency - Direct Program</u>				-	(20,194)
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>				-	<b>142,212</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS, EXCLUDING FEDERAL LOAN BALANCES</b>				<b>\$ 5,102,816</b>	<b>\$ 76,504,239</b>
<b>FEDERAL LOAN BALANCES WITH CONTINUING COMPLIANCE REQUIREMENTS</b>					
<b>US Department of Housing and Urban Development</b>					
<i>Community Development Block Grants (CDBG) - Entitlement Grants Cluster</i>					
<b>Office of Community Planning and Development - Direct Program</b>					
Community Development Block Grants/Entitlement Grants	14.218		N/A	\$ -	\$ 365,000
<b>TOTAL FEDERAL LOAN BALANCES WITH CONTINUING COMPLIANCE REQUIREMENTS</b>				-	<b>365,000</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS, INCLUDING FEDERAL LOAN BALANCES</b>				<b>\$ 5,102,816</b>	<b>\$ 76,869,239</b>

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of state or local awards and independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards and the schedule of expenditures of state or local awards required by the Uniform Guidance.

**CITY OF FRESNO  
SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

State or Local Grantor/Program and/or Project Title	State Agency	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
<b>Board of State and Community Corrections</b>					
<b>Board of State and Community Corrections - Direct Program</b>					
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Fresno	BSCC		13-566	\$ -	\$ 20,751
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Parlier	BSCC		13-566	6,812	6,812
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Firebaugh	BSCC		13-566	11,711	11,711
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Mendota	BSCC		13-566	4,565	4,565
<u>Total Board of State and Community Corrections - Direct Program</u>				23,088	43,839
<b>TOTAL BOARD OF STATE AND COMMUNITY CORRECTIONS</b>				23,088	43,839
<b>CA State Agency - San Joaquin River Conservancy</b>					
<b>San Joaquin River Conservancy - Direct Program</b>					
Life and Environmental Science Program FY19	CSJR		CSJR1723	-	4,820
<u>Total San Joaquin River Conservancy - Direct Program</u>				-	4,820
<b>TOTAL CA STATE AGENCY - SAN JOAQUIN RIVER CONSERVANCY</b>				-	4,820
<b>CA State Department of Finance</b>					
<b>Citizens Option for Public Safety - Direct Program</b>					
Supplemental Law Enforcement Services Fund (SLESF) State Program COPS FY18	DOF		FY18	-	120,284
Supplemental Law Enforcement Services Fund (SLESF) State Program COPS FY19	DOF		FY19	-	667,067
Supplemental Law Enforcement Services Fund (SLESF) State Program COPS FY20	DOF		FY20	-	164,188
<u>Total Citizens Option for Public Safety - Direct Program</u>				-	951,539
<b>CA Division of Mass Transportation - Direct Program</b>					
PROP 1B-FAX	DOF		Prop 1B	-	1,517,916
<u>Total CA Division of Mass Transportation - Direct Program</u>				-	1,517,916
<b>CA Office of Emergency Services - Direct Program</b>					
PROP 1B-FAX	DOF		Prop 1B	-	13,287
<u>Total CA Office of Emergency Services - Direct Program</u>				-	13,287
<b>Caltrans Division of Rail and Mass Transportation - Direct Program</b>					
Transit Intercity Rail Capital Program	DOF		6FRESNOPS-01	-	408,715
<u>Total Caltrans Division of Rail and Mass Transportation - Direct Program</u>				-	408,715
<b>TOTAL CA STATE DEPARTMENT OF FINANCE</b>				-	2,891,457
<b>CA State Department of Fish and Game</b>					
<b>Wildlife Conservation Board - Direct Program</b>					
RiverPartners Riverbottom Park Grant	WCB		WC-1230SM	-	4,404
<u>Total Wildlife Conservation Board - Direct Program</u>				-	4,404
<b>TOTAL CA STATE DEPARTMENT OF FISH AND GAME</b>				-	4,404
<b>CA State Department of Housing and Community Development</b>					
<b>PROP 1C - Direct Program</b>					
Frank H. Ball Improvements	HCD		14-HRPP-10344	-	71,845
Mosqueda Center Improvements	HCD		14-HRPP-10344	-	5,000
<u>Total PROP 1C - Direct Program</u>				-	76,845
<b>TOTAL CA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT</b>				-	76,845
<b>CA State Department of Justice</b>					
<b>CA State Equitable Sharing Program - Pass-Through Program</b>					
Equitable Sharing Agreement Seized Assets	CASESP	County of Fresno		7,499	7,499
<u>Total CA State Equitable Sharing Program - Pass-Through Program</u>				7,499	7,499
<b>TOTAL CA STATE DEPARTMENT OF JUSTICE</b>				7,499	7,499

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**CITY OF FRESNO**  
**SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

