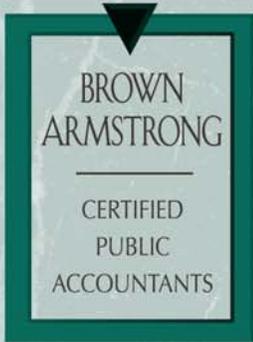


CITY OF FRESNO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2019

**CITY OF FRESNO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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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, 2019, 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 10, 2020. 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) to determine the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

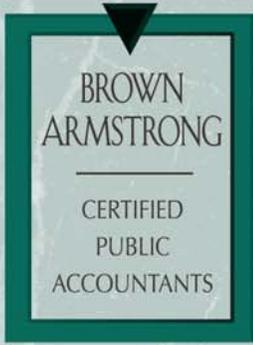
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 10, 2020



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

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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, 2019. 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, 2019.

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.

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 10, 2020, 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
March 24, 2020

**CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
US Department of Commerce					
<i>Economic Development Cluster:</i>					
Economic Development Administration (EDA) - Direct Program					
Economic Development Adjustment Assistance Program - Revolving Loan Fund	11.307		07-39-02434	\$ 12,589	\$ 835,563
<u>Total Economic Development Administration (EDA) - Direct Program</u>				<u>12,589</u>	<u>835,563</u>
<i>Total Economic Development Cluster</i>				<u>12,589</u>	<u>835,563</u>
TOTAL US DEPARTMENT OF COMMERCE				12,589	835,563
US Department of Housing and Urban Development					
<i>Community Development Block Grants (CDBG) - Entitlement Grants Cluster</i>					
Office of Community Planning and Development - Direct Program					
2014 Community Development Block Grants/Entitlement Grants	14.218		B-13-MC-06-0001	-	26,996
2016 Community Development Block Grants/Entitlement Grants	14.218		B-15-MC-06-0001	-	250,830
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	-	146,429
2018 Community Development Block Grants/Entitlement Grants	14.218		B-17-MC-06-0001	372,811	3,617,227
2019 Community Development Block Grants/Entitlement Grants	14.218		B-18-MC-06-0001	611,827	4,230,468
Neighborhood Stabilization Program 1 - 2010	14.218		B-08-MC-06-0003	-	(47,532)
<u>Total Office of Community Planning and Development - Direct Program</u>				<u>984,638</u>	<u>8,246,237</u>
<i>Total CDBG - Entitlement Grants Cluster</i>				<u>984,638</u>	<u>8,246,237</u>
Emergency Solutions Grant (ESG) Program - Direct Program					
2015 Emergency Solutions Grant Program	14.231		E-14-MC-06-0001	29,556	29,556
2017 Emergency Solutions Grant Program	14.231		E-16-MC-06-0001	50,784	50,784
2018 Emergency Solutions Grant Program	14.231		E-17-MC-06-0001	349,930	349,930
2019 Emergency Solutions Grant Program	14.231		E-18-MC-06-0001	-	55,146
2019 Emergency Solutions Grant Program	14.231		E-18-MC-06-0001	145,423	145,423
<u>Total Emergency Solutions Grant (ESG) Program - Direct Program</u>				<u>575,693</u>	<u>630,839</u>
Home Investment Partnership Program (HOME) - Direct Program					
2016 Home Investment Partnership Program	14.239		M-15-MC-06-0204	216,870	216,870
2017 Home Investment Partnership Program	14.239		M-16-MC-06-0204	197,454	197,454
2017 Home Investment Partnership Program	14.239		M-17-MC-06-0204	-	198,831
2019 Home Investment Partnership Program	14.239		M-18-MC-06-0204	992,563	992,563
2019 Home Investment Partnership Program	14.239		M-18-MC-06-0204	1,575,437	1,575,437
<u>Total Home Investment Partnership Program - Direct Program</u>				<u>2,982,324</u>	<u>3,181,155</u>
Office of Community Planning and Development - Direct Program					
2018 Housing Opportunities for Persons with AIDS (HOPWA - PY17)	14.241		CAH17F011	369,698	369,698
2019 Housing Opportunities for Persons with AIDS (HOPWA - PY18)	14.241		CAH18F011	-	14,874
<u>Total Office of Community Planning and Development - Direct Program</u>				<u>369,698</u>	<u>384,572</u>
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				4,912,353	12,442,803
US Department of Justice					
Equitable Revenue Sharing Program - Direct Program					
Joint Law Enforcement Operations (JLEO) - Seized Assets	16.111		2011	-	292,779
<u>Total Equitable Revenue Sharing Program - Direct Program</u>				<u>-</u>	<u>292,779</u>
Bureau of Justice Assistance - Pass-Through Program					
Project Safe Neighborhoods Grant 2016	16.609	CA Office of Emergency Services	US16026675	-	(1,641)
<u>Total Bureau of Justice Assistance - Pass-Through Program</u>				<u>-</u>	<u>(1,641)</u>
Office of Community Oriented Policing Services (COPS) - Direct Program					
Public Safety Partnership and Community Policing Grants - COPS Hiring Program (CHP) 2015	16.710		2015ULWX0004	-	898,667
<u>Total Office of Community Oriented Policing Services (COPS) - Direct Program</u>				<u>-</u>	<u>898,667</u>
Office of Juvenile Justice and Delinquency Prevention - Pass-Through Program					
Enforcing Underage Drinking Laws Program (2018)	16.727	CA Department of Alcoholic Beverage Control	17G-LA10	-	270
Enforcing Underage Drinking Laws Program (2019)	16.727	CA Department of Alcoholic Beverage Control	18G-LA10	-	98,377
<u>Total Office of Juvenile Justice and Delinquency Prevention - Pass-Through Program</u>				<u>-</u>	<u>98,647</u>

CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
US Department of Justice (Continued)					
Bureau of Justice Assistance - Direct Program					
Edward Byrne Memorial Justice Assistance Grant FY 15	16.738		2015-DJ-BX-0531	-	11,392
Edward Byrne Memorial Justice Assistance Grant FY 16	16.738		2016-DJ-BX-0157	-	86,202
Edward Byrne Memorial Justice Assistance Grant 2017	16.738		2018-DJ-BX-0837	-	23,674
<u>Total Bureau of Justice Assistance - Direct Program</u>				-	121,268
Office of the Attorney General - Pass-Through Program					
Tobacco Law Enforcement Grant (FY19-20)	16.738	CA Department of Alcoholic Beverage Control	DOJ-PRPO56-2018-1-91	-	15,331
<u>Total Office of the Attorney General - Pass-Through Program</u>				-	15,331
Bureau of Justice Assistance - Direct Program					
FY 17 Body Worn Camera Grant	16.835		2017-BC-BX-0011	45,000	172,500
Sexual Assault Kit Initiative Grant	16.833		2018-AK-BX-0034	5,623	158,799
<u>Total Bureau of Justice Assistance - Direct Program</u>				50,623	331,299
TOTAL US DEPARTMENT OF JUSTICE				50,623	1,756,350
US Department of Transportation					
Federal Aviation Administration (FAA) - Direct Program					
FAA Airport Improvement Program (AIP)					
FAA AIP XX	20.106		3-06-0087-81 pending	-	(161,908)
FAA AIP XX FF18	20.106		Not Available	-	(108,421)
FAA AIP XX	20.106		Not Available	-	2,033,488
FAA AIP 79 FF16	20.106		3-06-0087-79	-	321,256
FAA AIP 80 FF17	20.106		3-06-0087-80	-	8,475,016
FAA AIP 81 FF18	20.106		3-06-0087-81	-	4,259,269
FAA AIP 82 FF19	20.106		3-06-0087-82	-	46,668
FAA AIP 24 FF16	20.106		3-06-0088-24	-	108,871
FAA AIP 25 FF18	20.106		3-06-0088-25	-	111,714
<u>Total Federal Aviation Administration (FAA) - Direct Program</u>				-	15,085,953
<i>Highway Planning and Construction Program Cluster</i>					
Federal Highway Administration - Pass-Through Program					
Highway Research, Planning, and Construction Program	20.205	State of California Department of Transportation	Master Agreement 06-5060	-	11,822,590
<u>Total Federal Highway Administration - Pass-Through Program</u>				-	11,822,590
<i>Total Highway Planning and Construction Program Cluster</i>					
<i>Federal Transit Cluster</i>					
Federal Transit Administration - Capital Investment Grants - Direct Program					
2016 5309: Bus Rapid Transit - Very Small Starts	20.500		Temp 1649-2017-1	-	641,049
2011 State of Good Repair Grant: Buy 3 60' CNG Articulated Busses	20.500		CA-04-0213-00	-	424,651
2012 5309 Bus and Bus Facilities Livability Initiative	20.500		CA-04-0280-00	-	57,985
<u>Total Federal Transit Administration - Capital Investment Grants - Direct Program</u>				-	1,123,685
Federal Transit Administration - Formula Grants - Direct Program					
FY18 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2019-044-01	-	200,085
FY19 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2019-044-02	-	9,191,985
FY15 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2017-081	-	418,748
FY12 Urban Mass Transportation Capital, CMAQ	20.507		CA-2017-118	-	1,201,186
FY14 Urban Mass Transportation Capital, CMAQ	20.507		CA-2017-144	-	802,223
FY16 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-2018-002	-	116,936
FY16 Urban Mass Transportation Capital, CMAQ	20.507		CA-2018-004	-	363,412
FY06 Urban Mass Transportation Capital, CMAQ	20.507		CA-90-Y726	-	2,246
FY11 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-90-Y843-00	-	49
FY12 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-90-Y947-00	-	9,774
FY13 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-90-Z026-00	-	42,470
FY14 Urban Mass Transportation Capital, Planning, Operating Assistance	20.507		CA-90-Z157-00	-	70,536
FY10 Urban Mass Transportation Capital, CMAQ	20.507		CA-95-X072	-	27,988
FY11 Urban Mass Transportation Capital, CMAQ	20.507		CA-95-X181	-	3,507
<u>Total Federal Transit Administration - Formula Grants - Direct Program</u>				-	12,451,145
Federal Transit Administration - Formula Grants - Direct Program					
2013-2016 Bus and Bus Facilities Grant Program	20.526		CA-2016-106	-	6,776
<u>Total Federal Transit Administration - Formula Grants - Direct Program</u>				-	6,776
<i>Total Federal Transit Cluster</i>					
				-	13,581,606

**CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
US Department of Transportation (Continued)					
<i>Transit Services Programs Cluster</i>					
Federal Transit Administration (FTA) Transit Formula Grants - Pass-Through Program					
Elderly Individuals and Individuals with Disabilities Grant Program - FTA 5310 Grants	20.513	Fresno Council of Governments	CA-16-X070	-	(6,183)
2018 Elderly Individuals and Individuals with Disabilities Grant Program - FTA 5310 Grants	20.513	Fresno Council of Governments	CA-2018-126	-	54,862
<u>Total Federal Transit Administration (FTA) Transit Formula Grants - Pass-Through Program</u>				-	48,679
Federal Transit Administration - Pass-Through Program					
2010 Job Access Reverse Commute (JARC)	20.516	Fresno Council of Governments	CA-37-X129-00	-	21,962
2008 New Freedom (NF)	20.521	Fresno Council of Governments	CA-57-X029-00	-	10,728
2010 New Freedom (NF)	20.521	Fresno Council of Governments	CA-57-X041 & CA-57-X054	-	5,231
2012 New Freedom (NF)	20.521	Fresno Council of Governments	CA-57-X090	-	231,213
<u>Total Federal Transit Administration - Pass-Through Program</u>				-	269,134
<i>Total Transit Services Program Cluster</i>					
				-	317,813
<i>Highway Safety Cluster</i>					
National Highway Traffic Safety Administration - Pass-Through Program					
Pedestrian and Bicycle Education Safety	20.600	CA Office of Traffic Safety	PS18010	21,243	53,061
State and Community Highway Safety-Selective Traffic Enforcement Program FY 2018	20.600	CA Office of Traffic Safety	PT18047	-	238,968
State and Community Highway Safety-Selective Traffic Enforcement Program FY 2019	20.600	CA Office of Traffic Safety	PT19039	-	477,973
<u>Total National Highway Traffic Safety Administration - Pass-Through Program</u>				21,243	770,002
<i>Total Highway Safety Cluster</i>					
				21,243	770,002
Federal Railroad Administration - Pass-Through Program					
High Speed Rail - Engineering and Plan Review Contract	20.319	California High Speed Rail Authority	HSR 16-37	-	47,812
<u>Total Federal Railroad Administration - Pass-Through Program</u>				-	47,812
ARRA - Federal Railroad Administration - Pass-Through Program					
ARRA - High Speed Rail - Engineering and Plan Review Contract	20.319	California High Speed Rail Authority	HSR 11-29	-	52,253
<u>Total ARRA - Federal Railroad Administration - Pass-Through Program</u>				-	52,253
<i>Total Federal Railroad Administration</i>					
				-	100,065
Federal Transit Administration - Direct Program					
FY10 Electric Circulator (5308 - Clean Fuels)	20.519		CA-58-0007-00	-	4,305
<u>Total Federal Transit Administration - Direct Program</u>				-	4,305
TOTAL US DEPARTMENT OF TRANSPORTATION				21,243	41,682,334
US Environmental Protection Agency (EPA)					
<i>Drinking Water State Revolving Fund Cluster</i>					
Office of Water - Pass-Through Program					
Capitalization Grants for Drinking Water State Loan - Southeast Water Treatment Facility	66.468	CA State Water Resources Control Board	D15-02012	-	14,923,311
Capitalization Grants for Drinking Water State Loan - KRP Kings River Pipeline	66.468	CA State Water Resources Control Board	D15-02042	-	2,493,437
Capitalization Grants for Drinking Water State Loan - Regional Transmission Mains	66.468	CA State Water Resources Control Board	D16-02031	-	11,553,730
<u>Total - Office of Water - Pass-Through Program</u>				-	28,970,478
<i>Total Drinking Water State Revolving Fund Cluster</i>					
				-	28,970,478
Office of Solid Waste and Emergency Response - Direct Program					
Brownfields Area-Wide Planning Cooperative Agreement	66.814		TR99T27301-1	-	107,042
<u>Total Office of Solid Waste and Emergency Response - Direct Program</u>				-	107,042
TOTAL US ENVIRONMENTAL PROTECTION AGENCY (EPA)				-	29,077,520

CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
US Department of Health and Human Services					
<i>Aging Cluster</i>					
Administration for Community Living - Pass-Through Program					
Special Programs for the Aging Nutrition Services: Senior Hot Meals FY 17	93.045	Fresno Madera Area Agency on Aging	19-0310	-	98,331
<u>Total Administration for Community Living - Pass-Through Program</u>				-	98,331
<i>Total Aging Cluster</i>				-	98,331
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES				-	98,331
US Department of Homeland Security					
<i>Homeland Security Grant Cluster</i>					
Homeland Security Grant Program - Pass-Through Program					
FY 16 Homeland Security Grant Program	97.067	CA Homeland Security & County of Fresno		-	25,539
FY 17 Homeland Security Grant Program	97.067	CA Homeland Security & County of Fresno		-	7,801
<u>Total Homeland Security Grant Program - Pass-Through Program</u>				-	33,340
<i>Total Homeland Security Grant Cluster</i>				-	33,340
Homeland Security Grant Program - Pass-Through Program					
Homeland Security Grant Program 2014	97.004	CA Office of Emergency Services & County of Fresno	2014-00093	-	-
Homeland Security Grant Program 2015	97.004	CA Office of Emergency Services & County of Fresno	2015-0078	-	-
Homeland Security Grant Program 2016	97.004	CA Office of Emergency Services & County of Fresno	2016-0102	-	2,206
Homeland Security Grant Program 2017	97.004	CA Office of Emergency Services & County of Fresno	2017-0083	-	124,662
<u>Total Homeland Security Grant Program - Pass-Through Program</u>				-	126,868
Federal Emergency Management Agency - Direct Program					
FY 15 Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.044		EMW-2015-FH-00440	-	168,385
FY 16 Assistance to Firefighters Grant (AFG)	97.044		EMW-2016-FO-6598	-	70,235
FY 16 Assistance to Firefighters Grant (Fire Prevention & Safety)	97.044		EMW-2016-FP-00620	-	4,385
<u>Total Federal Emergency Management Agency - Direct Program</u>				-	243,005
TOTAL US DEPARTMENT OF HOMELAND SECURITY				-	403,213
TOTAL EXPENDITURES OF FEDERAL AWARDS, EXCLUDING FEDERAL LOAN BALANCES				\$ 4,996,808	\$ 86,296,114
FEDERAL LOAN BALANCES WITH CONTINUING COMPLIANCE REQUIREMENTS					
US Department of Housing and Urban Development					
<i>Community Development Block Grants (CDBG) - Entitlement Grants Cluster</i>					
Office of Community Planning and Development - Direct Program					
Community Development Block Grants/Entitlement Grants	14.218		N/A	\$ -	\$ 607,000
TOTAL FEDERAL LOAN BALANCES WITH CONTINUING COMPLIANCE REQUIREMENTS				-	607,000
TOTAL EXPENDITURES OF FEDERAL AWARDS, INCLUDING FEDERAL LOAN BALANCES				\$ 4,996,808	\$ 86,903,114

**CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

State or Local Grantor/Program and/or Project Title	State Agency	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
Board of State and Community Corrections					
Board of State and Community Corrections - Direct Program					
CA Gang Reduction, Intervention and Prevention Program 2015	BSCC		BSCC806-14	\$ -	\$ (2,792)
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Clovis	BSCC		13-566	1,562	1,562
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Fresno	BSCC		13-566	-	61,708
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Coalinga	BSCC		13-566	8,633	8,633
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Fowler	BSCC		13-566	1,638	1,638
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Kernan	BSCC		13-566	7,056	7,056
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Reedley	BSCC		13-566	20,953	20,953
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Firebaugh	BSCC		13-566	8,220	8,220
Local Law Enforcement Statewide for Front Line Law Enforcement Needs Program - City of Mendota	BSCC		13-566	8,628	8,628
<u>Total Board of State and Community Corrections - Direct Program</u>				56,690	115,606
TOTAL BOARD OF STATE AND COMMUNITY CORRECTIONS				56,690	115,606
CA State Agency - San Joaquin River Conservancy					
San Joaquin River Conservancy - Direct Program					
Life and Environmental Science Program FY16	CSJR		CSJR1410	-	(11,197)
Life and Environmental Science Program FY19	CSJR		CSJR1723	-	6,180
<u>Total San Joaquin River Conservancy - Direct Program</u>				-	(5,017)
TOTAL CA STATE AGENCY - SAN JOAQUIN RIVER CONSERVANCY				-	(5,017)
CA State Department of Conservation					
Division of Recycling - Direct Program					
2018/2019 (FY19) - Recycling Program	DOC		2016/2017	-	129,268
<u>Total Division of Recycling - Direct Program</u>				-	129,268
Division of Land Resources Protection - Direct Program					
Prop 84 - Sustainable Communities Planning Grant Program	DOC		3010-513	-	-
<u>Total Division of Land Resources Protection - Direct Program</u>				-	-
TOTAL CA STATE DEPARTMENT OF CONSERVATION				-	129,268
CA State Department of Finance					
Citizens Option for Public Safety - Direct Program					
Supplemental Law Enforcement Services Fund (SLESF) State Program COPS FY18	DOF		FY18	-	650,694
Supplemental Law Enforcement Services Fund (SLESF) State Program COPS FY19	DOF		FY19	-	389,100
<u>Total Citizens Option for Public Safety - Direct Program</u>				-	1,039,794
CA Division of Mass Transportation - Direct Program					
PROP 1B-FAX	DOF		Prop 1B	-	942,130
<u>Total CA Division of Mass Transportation - Direct Program</u>				-	942,130
CA Office of Emergency Services - Direct Program					
PROP 1B-FAX	DOF	m	Prop 1B	-	2,879,467
<u>Total CA Office of Emergency Services - Direct Program</u>				-	2,879,467
Caltrans Division of Rail and Mass Transportation - Direct Program					
Transit Intercity Rail Capital Program	DOF		6FRESNOPS-01	-	51,695
<u>Total Caltrans Division of Rail and Mass Transportation - Direct Program</u>				-	51,695
TOTAL CA STATE DEPARTMENT OF FINANCE				-	4,913,086
CA State Department of Fish and Game					
Wildlife Conservation Board - Direct Program					
RiverPartners Riverbottom Park Grant	WCB		WC-1230SM	-	7,266
<u>Total Wildlife Conservation Board - Direct Program</u>				-	7,266
TOTAL CA STATE DEPARTMENT OF FISH AND GAME				-	7,266

CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

State or Local Grantor/Program and/or Project Title	State Agency	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures	
CA State Department of Housing and Community Development						
PROP 1C - Direct Program						
Frank H. Ball Improvements	HCD		14-HRPP-10344	-	25,356	
Mosqueda Center Improvements	HCD		14-HRPP-10344	-	11,289	
Chandler Park Improvements	HCD		15-HRPP-10946	-	41,839	
Highway City Science Center Improvements	HCD		15-HRPP-10946	-	167,006	
Mary Ella Brown Improvements	HCD		15-HRPP-10946	-	93,425	
<u>Total PROP 1C - Direct Program</u>				-	338,915	
TOTAL CA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT					-	338,915
CA State Department of Justice						
CA State Equitable Sharing Program - Pass-Through Program						
Equitable Sharing Agreement Seized Assets	CASESP	County of Fresno		-	100,719	
<u>Total CA State Equitable Sharing Program - Pass-Through Program</u>				-	100,719	
TOTAL CA STATE DEPARTMENT OF JUSTICE					-	100,719
CA State Department of Parks and Recreation						
Off-Highway Motor Vehicle Recreation Division - Direct Program						
OHV-Related Law Enforcement Grant F2019	MVRD		G16-03-94-L01	-	31,947	
<u>Total Off-Highway Motor Vehicle Recreation Division - Direct Program</u>				-	31,947	
Office of Grants and Local Services - Direct Program						
Hinton Park Improvements	OGALS		YR-10-002	-	1,165	
Romain Park Futsal Court	OGALS		YR-10-001	-	1,213	
<u>Total Office of Grants and Local Services - Direct Program</u>				-	2,378	
TOTAL CA STATE DEPARTMENT OF PARKS AND RECREATION					-	34,325
CA State Department of Transportation						
CA Transportation Commission - Direct Program Aeronautics Division						
State Match to AIP 24 FF17	CTC		Fre-2-18-2-Mat granted on 2/7/18	-	5,443	
<u>Total CA Transportation Commission - Direct Program Aeronautics Division</u>				-	5,443	
Division of Local Transportation Assistance - Direct Program						
Highway Research, Planning, and Construction Program	DOT		Master Agreement 06-5060	-	40,788	
Trail Network Expansion Feasibility Plan	DOT		SC-74A0952	-	-	
<u>Total Division of Local Transportation Assistance - Direct Program</u>				-	40,788	
CalTrans - Pass-Through Program						
Bike Pedestrian Education Safety Training	DOT	Fresno Council of Governments	ATPLNI-5060(287)	-	(1,315)	
Bike Pedestrian Education Safety Training	DOT	Fresno Council of Governments	ATPLNI-5060(353)	-	30,242	
Trail Network Expansion Feasibility Plan	DOT	City of Fresno	SC-74A0952	-	55,398	
<u>Total CalTrans - Pass-Through Program</u>				-	84,325	
CalTrans - Direct Program						
Sustainable Communities Grant	DOT		74A0925	-	160,778	
Low Carbon Transit Operations Program (LCTOP) - CA Cap and Trade Funding	DOT		LCTOP Allocs	-	1,083,231	
<u>Total CalTrans - Direct Program</u>				-	1,244,009	
TOTAL CA STATE DEPARTMENT OF TRANSPORTATION					-	1,374,565
CA State Environmental Protection Agency						
Integrated Waste Management Board - Direct Program						
FY2018 CalRecycle - Oil Payment Program	CIWMB		OPP8	-	138,631	
FY2019 CalRecycle - Oil Payment Program	CIWMB		OPP9	-	2,100	
2016/2017 Waste Tire Amnesty Grant	CIWMB		TA4-17-0013	-	20,650	
2018/2019 Waste Tire Amnesty Grant	CIWMB		TCU17-18-0003	-	72,800	
2015/2016 Waste Tire Enforcement Grants	CIWMB		TEA23-15-0006	-	(5,009)	
2016/2017 Waste Tire Enforcement Grants	CIWMB		TEA24-16-0016	-	22,436	
2018/2019 Waste Tire Enforcement Grants	CIWMB		TEA26-18-0010	-	152,326	
<u>Total Integrated Waste Management Board - Direct Program</u>				-	403,934	
CA Department of Forestry and Fire Protection						
CALFIRE - Direct Program						
Maxie Parks Center Urban Greening Improvements	CALFIRE		8GG16427	-	12,592	
Urban Forest Tree Inventory	CALFIRE		8GG16406	-	243,996	
<u>Total CALFIRE - Direct Program</u>				-	256,588	
TOTAL RESOURCES, RECYCLING AND RECOVERY (CALRECYCLE)					-	660,522

CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

State or Local Grantor/Program and/or Project Title	State Agency	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
CA State Office of Planning and Research					
Strategic Growth Council - Direct Program					
TCC Grant - Grant Administration	CSGC		SGC18119	-	33,737
TCC Grant - Project 2 - EOC Partnership for Energy Savings	CSGC	Fresno Economic Opportunities Commission	SGC18119	-	14,893
TCC Grant - Project 3 - GRID Single Family Solar	CSGC	GRID Alternatives	SGC18119	-	7,305
TCC Grant - Project 4 - GRID Multi Family Solar	CSGC	GRID Alternatives	SGC18119	-	3,422
TCC Grant - Project 9 - Mariposa Plaza	CSGC		SGC18119	-	1,489
<u>Total Strategic Growth Council - Direct Program</u>				-	60,846
TOTAL CA STATE OFFICE OF PLANNING AND RESEARCH				-	60,846
CA State Water Resources Control Board					
Division of Financial Assistance - Direct Program					
Clean Water State Revolving Fund - Southwest Recycled Water Distribution System	CSWRCB		C-06-8061-110	-	5,368,170
Capitalization Grants for Drinking Water State Loan - Southeast Water Treatment Facility	CSWRCB		D15-02012	-	(5,660,037)
Capitalization Grants for Drinking Water State Loan - OCSD Consolidation with City of Fresno	CSWRCB		D15-02030	622,676	786,057
Capitalization Grants for Drinking Water State Loan - FKCP Friant Kern Canal Pipeline	CSWRCB		D15-02040	-	1,434,622
Capitalization Grants for Drinking Water State Loan - KRP Kings River Pipeline	CSWRCB		D15-02042	-	2,239,793
Cleanup and Abatement Account (CAA)	CSWRCB		C/A 962	-	54,300
<u>Total Division of Financial Assistance - Direct Program</u>				622,676	4,222,905
TOTAL CA STATE WATER RESOURCES CONTROL BOARD				622,676	4,222,905
CA Governor's Office of Emergency Services					
Victim Services & Public Safety Branch - Direct Program					
Law Enforcement Specialized Units Program	OES		LE17-01-6675	92,847	111,415
Law Enforcement Specialized Units Program - CY2	OES		LE18-01-6675	49,753	67,866
<u>Total Victim Services & Public Safety Branch - Direct Program</u>				142,600	179,281
TOTAL CA GOVERNOR'S OFFICE OF EMERGENCY SERVICES				142,600	179,281
National Recreation and Park Association (NRPA)					
NRPA - Direct Program					
Meet Me at the Park 2018	NRPA		3/21/2018	-	17,692
Parks Build Program 2017 (Renamed Meet Me at Park)	NRPA		3/21/2017	-	738
Out-of-School Time Program	NRPA		5/15/2014	-	6,815
<u>Total NRPA - Direct Program</u>				-	25,245
TOTAL NATIONAL RECREATION AND PARK ASSOCIATION (NRPA)				-	25,245
Fresno County Transportation Authority					
Measure C - Direct Program					
Measure C New Tech Reserve Fund	FC			-	105,740
<u>Total Measure C - Direct Program</u>				-	105,740
TOTAL FRESNO COUNTY TRANSPORTATION AUTHORITY				-	105,740
PG&E					
PG&E - Direct Program					
PG&E Movies in the Park 2017	PGE		10/21/2016	-	2,060
PG&E Movies in the Park 2018	PGE		7/13/2018	-	233
PG&E Cooling Center	PGE		4/27/2017	-	4,396
Science Camp at Highway City - PG&E 2015	PGE		10/27/2014	-	1,637
Science Camp at Highway City - PG&E 2017	PGE		10/27/2016	-	3,359
<u>Total PG&E - Direct Program</u>				-	11,685
TOTAL PG&E				-	11,685
California High-Speed Rail Authority					
California High-Speed Rail Authority - Direct Program					
California High-Speed Rail Project	CAHSR		HSR17-14	64,720	72,468
<u>Total California High-Speed Rail Authority - Direct Program</u>				64,720	72,468
TOTAL CALIFORNIA HIGH-SPEED RAIL AUTHORITY				64,720	72,468

**CITY OF FRESNO
SCHEDULE OF EXPENDITURES OF STATE OR LOCAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

State or Local Grantor/Program and/or Project Title	State Agency	Pass-Through Grantor	Grant Number	Passed-Through to Subrecipients	Total Expenditures
CA Strategic Growth Council					
National Resources Agency - Direct Program					
Master Urban Greening Plan	SGC		U59301-0	-	(1,928)
<u>Total National Resources Agency - Direct Program</u>				-	(1,928)
TOTAL CA STRATEGIC GROWTH COUNCIL				-	(1,928)
AT&T					
AT&T - Direct Program					
Romain Summer Science Camp - AT&T	ATT			-	477
<u>Total AT&T - Direct Program</u>				-	477
TOTAL AT&T				-	477
State CRT Class Settlement Fund					
CYPRESS Settlement - Direct Program					
Frank H. Ball Technology Improvements	CPT			-	5,844
<u>Total CYPRESS Settlement - Direct Program</u>				-	5,844
TOTAL STATE CRT CLASS SETTLEMENT FUND				-	5,844
US Soccer Foundation					
USCF - Direct Program					
US Soccer Foundation	USCF			-	14,243
US Soccer Foundation	USCF		FY18-112	-	15,528
<u>Total USCF - Direct Program</u>				-	29,771
TOTAL US SOCCER FOUNDATION				-	29,771
TOTAL EXPENDITURES OF STATE AWARDS				\$ 886,686	\$ 12,381,589

**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, 2019**

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, 2019, 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	\$ 12,589
Community Development Block Grants/Entitlement Grants Program	14.218	984,638
Emergency Solutions Grant Program	14.231	575,693
Home Investment Partnership Program	14.239	2,982,324
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	369,698
Sexual Assault Kit Initiative Grant	16.833	5,623
FY17 Body Work Camera Grant	16.835	45,000
Pedestrian and Bicycle Education Safety	20.600	21,243
Total		<u>\$ 4,996,808</u>

NOTE 3 – SECTION 108 LOANS

The City has two (2) Section 108 loans outstanding at June 30, 2019. Semi-annual payments on these Section 108 loans 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 2019 totaled \$394,966 for the year ending June 30, 2019, of which \$394,966 was paid from Community Development Block Grant funds.

NOTE 3 – SECTION 108 LOANS (Continued)

A summary of Section 108 loans outstanding as of June 30, 2019, is as follows:

CFDA #	Grant Loan Program	Unspent Loan Proceeds as of June 30, 2019	Outstanding Loan Balances as of June 30, 2019
14.218	Section 108 Note - Fresno-Madera Area Agency on Aging	\$ -	\$ 135,000
14.218	Section 108 Note - Neighborhood Streets/Parks	-	472,000
		<u>\$ -</u>	<u>\$ 607,000</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, 2019, 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, 2019
2007	SRF06CX150	Wellsite Chlorination Project	10100007-004	\$ 2,210,000	2.2923% / 20 yrs*	\$ 1,319,794
2009	SRF08SWX101	Enterprise/Jefferson Canal Project	10100007-011	1,968,136	2.2923% / 20 yrs*	843,438
2011	SFR11CX104	Residential Water Meter Project	10100007-026C	51,405,432	0.0000% / 20 yrs*	38,554,074
2015	14-817-550	Wastewater Tertiary Plant	C-067893-110	33,138,638	1.00 - 1.70% / 30 yrs*	31,286,070
2016	D15-01011	Recycled Water Distribution Southwest	C-068061-110	52,475,049	1.00% / 30 yrs*	33,425,983
2016	D15-02012	Southeast Surface Water Treatment Facility	1010007-028C	195,489,000	1.66300% / 30 yrs*	166,707,976
2017	D16-02031	Regional Transmission Mains	1010007-030C	75,900,000	1.6% / 30 yrs*	60,485,034
						<u>\$ 332,622,369</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 \$28,970,478 under the loans during fiscal year 2019 and has reported these amounts on the SEFA as follows:

