



FINANCE & AUDIT COMMITTEE MEETING

MARCH 27, 2023

Overview

- Update on existing audits
- Overview of the Risk Assessment process
- 2022 Annual Comprehensive Financial Report (ACFR)



Update on Existing Audits

Airports Department: Scope Period - July 1, 2019 - January 31, 2022

- Internal Audit conducted an initial review of the Airports Department's process through the interviewing of management and staff, examining policies and procedures, and reviewing expenditures and contracts
- Internal Audit recommended Airports Audit be revisited in a 12-month period

Wireless Communication: Scope Period - October 1, 2018 - June 30, 2021

- Purpose: Assess adequacy of controls regarding wireless device assignment, oversight, and use
- Total amount of wireless expenses to be audited : \$4.3 million



Overview of the Risk Assessment process

- Department directors, and/or assistant directors and Council members complete a seven-question survey
 - Internal Audit Division streamlined the process; survey is delivered via Teams Forms for quick response and efficient tracking
- Additional Characteristics used to conduct the risk assessment:
 - Full time employees
 - Budgeted revenues and budgeted expenses
 - One point adjustment based on years since division was audited
- Utilizing information from above, a risk assessment matrix generates the order and rank for each department and division



Overview of the Risk Assessment process

Top 10 - Highest Risk Score

Department	Division	Adjusted Risk Score	Rank 10ths
Public Utilities	Water	87	10
Public Works	Construction Management	86	10
Public Works	Landscape Maintenance	85	10
Police	Patrol	84	10
Public Utilities	Solid Waste	84	10
Transportation	Capital Projects/Operations	84	10
Public Utilities	Wastewater Management	83	10
Transportation	Support Services/Customer Experience	82	10
Planning & Development	Long Range Planning	81	9
Planning & Development	Building & Safety	81	9



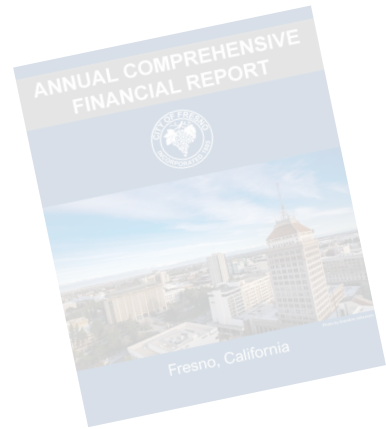
Overview of the Risk Assessment process

Proposed Audit Work Plan - Fiscal Year 2023

Work Plan Item No.	Risk Score	Activity Group Audit	Audit Objectives	Status
1	55*	Information Services Department - Administration	Wireless devices audit	Fieldwork
2	73	Finance Department - Administration	Evaluation of Internal Controls	RFP Interviews being conducted
3	56*	PARCS - Administration	TBD	Not started
4	66	Airports - Administration	Follow-up review	Not started
5	78	Public Utilities – Water	TBD	Not started
6	77	Public Works - Construction Management	TBD	Not started

* Audit was carried over into the current fiscal year because it was not completed by the end of FY 2022. The audit risk score is based on the FY 2023 Risk Assessment.





What is the Annual Comprehensive Financial Report (ACFR)?

- A set of financial statements which conform to the accounting requirements established by the Governmental Accounting Standards Board (GASB)
- The report must be audited by an independent auditor using generally accepted government auditing standards
- 2022 ACFR = Covers the fiscal year ended June 30, 2022



Financial Highlights *(amounts in thousands)*

	General Fund	All Funds
➤ Total Revenues	\$407,557	\$1,152,777
➤ Total Expenses	\$374,375	\$927,471
➤ Total Assets	\$171,644	\$4,869,028
➤ Total Liabilities	\$43,779	\$1,588,277
➤ Net Positions as of June 30, 2021	\$102,943	\$2,605,916
➤ Net Positions as of June 30, 2022	\$104,691	\$2,831,222



Auditor's Responsibilities

- Express an opinion on the financial statements – received the best opinion possible “unmodified”
- Identity and assess risk of material misstatement – no misstatements
- Obtain understanding of internal controls – no significant deficiencies
- Evaluate appropriateness of accounting policies and presentation of financial statements – two financial statement findings



New Accounting Standard(s)

- Governmental Accounting Standards Board (GASB) Standard No. 87

“This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.”



Audit Results, Findings & Recommendations

Type of Opinion	Results
Financial Statements	Unmodified
Federal Compliance	Unmodified

Financial Statement Finding 2022-001 Internal Control Over Financial Reporting

"During the audit, as discussed in Note 15 to the basic financial statements, the City restated its beginning net position/fund balance of the government-wide governmental activities, the governmental funds and the custodial funds, in order to correct the previously reported financial statements to comply with the GASB Statement No. 84, Fiduciary Activities, that was required to be implemented as of the year ended June 30, 2021. The governmental activities beginning net position was restated by \$3.9 million."