State or Local Grantor/Program and/or Project Title	State Agency	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
<b>CA State Department of Parks and Recreation</b>					
<b>Off-Highway Motor Vehicle Recreation Division - Direct Program</b>					
OHV-Related Law Enforcement Grant F2020	MVRD		G18-03-94-L01	-	1,867
<u>Total Off-Highway Motor Vehicle Recreation Division - Direct Program</u>				-	1,867
<b>Office of Grants and Local Services - Direct Program</b>					
Hinton Park Improvements	OGALS		YR-10-002	-	7,660
<u>Total Office of Grants and Local Services - Direct Program</u>				-	7,660
<b>TOTAL CA STATE DEPARTMENT OF PARKS AND RECREATION</b>				-	9,527
<b>CA State Department of Transportation</b>					
<b>CA Transportation Commission - Direct Program Aeronautics Division</b>					
State Match to AIP 24 FF17	CTC		Fre-2-18-2-Mat granted on 2/7/18	-	1,716
<u>Total CA Transportation Commission - Direct Program Aeronautics Division</u>				-	1,716
<b>Division of Local Transportation Assistance - Direct Program</b>					
Highway Research, Planning, and Construction Program	DOT		Master Agreement 06-5060	-	3,429
<u>Total Division of Local Transportation Assistance - Direct Program</u>				-	3,429
<b>CalTrans - Pass-Through Program</b>					
Bike Pedestrian Education Safety Training	DOT	Fresno Council of Governments	ATPLNI-5060(353)	-	69,517
Trail Network Expansion Feasibility Plan	DOT	City of Fresno	SC-74A0952	-	262,925
Trail Network Wayfinding Plan	DOT	City of Fresno	SC-74A1136	-	3,657
<u>Total CalTrans - Pass-Through Program</u>				-	336,099
<b>CalTrans - Direct Program</b>					
Low Carbon Transit Operations Program (LCTOP) - CA Cap and Trade Funding	DOT		LCTOP Allocs	-	924,044
<u>Total CalTrans - Direct Program</u>				-	924,044
<b>TOTAL CA STATE DEPARTMENT OF TRANSPORTATION</b>				-	1,265,288
<b>Resources, Recycling and Recovery (CalRecycle)</b>					
<b>Integrated Waste Management Board - Direct Program</b>					
FY2020 CalRecycle - Oil Payment Program	CIWMB		OPP10	-	2,572
FY2019 CalRecycle - Oil Payment Program	CIWMB		OPP9	-	142,936
2016/2017 Waste Tire Amnesty Grant	CIWMB		TA4-17-0013	-	316
2018/2019 Waste Tire Amnesty Grant	CIWMB		TCU17-18-0003	-	27,200
2019/2020 Waste Tire Amnesty Grant	CIWMB		TES-19-0045	-	15,136
2018/2019 Waste Tire Enforcement Grants	CIWMB		TEA25-17-0009	-	7,816
2019/2020 Waste Tire Enforcement Grants	CIWMB		TEA26-18-0010	-	138,754
<u>Total Integrated Waste Management Board - Direct Program</u>				-	334,730
<b>CA Department of Forestry and Fire Protection</b>					
<b>CALFIRE - Direct Program</b>					
Maxie Parks Center Urban Greening Improvements	CALFIRE		8GG16427	-	3,795
Urban Forest Tree Inventory	CALFIRE		8GG16406	-	199,827
<u>Total CALFIRE - Direct Program</u>				-	203,622
<b>TOTAL RESOURCES, RECYCLING AND RECOVERY (CALRECYCLE)</b>				-	538,352
<b>CA State Water Resources Control Board</b>					
<b>Division of Financial Assistance - Direct Program</b>					
Clean Water State Revolving Fund - Southwest Recycled Water Distribution System	CSWRCB		C-06-8061-110	-	20,685,100
Capitalization Grants for Drinking Water State Loan - Southeast Water Treatment Facility	CSWRCB		D15-02012	-	213,583
Capitalization Grants for Drinking Water State Loan - OCSO Consolidation with City of Fresno	CSWRCB		D15-02030	45,326	66,600
Capitalization Grants for Drinking Water State Loan - FKCP Friant Kern Canal Pipeline	CSWRCB		D15-02040	-	60,396
Capitalization Grants for Drinking Water State Loan - KRP Kings River Pipeline	CSWRCB		D15-02042	-	(2,935,337)
<u>Total Division of Financial Assistance - Direct Program</u>				45,326	18,090,342
<b>TOTAL CA STATE WATER RESOURCES CONTROL BOARD</b>				45,326	18,090,342
<b>CA Governor's Office of Emergency Services</b>					
<b>Victim Services &amp; Public Safety Branch - Direct Program</b>					
Law Enforcement Specialized Units Program	OES		LE17-01-6675	-	47,230
Law Enforcement Specialized Units Program - CY2	OES		LE18-01-6675	107,080	130,524
Law Enforcement Specialized Units Program - CY3	OES		LE19-01-6675	-	48,662
<u>Total Victim Services &amp; Public Safety Branch - Direct Program</u>				107,080	226,416
<b>TOTAL CA GOVERNOR'S OFFICE OF EMERGENCY SERVICES</b>				107,080	226,416

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**CITY OF FRESNO**  
**SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