CFDA #	Project Name	Loan #	Total Expenditures
66.468	Southeast Water Treatment Facility	D15-02012	\$ 14,923,311
66.468	KRP Kings River Pipeline	D15-02042	2,493,437
66.468	KRP Kings River Pipeline	D16-02031	11,553,730
			<u>\$ 28,970,478</u>

NOTE 5 – PRE-AWARD AUTHORITY SPENDING IN 2018

The City incurred costs totaling \$2,034,427 under the Airport Improvement Program (AIP) during the year ended June 30, 2019, prior to receiving the grant award. Under the U.S. Department of Transportation Federal Aviation Administration, Order 3100.38C, project costs incurred prior to the execution of a grant agreement may be reimbursed for costs incurred after September 1996 for funds apportioned to a sponsor as entitlements. As there are no executed grant agreements in place, these costs were not included as part of the AIP expenditures under the SEFA for the year ended June 30, 2019.

The City incurred pre-award costs as follows: \$9,191,985 under the FY19 Urban Mass Transportation Capital, Planning, Operating Assistance Grant and \$200,085 under FY18 Urban Mass Transportation Capital, Planning, Operating Assistance Grant under the CFDA #20.507; and \$641,049 under the fiscal year 2016 5309: Bus Rapid Transit – Very Small Starts Grant under the CFDA #20.500 during the year ended June 30, 2019, prior to receiving the official grant awards. The Federal Register for the Department of Transportation/FTA/Vol.81, No. 30/Feb 16, 2016/Notices/Section V.A-1,2 gives pre-award authority to Grantees to incur project costs before grant approval and retain the eligibility of those costs for subsequent reimbursement after grant award. As there is no executed grant agreement in place, these costs were not included as part of the Federal Transit Administration – Formula Grants expenditures under the SEFA for the year ended June 30, 2019. They will be reported in Fiscal Year 2020.

NOTE 6 – 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, 2019, is as follows:

Balance of RLF loans outstanding at June 30, 2019	\$ 603,166
Cash and investment balance at June 30, 2019	219,808
Administrative expenses paid out	<u>12,589</u>
Subtotal	<u>835,563</u>
Federal share	100%
Total expenditures reported at June 30, 2019	<u>\$ 835,563</u>

NOTE 7 – PRIOR YEAR EXPENDITURES INCLUDED IN SEFA

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

The City incurred costs totaling \$288,730 under the AIP during the year ended June 30, 2018, for which funding in the amount of \$271,267.88 was approved in fiscal year 2019. These expenditures are included on the SEFA as part of the AIP (CFDA #20.106) expenditures for year ended June 30, 2019. The \$17,462.12 balance of the pre-award expenditures will be reported when awarded.

NOTE 8 – 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 9 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 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, 2019**

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>
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnership
16.710	Public Safety Partnership and Community Policing Grants
66.468	Drinking Water State Revolving Fund Cluster

The threshold for distinguishing type A and B programs was \$2,607,093.

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

**CITY OF FRESNO
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

2018-001: Construction in Progress (CIP) Additions (Significant Deficiency)

Criteria:

Internal controls should be designed to provide reasonable assurance of achieving effective and efficient operations, and reliable financial reporting in accordance with Governmental Accounting Standards and accounting principles generally accepted in the United States of America. In addition, to be considered a capital cost, the expenditure must be incurred and the asset must be acquired (i.e., purchased, fabricated, constructed, or donated).

Condition:

During our testing of capital additions, we noted 5 out of 23 governmental-type CIP samples tested were improperly capitalized as CIP and included in the CIP additions schedule. The 5 samples were actually pre-billings from the General Services fund to various City Departments for construction projects that had not yet begun as of year-end.

Cause of Condition:

The City's practice has been to accept pre-billings from the General Services department. However, the City did not have adequate review procedures in place over CIP to ensure capitalization was appropriate.

Effect or Possible Effect of Condition:

Improper classification of the 5 samples resulted in over-reporting of CIP of approximately \$1.3 million.

Recommendation:

We recommend City Departments, as well as staff involved with the financial reporting of capital assets, review project costs to ensure expenditures were incurred prior to capitalization.

Management Response/Corrective Action Plan:

A pre-bill reconciliation has been incorporated into the capital asset procedures. This reconciliation will serve to remove from CIP all pre-bills until such time that construction on the items has begun. The Finance Department will communicate with the departments who have submitted pre-bills to determine their status and include in the CIP total only amounts for which construction has begun. This procedure was put into place for FY18 and all pre-billed projects were removed from CIP.

The City's departments are also looking into pre-billing as a whole in order to improve reporting.

Current Year Status:

Implemented.

2018-002: Information Technology (IT) – Periodic User Access Reviews for PeopleSoft, the SunGard Utility Billing System, and Active Directory are not Performed (Significant Deficiency)

Criteria:

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a joint initiative of the five private sector organizations, including the American Institute of Certified Public Accountants and the Institute of Internal Auditors, and is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control, and fraud deterrence. The COSO *Internal Control-Integrated Framework* (Framework) is the common framework against which internal control systems can be assessed and improved. The Framework provides for three objectives, which allow organizations to focus on differing aspects of internal control:

- *Operations Objectives* – the effectiveness of the entity’s operations, including operational and financial performance goals, and safeguarding of assets against loss;
- *Reporting Objectives* – internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognized standard setters, or entity policies; and
- *Compliance Objectives* – adherence to laws and regulations to which the entity is subject.

The Framework establishes five elements of internal control as a method to meeting the objectives above: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring. Risk Assessment is an integral part of internal control and management should periodically evaluate the risks and monitor the changes facing the City. This process involves evaluating both previously identified risks and potential new risks and providing assurance that (1) controls are designed properly to address significant risks and (2) controls are operating effectively.

Condition:

The City recently implemented regular reviews of PeopleSoft Financials and PeopleSoft HRMS user accounts and their associated permissions. However, reviews of Active Directory user accounts and their assigned group memberships/permissions are not performed on a regular basis.