Management Response

Prior to GASB 84, custodial funds were not required to be included with the fiduciary fund statements. Staff has since corrected and included it with reporting in FY 2022. Staff will ensure that future GASB statements are implemented in the year in which they go into effect and will be proactive to ensure sufficient time to adequately implement statement changes in the future.



Financial Statement Finding 2022-002 Internal Control Over Preparation of Schedule of Federal Awards

“During our review of the Schedule of Expenditures of Federal Awards (“Schedule”) provided by the City, we noted the City federal expenditures for the Emergency Rental Assistance Program, passed through the State of California in the amount of \$12,239,896 were excluded in the schedule. We also noted federal expenditures in the schedule for the State and Local Fiscal Recovery Fund were understated by \$14,391,754.”

Management Response

Emergency Rental Assistance Program funds are Federal resources passed through the State. Staff designated spending as State resources and therefore incorrectly omitted them from the Schedule. However, amounts were spent in accordance with program requirements. State and Local Fiscal Recovery Funds, though spent in accordance with program requirements, were similarly omitted from the Schedule by mistake. The City has created a Grants Management Unit in Finance to ensure proper expenditure tracking and accounting procedures, in addition to monitoring compliance with Uniform Guidance.



Table 1 - FY 2023 ARPA Reallocation

Line	Project Detail	Total Project Allocation
1	COVID-19 Testing	1,000,000
2	Fire Drill School	3,919,900
3	Police Vehicles	5,637,000
4	Premium Pay	2,253,700
5	Mobile Showers	250,000
6	Emergency Shelters	13,200,000
7	Housing Vouchers (D3)	1,000,000
8	Gang Intervention	950,000
9	39th AAR Abatement Team	420,000
10	FPOA Agreement/Retro	4,608,200
11	IAFF "Me Too"	369,600
12	Approved Labor Agreements	1,213,500
13	Fire Overtime for Minimum Staffing	1,163,600
14	911 Call Center	10,000,000
15	49 Acre Regional Park in Southeast Fresno	8,500,000
16	Small Business Assistance/Façade	2,500,000
17	Personal Protective Equipment	100,000
18	Van Ness & Weldon Park	999,900
19	Real Estate Purchases	2,599,800
20	Neighborhood Infrastructure (including District)	17,512,700
21	Downtown Food Hub (formerly H Street Ware)	2,500,000
22	Community Partnerships	10,000,000
23	Lighting repairs at Downtown Brewery District	500,000
24	Public Sector Revenue Replacement	10,000,000
25	Landlord Incentives/Rent Stabiliz	0
26	Fire Radio Equipment	232,000
27	SAFER differential	1,076,000
28	Police Radio Equipment	386,200
29	Regional Training Center Track repairs	395,000
30	Litter Control Vehicles	1,307,000
31	Housing (includes FY23 Motion 37 - Eviction P	40,000,000
32	Alternative Vehicles (Bicycles)	300,000
33	CAO - Downtown Demo	300,000
34	Downtown City Parking Garages Deferred Mai	2,000,000
35	Fire Station Building Repairs	450,000
36	Fire Training (Fire Investigation Unit)	50,000
37	Police Dept Headquarters	6,700,000
38	Fire Station No. 11 & No. 13 Gates	388,000
39	Administrative Costs (includes FY23 Motion 6	3,038,629
40	FY23 Council Motions	12,987,300
Total FY 2023 Adopted ARPA Allocations		170,808,029

Schedule of Federal Awards

ARPA – All Projects



Table 1 - FY 2023 ARPA Reallocation

Line	Project Detail	Total Project Allocation
1	COVID-19 Testing	1,000,000
2	Fire Drill School	3,919,900
3	Police Vehicles	5,637,000
4	Premium Pay	2,253,700
5	Mobile Showers	250,000
6	Emergency Shelters	13,200,000
7	Housing Vouchers (D3)	1,000,000
8	Gang Intervention	950,000
9	39th AAR Abatement Team	420,000
10	FPOA Agreement/Retro	4,608,200
11	IAFF "Me Too"	369,600
12	Approved Labor Agreements	1,213,500
13	Fire Overtime for Minimum Staffing	1,163,600
14	911 Call Center	10,000,000
15	49 Acre Regional Park in Southeast Fresno	8,500,000
16	Small Business Assistance/Façade	2,500,000
17	Personal Protective Equipment	100,000
18	Van Ness & Weldon Park	999,900
19	Real Estate Purchases	2,599,800
20	Neighborhood Infrastructure (including District)	17,512,700
21	Downtown Food Hub (formerly H Street Warehouse)	2,500,000
22	Community Partnerships	10,000,000
23	Lighting repairs at Downtown Brewery District	500,000
24	Public Sector Revenue Replacement	10,000,000
25	Landlord Incentives/Rent Stabilization	0
26	Fire Radio Equipment	232,000
27	SAFER differential	1,076,000
28	Police Radio Equipment	386,200
29	Regional Training Center Track repairs	395,000
30	Litter Control Vehicles	1,307,000
31	Housing (includes FY23 Motion 37 - Eviction Prevention)	40,000,000
32	Alternative Vehicles (Bicycles)	300,000
33	CAO - Downtown Demo	300,000
34	Downtown City Parking Garages Deferred Maintenance	2,000,000
35	Fire Station Building Repairs	450,000
36	Fire Training (Fire Investigation Unit)	50,000
37	Police Dept Headquarters	6,700,000
38	Fire Station No. 11 & No. 13 Gates	388,000
39	Administrative Costs (includes FY23 Motion 6)	3,038,629
40	FY23 Council Motions	12,987,300
Total FY 2023 Adopted ARPA Allocations		170,808,029