State or Local Grantor/Program and/or Project Title	State Agency	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
<b>Fresno County Transportation Authority</b>					
<b>Measure C - Direct Program</b>					
Measure C New Tech Reserve Fund	FC			-	21,626
<u>Total Measure C - Direct Program</u>				-	21,626
<b>TOTAL FRESNO COUNTY TRANSPORTATION AUTHORITY</b>				-	21,626
<b>PG&amp;E</b>					
<b>PG&amp;E - Direct Program</b>					
PG&E Cooling Center	PGE		4/27/2017	-	2,214
<u>Total PG&amp;E - Direct Program</u>				-	2,214
<b>TOTAL PG&amp;E</b>				-	2,214
<b>California High-Speed Rail Authority</b>					
<b>California High-Speed Rail Authority - Direct Program</b>					
California High-Speed Rail Project	CAHSR		HSR17-14	42,649	51,155
<u>Total California High-Speed Rail Authority - Direct Program</u>				42,649	51,155
<b>TOTAL CALIFORNIA HIGH-SPEED RAIL AUTHORITY</b>				42,649	51,155
<b>San Joaquin Valley Air Pollution Control District</b>					
<b>San Joaquin Valley Air Pollution Control District - Direct Program</b>					
SJVAPCD New Alternative Fuel Vehicle Purchase	SJVAPCD		C-27279, C-27280, C-27281 and C-19367	-	(14,122)
<u>Total San Joaquin Valley Air Pollution Control District - Direct Program</u>				-	(14,122)
<b>TOTAL SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT</b>				-	(14,122)
<b>US Environmental Protection Agency (EPA)</b>					
<b>Drinking Water State Revolving Fund Cluster</b>					
<b>Office of Water - Pass-Through Program</b>					
Capitalization Grants for Drinking Water State Loan - Regional Transmission Mains	66.468	California State Water Resources Control Board	D16-02031	-	(3,531,840)
<u>Total Office of Water - Pass-Through Program</u>				-	(3,531,840)
<b>TOTAL US ENVIRONMENTAL PROTECTION AGENCY (EPA)</b>				-	(3,531,840)
<b>Dan Sudran with the Founder's Fund (DSFF)</b>					
<b>Dan Sudran with the Founder's Fund (DSFF) - Direct Program</b>					
Frank H. Ball Technology Improvements	DSFF		3/1/2019	-	4,793
<u>Total Dan Sudran with the Founder's Fund (DSFF) - Direct Program</u>				-	4,793
<b>TOTAL DAN SUDRAN WITH THE FOUNDER'S FUND (DSFF)</b>				-	4,793
<b>US Soccer Foundation</b>					
<b>USCF - Direct Program</b>					
US Soccer Foundation	USCF		FY18-112	-	476
<u>Total USCF - Direct Program</u>				-	476
<b>TOTAL US SOCCER FOUNDATION</b>				-	476
<b>CA State Business, Consumer Services and Housing Agency</b>					
<b>California Homeless Coordinating and Financial Council - Direct Program</b>					
HEAP Grant - Focus Strategies/Administration	CAHEAP		18-HEAP-00028	98,823	98,823
HEAP Grant - Hero Team	CAHEAP	Westcare California (Hero Team)	18-HEAP-00028	84,053	84,053
HEAP Grant - Kingsview Corporation	CAHEAP	Kingsview Corporation	18-HEAP-00028	39,068	39,068
HEAP Grant - Marjaree Mason Center	CAHEAP	Marjaree Mason Center	18-HEAP-00028	51,068	51,068
HEAP Grant - Turning Point of Central California	CAHEAP	Turning Point of Central California (Golden State Triage Center)	18-HEAP-00028	199,769	199,769
HEAP Grant - Youth Set-Aside	CAHEAP	Fresno EOC	18-HEAP-00028	3,007	3,007
<u>Total California Homeless Coordinating and Financial Council - Direct Program</u>				475,788	475,788
<b>TOTAL CA STATE BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY</b>				475,788	475,788
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>				\$ 701,430	\$ 20,168,879

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of state or local awards and independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards and the schedule of expenditures of state or local awards required by the Uniform Guidance.

**CITY OF FRESNO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of Federal Awards and State or Local Awards (SEFA) present the activity of all federal and nonfederal award programs of the City of Fresno, California (the City). The SEFA includes federal awards received directly from federal agencies, federal awards passed through other agencies, and nonfederal awards. The City's reporting entity is defined in Note 1 to the City's basic financial statements. The basic financial statements include the operations of the Successor Agency to the Redevelopment Agency of the City which had federal award expenditures for the year ended June 30, 2020, of \$0. Because the SEFA presents only a selected portion of the operations of the City, it is not intended to, and does not, present the operations of the City as a whole.

The accompanying SEFA is presented on the cash basis of accounting. The information in the SEFA is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the SEFA may differ from amounts presented in the basic financial statements. Expenditures of federal and nonfederal awards are primarily reported in the City's basic financial statements in the general fund, grants special revenue funds, transit enterprise funds, and airport enterprise funds.

**NOTE 2 – SUBRECIPIENTS**

Of the federal expenditures presented in the SEFA, the City provided federal awards to its subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Economic Adjustment Assistance Program Revolving Loan Fund	11.307	\$ 894,206
Community Development Block Grants/Entitlement Grants Program	14.218	1,197,933
Emergency Solutions Grant Program	14.231	739,827
Home Investment Partnership Program	14.239	764,374
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	563,144
Joint Law Enforcement Operations (JELO) - Seized Assets	16.111	65,223
FY19 Supporting Victims of Gang Violence Grant	16.123	8,154
Sexual Assault Kit Initiative Grant	16.833	103,796
Equitable Sharing	21.016	16,159
COVID-19 Coronavirus Relief Fund	21.019	750,000
Total		<u>\$ 5,102,816</u>

**NOTE 3 – SECTION 108 LOANS**

The City has one (1) Section 108 loan outstanding at June 30, 2020. Semi-annual payments on this Section 108 loan are made from interest earned on the restricted loan investments and from Community Development Block Grants/Entitlement Grants Program and are included in the federal expenditures for the Community Development Block Grants on the SEFA. Total principal and interest payments during fiscal year 2020 totaled \$132,313 for the year ending June 30, 2020, of which \$132,313 was paid from Community Development Block Grant funds.

**NOTE 3 – SECTION 108 LOANS** (Continued)

A summary of the Section 108 loan outstanding as of June 30, 2020, is as follows:

CFDA #	Grant Loan Program	Unspent Loan Proceeds as of June 30, 2020	Outstanding Loan Balances as of June 30, 2020
14.218	Section 108 Note - Neighborhood Streets/Parks	\$ -	\$ 365,000
		<u>\$ -</u>	<u>\$ 365,000</u>

**NOTE 4 – STATE REVOLVING LOAN FUNDS**

Beginning in fiscal year 2007, the City received Federal cross-cut revolving grant funds from the State in the form of loans from the U.S. Environmental Protection Agency, Office of Water, passed through the California State Water Resources Control Board and the California Department of Public Health, under Capitalization Grants for Clean Water State Revolving Funds (CFDA #66.458) and Capitalization Grants for Safe Drinking Water State Revolving Funds (CFDA #66.468). The purpose of the grants/loans is to assist in financing the construction of projects that will enable the City to comply with statutory clean and safe drinking standards. The City received funds under seven grants/loans. The terms of the grants/loans and the outstanding balances as of June 30, 2020, are as follows:

Grant Fiscal Year	Agreement Number	Description	Project Number	Not to Exceed	Interest Rate and Term	Outstanding Loan Balances as of June 30, 2020
2007	SRF06CX150	Wellsite Chlorination Project	10100007-004	\$ 2,210,000	2.2923% / 20 yrs*	\$ 1,227,571
2009	SRF08SWX101	Enterprise/Jefferson Canal Project	10100007-011	1,968,136	2.2923% / 20 yrs*	784,450
2011	SFR11CX104	Residential Water Meter Project	10100007-026C	51,405,432	0.0000% / 20 yrs*	35,983,802
2015	14-817-550	Wastewater Tertiary Plant	C-067893-110	33,138,638	1.00 - 1.70% / 30 yrs*	29,329,350
2016	D15-01011	Recycled Water Distribution Southwest	C-068061-110	52,475,049	1.00% / 30 yrs*	38,780,491
2016	D15-02012	Southeast Surface Water Treatment Facility	1010007-028C	195,489,000	1.66300% / 30 yrs*	160,221,531
2016	D15-02042	Kings River Pipeline	1010007-031C	75,165,000	1.6% / 30 yrs*	54,579,122
2017	D16-02031	Regional Transmission Mains	1010007-030C	75,900,000	1.6% / 30 yrs*	65,943,190
						<u>\$ 386,849,508</u>

\* Term begins at completion of project.

These loans are not considered to have continuing compliance requirements under Title 2 CFR Part 200, and, therefore, are only reported on the SEFA in the year in which funds are expended and drawn. The City expended \$9,743,751 under the loans during fiscal year 2020 and has reported these amounts on the SEFA as follows:

CFDA #	Project Name	Loan #	Total Expenditures
66.468	Southeast Water Treatment Facility	D15-02012	\$ (213,583)
66.468	KRP Kings River Pipeline	D15-02042	5,946,319
66.468	Regional Transmission Mains	D16-02031	4,011,015
			<u>\$ 9,743,751</u>



**NOTE 5 – ECONOMIC DEVELOPMENT ASSISTANCE RFL GRANT CALCULATION**

The amount reported on the SEFA for expenditures related to the Economic Adjustment Assistance Revolving Loan Fund (RLF) Grant (CFDA #11.307) is calculated using various criteria as defined by Title 2 CFR Part 200. The calculation for the year ended June 30, 2020, is as follows:

Balance of RLF loans outstanding at June 30, 2020	\$ 581,992
Cash and investment balance at June 30, 2020	240,732
Administrative expenses paid out	<u>71,482</u>
Subtotal	<u>894,206</u>
Federal share	100%
Total expenditures reported at June 30, 2020	<u>\$ 894,206</u>

**NOTE 6 – PRIOR YEAR EXPENDITURES INCLUDED IN SEFA**

The SEFA includes the following expenditures that were incurred in the prior year:

The City incurred costs totaling \$2,284,951 under the Airport Improvement Program (AIP) during the year ended June 30, 2019, for which funding in the amount of \$2,284,951 was approved in fiscal year 2020. These expenditures are included on the SEFA as part of the AIP (CFDA #20.106) expenditures for year ended June 30, 2020.

The City incurred pre-award costs as follows: \$8,673,386 under the FY18 Urban Mass Transportation Capital, Planning, Operating Assistance Grant and \$9,191,985 under the FY19 Urban Mass Transportation Capital, Planning, Operating Assistance Grant under the CFDA #20.507 during the year ended June 30, 2019, prior to receiving the official grant awards. Expenditures were included on the SEFA as part of CFDA #20.507 in fiscal year 2020 as follows: \$8,367,998 for the FY18 Urban Mass Transportation Capital, Planning, Operating Assistance Grant (the \$305,388 difference was due to determination by City staff that prior year expenditures were ineligible); and \$7,687,859 under the FY19 Urban Mass Transportation Capital, Planning, Operating Assistance Grant (the \$1,504,126 difference was due to a partial reimbursement of prior year expenditures).

**NOTE 7 – INDIRECT COST RATE**

The City elected not to use the 10 percent de minimis indirect cost rate as covered in Title 2 CFR §200.414.

**NOTE 8 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2020 Catalog of Federal Domestic Assistance. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word “unknown” were used.

**CITY OF FRESNO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major federal programs:

Material weakness identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

Identification of major programs:

<u>CFDA #(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
	Federal Transit Cluster:
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants
20.526	Federal Transit – Bus and Bus Facilities Formula & Discretionary Programs
21.019	COVID-19 Coronavirus Relief Fund

The threshold for distinguishing type A and B programs was \$2,306,077.

Auditee qualified as low-risk auditee?  Yes  No

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

### **Finding 2020-001 – Physical Inventory of Capital Assets (Significant Deficiency)**

#### **Condition:**

While performing our walkthrough and controls understanding over capital assets, we noted that the City of Fresno (the City) has not performed a complete City-wide physical inventory of capital assets since 2011.

#### **Criteria:**

Internal controls should be designed to provide reasonable assurance of achieving effective and efficient operations, and reliable financial reporting in accordance with *Government Accounting Standards* and accounting principles generally accepted in the United States of America.

#### **Cause of the Condition:**

The City's practice has been to provide the departments with a listing of fully-depreciated assets and request confirmation that these are still in use. Any assets no longer in use are identified by the departments and Finance subsequently removes those assets from PeopleSoft (the City's General Ledger). Finance also requests the departments to verify the existence of a handful of capital assets still in service that are fully depreciated. However, this is not a comprehensive physical inventory that would identify missing assets or other potential problems.

#### **Repeat Finding:**

No.

#### **Effect or Potential Effect of the Condition:**

Absent a City-wide physical inventory of capital assets, there could be missing assets that would cause capital assets to be overstated. There could also exist other discrepancies in capital assets that would not be identified absent a comprehensive physical inventory.

#### **Recommendation:**

Performing a complete physical inventory of all departments is a significant endeavor that requires adequate staffing and the City might not have sufficient manpower to perform a physical inventory of all departments. However, the City should develop a policy to perform a full and complete physical inventory of departments using a rotational approach.