Additionally, while the City currently performs regular reviews of NaviLine/SunGard user accounts for appropriate permission provision within the system, reviews for potential user accounts requiring disabling/removal are not performed on a regular basis.

Finally, we noted that functional leads are currently still granted administrative access that allow them to add or modify user account permissions within the PeopleSoft systems. We recognize that the City determined this appropriate due to staffing constraints; however, as these individuals also perform activities involving financial transactions, these administrative access rights create a conflict of duties whereby the functional leads have the ability to grant themselves additional access permissions that have not been approved. The City has also not yet implemented daily reviews of the auditing logs implemented to track changes to user profiles and permissions assigned within the PeopleSoft systems as recommended in the prior year.

Cause of Condition:

There is a shortage of staff due to budget constraints.

Effect or Possible Effect of Condition:

Failure to perform regular reviews of Active Directory user accounts and their assigned group memberships/permissions increases the risk that user accounts may have access to system functions that are not commensurate with their current job responsibilities (if assigned to an employee) or their current functions/purposes (if assigned to a vendor or system function), and increases the risk that unneeded or unauthorized user accounts are not identified and removed or disabled on a timely basis.

Additionally, failure to perform regular reviews of NaviLine/SunGard accounts for potential user accounts requiring disabling/removal increases the risk that unneeded or unauthorized user accounts are not identified and removed or disabled on a timely basis.

Recommendation:

It is recommended that the City implement regularly scheduled (on an annual basis, at a minimum) reviews of Active Directory user accounts and their associated group memberships/permissions to ensure that no unneeded or unauthorized user accounts exist, and that the group memberships/permissions assigned within the system are appropriate for the individuals' job responsibilities and/or the user accounts' purposes. It is further recommended that the City implement regularly scheduled (on an annual basis, at a minimum) reviews of NaviLine/SunGard user accounts to ensure that no unneeded or unauthorized user accounts exist. For all reviews conducted to identify potential accounts for removal, it is recommended that the reviewer compare the active user accounts with an official employee roster provided by the Human Resources or payroll department to ensure that all terminated employees' user accounts have been disabled. However, all generic, system, and/or service type accounts should also be included in the review to ensure that they are required to perform current functions. For all reviews conducted to ensure that group memberships/permissions are appropriately provisioned, the associated department head responsible for the function under review should examine all group membership and permission assignments to determine if access permissions are appropriate, but if the review is performed by City ISD staff members, they may wish to work with individual departments during this process to ensure that they are aware of current employee lists and job positions, if deemed necessary.

We also recommend that the City examine the administrative access permissions given to the functional leads and seek to remove these to eliminate the potential for a conflict of duties. If the City is unable to remove the permissions due to staffing constraints, it is recommended that the auditing logs the City has implemented to track changes to user profiles and permissions assigned within the PeopleSoft systems are automatically reported by the PeopleSoft application and reviewed on a daily basis to confirm that all changes during the prior 24 hours had been properly approved per the City's policy. This review should be performed by a member of management without administrative access permissions to change user access permissions.

Management Response/Corrective Action Plan:

We agree that improvements can be made and will take the recommendations under advisement. We are in the process of hiring an Information Systems Supervisor specializing in security as part of our efforts to enhance the City's security program. We intend this function to be placed within this position's job duties. This position is currently in the interview process and we anticipate having this person on board within the next few weeks.

Current Year Status:

The City has hired a Security Supervisor who is working on their security program/posture. The Security Supervisor has been working toward securing the City's systems, threats, and enhancing their other programs. The Security Supervisor has not yet been assigned any audit duties due to the City's other needs. That said, the Security Supervisor is working on user access items/issues.

In regard to the City's network and Active Directory accounts, they are currently upgrading their network and part of that upgrade is to assign/reassign rights for networking equipment. This includes administrators on the network function. The City is in the process of purchasing and implementing Active Directory management and reporting tools which will provide for improved reporting and auditing capabilities. Chief among the benefits gained from this investment is the ability provides improved insights into the distribution of user rights.

During this past year, the City has implemented a process to compare Naviline users against a list of active employees and lock a user profile if the employee record is not active. Additionally, a periodic check of active user profiles against active employees was run and reviewed by Dennis Jones in ISD. The City plans to continue this review of Naviline going forward.

The City is reviewing the PeopleSoft access permissions given to the functional leads. Due to staffing constraints in Finance and the complexity of PeopleSoft security, separating and training other staff to assign permissions is a challenge, but the City will continue with their efforts.

2018-003: Findings from the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) (Material Weakness)

Program: Community Development Block Grants (CDBG)/Entitlement Grants Cluster
CFDA No.: 14.218
Federal Agency: U.S. Department of Housing and Urban Development
Passed Through: N/A
Award Year: Fiscal Year 2017-2018
Compliance Requirement: Various
Questioned Costs: None

Criteria:

The U.S. Department of Housing and Urban Development states the City should administer its CDBG funds in accordance with HUD requirements.

Condition:

From fiscal year 2016-2017, the audit report dated August 9, 2017, from HUD OIG reported one finding and the following results of its review of the City's CDBG Program for the period of July 1, 2012, through September 30, 2016:

1. The City did not meet HUD's code enforcement requirements,
2. Spent CDBG funds on general government expenses,
3. Did not ensure that one program met a CDBG national objective,
4. Did not properly monitor its subrecipient or City departments,
5. Used its entitlement funds before its program income, and
6. Did not report program income to HUD in a timely manner.

Due to the above results, HUD estimated questioned costs to be \$428,373 at the time.

Cause of Condition:

Per the OIG's report to the HUD Community Planning and Development (CPD) Division, the conditions occurred due to lack of capacity and experience to administer the program, inadequate controls and procedures, and disregard of HUD requirements.

Effect or Possible Effect of Condition:

Failure to properly document and administer the program in accordance with HUD guidelines can result in repayment of past awards and discontinuation of future awards.

Questioned Costs:

The OIG report listed \$163,555 of ineligible costs and more than \$7.9 million in unsupported costs for the time period it audited, which puts \$428,373 at risk over the next year of similar questionable use.

Repeat Finding:

Yes, see prior year finding 2017-005.

Recommendation:

The OIG report recommended the following:

1. The City repay \$163,555 of ineligible costs from non-federal funds,
2. Provide support for more than \$7.9 million in CDBG costs or repay the program from non-federal funds,
3. Suspend funding to its code enforcement program until it can show it has implemented controls, addressed its capacity issues, and understands and abides by HUD requirements,
4. Implement policies and procedures to ensure that \$428,373 in CDBG funds is used in accordance with program requirements, and
5. Provide training or obtain technical assistance on CDBG program requirements.

We also recommend the City respond and follow the above OIG's recommendations.