#### **Management Response:**

Given limited staffing resources and other priorities for those resources, a complete inventory of the City's capital assets is simply not feasible at this time. That being said, the upcoming conversion from the PeopleSoft accounting system to the Tyler accounting system gives the City the opportunity to review the capital assets that are on the City's financial records before they are transferred to the new financial system. Finance staff will incorporate a review of its capital assets as part of the Tyler implementation and only transfer into the new financial system those assets whose existence has been verified. Also, staff will begin developing a methodology for a more robust periodic review of capital assets.

### **Finding 2020-002 – Closing Process (Significant Deficiency)**

#### **Condition:**

During our review of documentation provided and inquires made over deposits held for others and various accounts receivable, we noted various adjustments needed that were overlooked during the year-end closing to: 1) accrue intergovernmental receivables in the Transit Fund; 2) accrue receivables in the Billing and Collections Fund; and 3) adjust deposits held for others in the Billing and Collections Fund. These resulted in material adjustments that were made after the trial balance and fund statements were provided.

#### **Criteria:**

Adequate review procedures are critical during the year-end close to ensure accruals are made and recorded in the proper period and that deposits held for others are analyzed and adjusted as needed to present financial statements in accordance with the Governmental Accounting Standards Board (GASB) and accounting principles generally accepted in the United States of America.

#### **Cause of the Condition:**

The City had not properly analyzed deposits held for others during the year-end close to determine adjustments needed and fourth quarter accruals for intergovernmental receivables were overlooked during the year-end close as well as other receivable accruals.

#### **Repeat Finding:**

No.

#### **Effect or Potential Effect of the Condition:**

This resulted in an \$8.8 million understatement of grants receivable in the Transit Fund; \$846 thousand understatement of accounts receivable in the Billing and Collections Fund; and \$2.7 million overstatement of deposits held for others in the Billing and Collections Fund.

#### **Recommendation:**

We recommend the City improve procedures over the closing process and incorporate an additional layer of review over accruals to ensure all accruals are captured and recorded in the correct period and ensure customer deposits payable are analyzed during the year-end close and adjusted as needed.

#### **Management Response:**

Management agrees with this recommendation. Finance Department management has already met with staff and discussed ways to make the end of year review process more robust. One of the changes that will be implemented is having a peer review process, where front line staff performs the initial review of the work of other front line staff. Another change will involve dedicated time for senior staff to do a second review of the work. These changes, and others, will be developed and implemented in time for the upcoming Comprehensive Annual Financial Report cycle.

### **Finding 2020-003 – Internal Audits, Staffing, and Risk Assessment (Significant Deficiency)**

#### **Condition:**

The City's current Internal Audit Department consists of two individuals. Due to continued budget cuts, the department has not grown to allow for the hiring of additional staff to meet the demands of the City. While internal audit developed a work plan during the year based on a risk assessment plan, several audits that were scheduled to occur in fiscal year 2020 were delayed. Additionally, due to receiving

significant funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the need for additional staff to assist with ensuring compliance with the grant requirements, the internal audit team shifted focus to assist with compliance with the CARES Act, which contributed to additional delays in conducting follow-up audits during the year and audits that were scheduled to commence as part of the audit work plan.

Furthermore, the City's Audit Committee continues to be dormant as there have not been any meetings held since March 2019. As such, the work plan developed during the year was not approved by the Audit Committee and audit reports issued recently were also not presented to the Audit Committee.

**Criteria:**

Management is responsible for implementing a system of internal control. Internal audits and a City-wide risk assessment enhance controls and mitigate the risk over high risk areas that might hinder the achievements and goals of the City.

**Cause of the Condition:**

This situation was due to continued budget cuts.

**Repeat Finding:**

No.

**Effect or Potential Effect of the Condition:**

Absent adequate staffing, the Internal Audit Department cannot achieve its objective of performing timely internal audits and follow-ups based on a risk assessment work plan to identify any internal control deficiencies or material weaknesses in a timely manner that may go unnoticed, thereby leading to error, material misstatements, or potential fraud, which may result in exponential losses considering the size of the City.

**Recommendation:**

The internal audit function provides an independent and objective assurance that internal controls are functioning adequately to enable the City to achieve its goals and objectives. To mitigate the possibility of significant internal control deficiencies not being identified in a timely manner that might lead to material misstatements or potential fraud, we recommend the City consider the following:

- The Internal Audit Department current staffing is not sufficient for a City of its size and complexity. It is recommended that the department be grown to become 8-10 individuals, as other cities of similar size and complexity, which would allow for refocusing on the higher risk areas identified in the audit work plan, performing more timely audit follow ups, and in essence "catch up" on audits that have been delayed.
- Activate the City's Audit Committee and schedule a minimum of two meetings per year to: 1) present the risk assessment annual work plan for review and approval; and 2) to review and approve internal audit draft reports and review status of prior findings and follow-up audits to ensure corrective action plans have been put in place to correct deficiencies in a timely manner.

**Management Response:**

Management agrees with these recommendations, and has taken steps to address them. An Internal Auditor position was added to the Unit in November 2020 and was filled in January 2021. Additionally, the Council Finance and Audit Subcommittee met on February 23, 2020, to discuss the Fiscal Year 2020 Comprehensive Annual Financial Report and a recently completed Fire Overtime audit. The Finance and Audit Subcommittee expressed an intent to meet again once the follow-up audits on Parking and Police are complete, which is likely to be in late Summer 2020.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Finding 2020-004 – Coronavirus Relief Fund Expenditures (Significant Deficiency)

**Program:** Coronavirus Relief Fund (CRF)

**CFDA No.:** 21.019

**Federal Agency:** U.S. Department of the Treasury (Treasury)

**Passed Through:** N/A – Direct Program

**Award Year:** Fiscal Year 2019-2020

**Compliance Requirement:** Activities Allowed or Unallowed and Allowable Cost/Cost Principles

**Questioned Costs:** \$188 to \$446,875

#### Criteria

##### *Activities Allowed or Unallowed:*

The CARES Act provides that payments from the CRF may only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. Were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

##### *Allowable Cost/Cost Principles:*

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

- §200.303 states that the non-Federal entity (City) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States, or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and establish and maintain effective internal control over the Federal awards.