Management Response/Corrective Action Plan:

Below are the statuses of the OIG recommendations, for which the numbers correspond with the numbers in the recommendations section above:

1. The City repay \$163,555 of ineligible costs from non-federal funds:

RESPONSE: As previously reported, the City repaid \$143,449 of the \$163,555 amount to the City's Line of Credit on December 7, 2017. For several months, the City submitted additional documentation supporting eligibility of the remaining \$20,106. The City concluded that after considerable effort, repayment was the most efficient and timely method and repayment was completed. Documentation of repayment was provided to CPD on July 25, 2018, with a request to close this recommendation. The City continues awaiting feedback from CPD.

2. Provide support for more than \$7.9 million in CDBG costs or repay the program from non-federal funds:

RESPONSE: The City has provided seven significant packages of documents to CPD, including the original response to the OIG finding including an outline of the status of each recommendation (a-l) on November 20, 2017, as well as six submissions with hundreds of pages of documentation to support eligibility and address recommendations on December 4, 2017, January 9, 2018, April 20, 2018, May 4, 2018, July 25, 2018, and September 28, 2018. In addition to these comprehensive packets, the City has also responded to many electronic inquiries from CPD. The CPD must work with the OIG to provide final closure on this finding. As previously reported, the City retained a consulting firm to assist with the closure of the OIG finding, and pending needed feedback from CPD, the City and consultant will be able to address any outstanding items. The last submission to CPD was September 28, 2018. It is assumed that the government shutdown has had an impact on CPDs responsiveness. The City continues awaiting feedback from CPD.

- The City has provided supporting documentation for \$3,966,298, and repaid \$30,621.31. The City has proposed to CPD that a repayment of \$2,532,581.63 to the City's line of credit will address the final outstanding item. As mentioned above, the City submitted the most recent supporting documentation on September 28, 2018, and continues awaiting feedback from CPD. (\$6,529,500)
- The City has provided supporting documentation for \$1,107,000 on November 20, 2017, December 4, 2017, April 20, 2018, May 4, 2018, and September 28, 2018. The City also responded to several email follow up questions and requested that CPD close this recommendation. On November 15 and November 16, 2018, a CPD representative indicated via email to the City that the supporting documentation was considered acceptable. The City continues awaiting feedback from CPD related to closure of this recommendation. (\$1,107,000)

- The City provided supporting documentation for \$218,028 in graffiti activities. However, after several attempts to close this recommendation, the City concluded that after considerable effort, repayment was the most efficient and timely action. Repayment to the City's line of credit was completed, and the City requested that CPD close this recommendation on July 25, 2018. The City continues awaiting feedback from CPD. (\$218,028)
 - The City has provided supporting documentation for \$55,000 on November 20, 2017, December 4, 2017, April 20, 2018, May 4, 2018, and September 28, 2018. The City has requested that CPD close this recommendation and is awaiting feedback from CPD.
3. Suspend funding to its code enforcement program until it can show it has implemented controls, addressed its capacity issues, and understands and abides by HUD requirements:

RESPONSE: As previously reported, the City suspended CDBG funding for its Code Enforcement Division in year 2015, and discontinued its funding of the Neighborhood Revitalization Division entirely on July 1, 2017, prior to receiving the OIG recommendation. CPD was aware of this, and was also notified through the November 20, 2017, documentation package submitted by the City. CPD notified the City that this item was closed on April 4, 2018.

4. Implement policies and procedures to ensure that \$428,373 in CDBG funds is used in accordance with program requirements:

RESPONSE: As previously reported, the City implemented an annual administrative workshop for City Departments and Subrecipients in the current fiscal year as well as Notice of Grant Award Agreements for internal City Departments. Policies and procedures were also updated and included in the January 9, 2018, and April 4, 2018, submission to the CPD. Also, see response to #5 below.

The City provided additional documentation to CPD on April 20, 2018, and further documentation on July 25, 2018 to address this recommendation and requested CPD to close this item. The City continues awaiting feedback from CPD.

5. Provide training or obtain technical assistance on CDBG program requirements:

RESPONSE: As previously reported, supporting documentation was provided to CPD on November 20, 2017, December 4, 2018, and January 9, 2018, requesting that CPD close this recommendation detailing the training and technical assistance on program requirements continuing to be offered by the City. On April 4, 2018, the City provided further evidence of completed trainings, certificates of completion, sign-in sheets, information packets and presentations from trainings. The City again requested CPD to close this recommendation on April 4, 2018. The City continues awaiting feedback from CPD.

Current Year Status:

Implemented.

2018-004: Reporting Procedures (Other Matter)

Program: Community Development Block Grants (CDBG)/Entitlement Grants Cluster

CFDA No.: 14.218

Federal Agency: U.S. Department of Housing and Urban Development

Passed Through: N/A

Award Year: Fiscal Year 2017-2018

Compliance Requirement: Reporting

Questioned Costs: None

Criteria:

In accordance with the reporting requirements of HUD, the Federal Financial Report Standard Form 425 (SF-425) is to be submitted quarterly to the HUD Field Office within 30 days after the period end date, and the Section 3 Form 60002 is to be submitted electronically at the same time the Consolidated Annual Performance Evaluation Report (CAPER) is due.

Condition:

During our audit procedures, we noted two out of four quarterly SF-425s selected for testing were not submitted timely. In addition, the Section 3 Form 60002 was not filed at the same time as the CAPER.

Cause of Condition:

The City's Development and Resource Management Department (the Department) employee filing the reports was absent or not available to file the report within the required time frame. The Department did not have adequate procedures in place to ensure timely reporting as required by the grant.

Effect or Possible Effect of Condition:

Noncompliance can result in repayment of past awards and jeopardize funding of future awards.

Questioned Costs:

None.

Repeat Finding:

No.

Recommendation:

We recommend the Department cross train multiple employees on how to submit the financial and performance reports. The Department should also develop and implement backup procedures for how to handle instances where the designated employee to do the filing is absent or unavailable.

Management Response/Corrective Action Plan:

Management concurs with the finding and agrees with the recommendation. All SF-425 reports were submitted for fiscal year 2017-2018; however, reports for two periods were submitted late. This was due to a continuation of the staffing issue previously cited. During the first of quarter of the fiscal year, the City Council authorized the hiring of a consulting firm responsible for, amongst other things, CDBG reporting. This firm became responsible for SF-425 reporting on October 1, 2018. Since then, the September 30, 2018 and the December 31, 2018 quarterly SF-425 reports have been submitted on time. It is expected that the March 31, 2019 and June 30, 2019 SF-425 reports will be prepared and submitted on time.

Current Year Status:

Implemented.