##### *Allowable Cost/Cost Principles and Subrecipient Monitoring:*

- §200.510(b) states that the auditee (the City) must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee’s financial statements, which must include the total federal awards expended as determined in accordance with §200.502. At a minimum, the schedule must include the total amount provided to subrecipients from each Federal program under §200.510(b)(4).
- Per §200.502, the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs; for amounts passed through to subrecipients, the basis is when the disbursement is made.

The control objective related to the activities allowed or unallowed and allowable cost/cost principles compliance requirements is to provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with applicable cost principles.

### Condition

During our testing of controls over compliance with the activities allowed or unallowed and allowable cost/cost principles for non-payroll expenditures, we noted the following deviations from the City's established controls:

- 2 out of 40 samples were for payments processed outside of the City's policies and procedures for purchases, including the provisions under the City's Emergency Services Ordinance. The 2 payments for \$79,904 and \$94,500 exceeded the limit for decentralized purchases, which therefore required a purchase order number from the City's Purchasing Division to ensure the accountability of procurements and qualification of new vendors. However, the payments were made via direct wire transfer, circumventing the City's established policies and procedures over procurements. In addition, the wire transfer requests for these payments were initiated and authorized by the same individual; said individual was not the Director of Emergency Services or a member of the City Council.

We also noted the following instances of noncompliance with the activities allowed or unallowed and allowable cost/cost principles for non-payroll expenditures:

- 1 out of 40 samples were costs for food items. It was noted in the documents provided by the City that the costs were for "COVID EOC Lunch meetings – Round Table Pizza and Chipotle, and snack provisions from Walmart and Grocery Outlet," under the criteria, "Any other necessary COVID-19 expense." Based on the Guidance issued by the Treasury, the costs (\$188) do not appear to be eligible expenditures under the CRF.
- 1 out of 40 samples was a transfer of \$750,000\* related to funds passed by the City to a subrecipient during the fiscal year; this was not included in total amount provided to subrecipients on the City's preliminary SEFA as required under §200.510(b)(4). This was also not in compliance with the Subrecipient Monitoring requirement; see details under Finding 2020-005.
- 4 out of 40 samples were amounts passed through to subrecipients after fiscal year-end, and the disbursements were improperly recorded as CRF expenditures during the audit period and included in the City's preliminary SEFA; these samples totaling \$446,875\* were not in conformance with §200.502. These samples were also not in compliance with the Subrecipient Monitoring requirement; see details under Finding 2020-005.

The preliminary SEFA provided by the City for the year ended June 30, 2020, reported CRF total expenditures of \$13,462,437 and \$0 passed-through to subrecipients. After audit adjustments for the amounts (\*) above and adjustments of \$719,195 identified by the City, CRF expenditures total \$13,734,757 and \$750,000 passed-through to subrecipients.

### Cause of Condition

The City's existing internal control system is not designed, or operating as designed, to prevent or detect and correct noncompliance of CRF expenditures on a timely basis. However, this appears to be isolated to transactions made by members of the City's CARES Action Team and Emergency Operations Center (EOC), as there is inadequate segregation of duties among those who initiate payments and those who approve payments.

### Repeat Finding

No.

### Effect of Condition

The inability to properly identify and track federal expenditures or to detect misstatements in the SEFA increases the likelihood that federal expenditures would not be fairly reported. There is increased risk of noncompliance with the requirements set forth in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* which can jeopardize future federal funding as well as result in the payback of federal awards.

In addition, Section 601(f)(2) of the Social Security Act provides that if the Treasury Office of Inspector General (OIG) determines that a recipient of payments from the CRF has failed to comply with the use of funds provisions of Section 601(d), the amount equal to the amount of funds used in violation of such subsection shall be booked as a debt of such entity owed to the federal government.

### Recommendation

Although we recognize that the City was under intense pressure to procure goods and services quickly during the COVID-19 public health emergency and took steps to maximize reimbursement under the CRF, we recommend the City design and implement internal control policies and procedures to ensure that all transactions related to payments from the CRF, especially those made by members of the City's CARES Action Team and EOC, are in compliance with the requirements outlined under the CRF. We also recommend the City improve segregation of duties over CRF expenditures to ensure that no one person can initiate and approve a transaction. If segregation of duties is not practical, management should develop alternative, compensating control activities in the form of independent verification to ensure proper review and approval at all levels. In addition, we recommend adherence to the City's written policy regarding the centralization of purchases through the City's Purchasing Division, and special attention should be given to any deviation from the City's established policies and procedures over procurements.

### Management Response and Corrective Action Plan

The City would like to comment on various aspects of this finding:

#### **In reference to the wires for two purchases (\$79,904 and \$94,500):**

The City disagrees that these purchases violated the City's internal control practices. In the matter of the individual requesting the wire, the City agrees that one individual was listed as requesting and authorizing the wire. However, two other individuals were responsible for booking and approving the journal, thus maintaining segregation of duties and internal control. City staff also had the authority to make these purchases without going through the Purchasing Unit based on the following Municipal Code section:

#### ***SEC. 2-506. - POWERS AND DUTIES OF DIRECTOR OF EMERGENCY SERVICES DURING DISASTER, EMERGENCY OR STATE OF EMERGENCY.***

*In the event of the proclamation of a disaster or emergency as herein provided or by the proclamation of a state of emergency by the Governor or the State Director of Emergency Services, the Director, or City Council by majority vote (except for subsections (a), (b), and (o) below), is hereby empowered to:*

*(j) Obtain vital supplies, equipment, and such other properties found lacking and needed for the protection of life and property of the people, and bind the City for the fair value thereof, and if required immediately, to commandeer the same for public use. Any expenditures made in such connection with emergency service activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the City.*

#### **In reference to EOC Meals (\$188):**

The City believes this is an eligible expense. Instruction that City staff received regarding expenses eligible for CARES reimbursement was to use Federal Emergency Management Agency (FEMA) guidelines in the absence of clear CRF guidance. At the time that the EOC meals expense was incurred, there was no guidance regarding meal reimbursement for CRF expenditures. Based on the FEMA Public Assistance Program and Policy Guide (V3.1) for April 2018, City staff felt that the expenses fit the following criteria:

#### **8. Meals**

*Applicants often provide meals for emergency workers. Provision of meals, including beverages and meal supplies, for employees and volunteers engaged in eligible Emergency Work, including those at EOCs, is eligible provided the individuals are not receiving per diem and one of the following circumstances apply:*



- *Meals are required based on a labor policy or written agreement that meets the requirements of Chapter 2:V.A.1;*
- *Conditions constitute a level of severity that requires employees to work abnormal, extended work hours without a reasonable amount of time to provide for their own meals; or*
- *Food or water is not reasonably available for employees to purchase.*

*FEMA only reimburses the cost of meals that are brought to the work location and purchased in a cost-effective and reasonable manner, such as bulk meals. FEMA does not reimburse costs related to group outings at restaurants or individual meals.*

**In reference to SEFA reporting:**

The City agrees with the findings and associated recommendations. The handling of the SEFA reporting has been updated.

**Finding 2020-005 – Coronavirus Relief Fund Subrecipient Monitoring (Significant Deficiency)**

**Program:** Coronavirus Relief Fund (CRF)  
**CFDA No.:** 21.019  
**Federal Agency:** U.S. Department of the Treasury (Treasury)  
**Passed Through:** N/A – Direct Program  
**Award Year:** Fiscal Year 2019-2020  
**Compliance Requirement:** Subrecipient Monitoring  
**Questioned Costs:** \$625,000

Criteria

§200.510(b) under the Uniform Guidance states that the auditee (City) must prepare a SEFA for the period covered by the City’s financial statements, which must include the total federal awards expended as determined in accordance with §200.502. Per §200.502, the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs; for amounts passed through to subrecipients, the basis is when the disbursement is made.

At a minimum, the schedule must include the total amount provided to subrecipients from each Federal program under §200.510(b)(4).

In addition, §200.331 states that a pass-through entity (the City) must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. A pass-through entity (the City) with subrecipients is required to evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Depending upon the pass-through entity’s assessment of risk posed by the subrecipient, the entity must develop techniques/tools to ensure proper accountability and compliance with program requirements and achievement of performance goals by the subrecipient.

Furthermore, §200.332(a) states that a pass-through entity (the City) must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the required award information so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

Condition

The City did not include the total amount of \$750,000 provided to subrecipients in the preliminary SEFA for the year ended June 30, 2020. We also noted the City included amounts disbursed to subrecipients subsequent to year-end within the total amount of CRF expenditures in the preliminary SEFA for the year ended June 30, 2020; the amounts in question totaled \$625,000, which includes \$446,875 noted in Finding 2020-004. Furthermore, the City did not ensure that every subaward was clearly identified to the subrecipients or perform monitoring procedures as required under the Uniform Guidance.

### Cause of Condition

The City's existing internal control system is not properly designed to meet the control objectives under subrecipient monitoring.

The City appropriated CARES Act monies to create various programs (Housing Retention Grant Program, Save Our Small Business Program, and Farm to Family Program) to provide economic support in connection with the COVID-19 public health emergency, and payments were made to various agencies to administer those programs. Per discussion with management, due to the covered period outlined in the initial guidance released by the Treasury on April 22, 2020, management was pressed to expend the City's CRF allocation by December 30, 2020.

### Repeat Finding

No.

### Effect of Condition

There is increased risk of noncompliance with the subrecipient monitoring requirement as set forth in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, which can jeopardize future federal funding as well as result in the payback of federal awards.

### Recommendation

We recognize that the City took steps to maximize reimbursement under the CRF program and there were numerous revisions to the Treasury's CRF program guidance subsequent to actions already taken by the City. We also noted that the City conducted spot audits to ensure that the agencies were following eligibility requirements outlined for the various programs created with CRF funds, but the subrecipient monitoring requirements under the Uniform Guidance were overlooked. Management has since expressed their intentions to improve accountability, so as part of ongoing efforts, we recommend management within the City's Finance Department design and implement internal control activities over the subrecipient monitoring compliance requirement under the Uniform Guidance. We also recommend the City create policies and procedures for making required communications to the subrecipients and monitoring the subrecipients' activities as required. In addition, we recommend that a responsible member of management reviews costs charged to the CRF in accordance with applicable grant agreements and cost principles.

### Management Response and Corrective Action Plan

Given the health emergency and the (then) CARES Act deadline of December 30, 2020, the City did not (and does not) believe that it was feasible to conduct a subrecipient risk assessment prior to funds being disbursed and still meet the then CARES Act deadlines. City staff did audit subrecipients after funds were disbursed. While the City acknowledges that not evaluating the subrecipients' risk is a technical violation, the City does not believe it is a material violation given the factors mentioned previously. With grants that have a longer time frame for expenditure, the City will conduct a risk assessment per the Uniform Guidance.

**CITY OF FRESNO  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

None noted.

**CITY OF FRESNO  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2020**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2020-001 – Physical Inventory of Capital Assets (Significant Deficiency)**

**Management Response:**

Given limited staffing resources and other priorities for those resources, a complete inventory of the City's capital assets is simply not feasible at this time. That being said, the upcoming conversion from the PeopleSoft accounting system to the Tyler accounting system gives the City the opportunity to review the capital assets that are on the City's financial records before they are transferred to the new financial system. Finance staff will incorporate a review of its capital assets as part of the Tyler implementation and only transfer into the new financial system those assets whose existence has been verified. Also, staff will begin developing a methodology for a more robust periodic review of capital assets.

Views of Responsible Officials and Corrective Action

Periodic review of capital assets under new methodology will be performed as part of the Tyler implementation process.

Anticipated Completion Date

2/28/2022

Contact Information of Responsible Official

Name: Michael Lima  
Title: Controller  
Phone: 559-621-7001

**Finding 2020-002 – Closing Process (Significant Deficiency)**

**Management Response:**

Management agrees with this recommendation. Finance Department management has already met with staff and discussed ways to make the end of year review process more robust. One of the changes that will be implemented is having a peer review process, where front line staff performs the initial review of the work of other front line staff. Another change will involve dedicated time for senior staff to do a second review of the work. These changes, and others, will be developed and implemented in time for the upcoming Comprehensive Annual Financial Report cycle.

Views of Responsible Officials and Corrective Action

A peer review process and a second senior staff review will be developed and implemented to reduce errors and unrecorded items during the year end closing.

Anticipated Completion Date

10/31/2021

Contact Information of Responsible Official

Name: Michael Lima  
Title: Controller  
Phone: 559-621-7001

**Finding 2020-003 – Internal Audits, Staffing, and Risk Assessment (Significant Deficiency)**

**Management Response:**

Management agrees with these recommendations, and has taken steps to address them. An Internal Auditor position was added to the Unit in November 2020 and was filled in January 2021. Additionally, the Council Finance and Audit Subcommittee met on February 23, 2020, to discuss the Fiscal Year 2020 Comprehensive Annual Financial Report and a recently completed Fire Overtime audit. The Finance and Audit Subcommittee expressed intent to meet again once the follow-up audits on Parking and Police are complete, which is likely to be in late Summer 2020.

Views of Responsible Officials and Corrective Action

The City employed an additional internal audit staff in January 2021. In addition, The Council Finance and Audit subcommittee was more involved to monitor and direct the Internal Audit Department.

Anticipated Completion Date

1/31/2021

Contact Information of Responsible Official

Name: Michael Lima  
Title: Controller  
Phone: 559-621-7001

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2020-004 – Coronavirus Relief Fund Expenditures (Significant Deficiency)**

Management's Response or Department's Response

The City would like to comment on various aspects of this finding:

**In reference to the wires for two purchases (\$79,904 and \$94,500):**

The City disagrees that these purchases violated the City's internal control practices. In the matter of the individual requesting the wire, the City agrees that one individual was listed as requesting an authorizing the wire. However, two additional individuals were responsible for booking and approving the journal; thus maintaining segregation of duties and internal controls. City staff were also authorized to make these purchases without going through the Purchasing Unit based on the following Municipal Code section:

***SEC. 2-506. - POWERS AND DUTIES OF DIRECTOR OF EMERGENCY SERVICES DURING DISASTER, EMERGENCY OR STATE OF EMERGENCY.***

*In the event of the proclamation of a disaster or emergency as herein provided or by the proclamation of a state of emergency by the Governor or the State Director of Emergency Services, the Director, or City Council by majority vote (except for subsections (a), (b), and (o) below), is hereby empowered to:*

*(j) Obtain vital supplies, equipment, and such other properties found lacking and needed for the protection of life and property of the people, and bind the City for the fair value thereof, and if required immediately, to commandeer the same for public use. Any expenditures made in such connection with emergency service activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the City;*

**In reference to EOC Meals (\$188):**

The City believes this is an eligible expense. Instruction that City staff received regarding expenses eligible for CARES reimbursement was to use FEMA guidelines in the absence of clear CRF guidance. At the time that the EOC meals expense was incurred, there was no guidance regarding meal reimbursement for CRF expenditures. Based on the FEMA Public Assistance Program and Policy Guide (V3.1) for April 2018, City staff felt that the expenses fit the following criteria:

**8. Meals**

*Applicants often provide meals for emergency workers. Provision of meals, including beverages and meal supplies, for employees and volunteers engaged in eligible Emergency Work, including those at EOCs, is eligible provided the individuals are not receiving per diem and one of the following circumstances apply:*

- *Meals are required based on a labor policy or written agreement that meets the requirements of Chapter 2:V.A.1;*
- *Conditions constitute a level of severity that requires employees to work abnormal, extended work hours without a reasonable amount of time to provide for their own meals; or*
- *Food or water is not reasonably available for employees to purchase.*

*FEMA only reimburses the cost of meals that are brought to the work location and purchased in a cost-effective and reasonable manner, such as bulk meals. FEMA does not reimburse costs related to group outings at restaurants or individual meals.*

**In reference to SEFA reporting:**

The City agrees with the findings and associated recommendations. The handling of the SEFA reporting has been updated

Views of Responsible Officials and Corrective Action

The handling of the SEFA Reporting has been updated.

Anticipated Completion Date

7/13/2021

Contact Information of Responsible Official

Name: Michael Lima  
Title: Controller  
Phone: 559-621-7001

**Finding 2020-005 – Coronavirus Relief Fund Subrecipient Monitoring (Significant Deficiency)**

Management's Response or Department's Response

Given the health emergency and the (then) CARES Act deadline of December 30, 2020, the City did not (and does not) believe that it was feasible to conduct a subrecipient risk assessment prior to funds being disbursed and still meet the then CARES Act deadlines. City staff did audit Subrecipients after funds were disbursed. While the City acknowledges that not evaluating the subrecipients' risk is a technical violation, the City does not believe it is a material violation given the factors mentioned previously. With grants that have a longer time frame for expenditure, the City will conduct a risk assessment per the Uniform Guidance.

Views of Responsible Officials and Corrective Action

Risk assessments will be conducted for grants with a longer time frame.

Anticipated Completion Date

2/28/2022

Contact Information of Responsible Official

Name: Michael Lima  
Title: Controller  
Phone: 559-621-7001