Schedule of Federal Awards

ARPA – All Projects



Schedule of Federal Awards: ARPA – Projects Changing Funds

Table 1 - FY 2023 ARPA Reallocation			CHANGING FUNDS			
Line	Project Detail	Total Project Allocation	GF FY23 Amended Budget	NonGF FY23 Amended	GF & NONGF 30th AAR Decrease	ARPA 28th AAR Increase
6	Emergency Shelters	13,200,000	7,453,500		(7,453,500)	7,453,500
7	Housing Vouchers (D3)	1,000,000	1,000,000		(1,000,000)	1,000,000
8	Gang Intervention	950,000	950,000		(950,000)	950,000
9	39th AAR Abatement Team	420,000	354,800		(354,800)	354,800
11	IAFF "Me Too"	369,600	369,600		(369,600)	369,600
14	911 Call Center	10,000,000				
15	49 Acre Regional Park in Southeast Fresno	8,500,000	8,500,000		(8,500,000)	8,500,000
16	Small Business Assistance/Façade	2,500,000	2,500,000		(2,500,000)	2,500,000
17	Personal Protective Equipment	100,000	100,000		(100,000)	100,000
18	Van Ness & Weldon Park	999,900	999,900		(999,900)	999,900
19	Real Estate Purchases	2,599,800	2,599,800		(2,599,800)	2,599,800
20	Neighborhood Infrastructure (including District)	17,512,700	13,199,200		(13,199,200)	13,199,200
21	Downtown Food Hub (formerly H Street Warehouse)	2,500,000	2,500,000		(2,500,000)	2,500,000
22	Community Partnerships	10,000,000	10,000,000		(10,000,000)	10,000,000
23	Lighting repairs at Downtown Brewery District	500,000	343,500		(343,500)	343,500
26	Fire Radio Equipment	232,000	232,000		(232,000)	232,000
27	SAFER differential	1,076,000	1,076,000		(1,076,000)	1,076,000
28	Police Radio Equipment	386,200	386,200		(386,200)	386,200
29	Regional Training Center Track repairs	395,000	395,000		(395,000)	395,000
31	Housing (includes FY23 Motion 37 - Eviction Prevention)	40,000,000				
32	Alternative Vehicles (Bicycles)	300,000				
33	CAO - Downtown Demo	300,000				
34	Downtown City Parking Garages Deferred Maintenance	2,000,000				
35	Fire Station Building Repairs	450,000				
36	Fire Training (Fire Investigation Unit)	50,000				
37	Police Dept Headquarters	6,700,000				
38	Fire Station No. 11 & No. 13 Gates	388,000				
40	FY23 Council Motions	12,987,300	9,529,300	3,458,000	(12,987,300)	12,987,300
Total FY 2023 Adopted ARPA Allocations		170,808,029	62,488,800	4,765,000	(67,253,800)	67,253,800



Schedule of Federal Awards: ARPA – Projects Changing Departments

Table 1 - FY 2023 ARPA Reallocation			CHANGING DEPARTMENTS							
			GF FY23 Amended Budget	ARPA FINANCE FY23 Amended Budget	FY23 ARPA Budget FINANCE	FY23 ARPA Budget Police Dept	FY23 ARPA Budget P&D Dept	FY23 ARPA Budget GCP Dept	FY23 ARPA Budget CAO Dept	FY23 ARPA Budget Fire Dept
Line	Project Detail	Total Project Allocation								
6	Emergency Shelters	13,200,000	7,453,500							
7	Housing Vouchers (D3)	1,000,000	1,000,000							
8	Gang Intervention	950,000	950,000							
9	39th AAR Abatement Team	420,000	354,800							
11	IAFF "Me Too"	369,600	369,600							
14	911 Call Center	10,000,000		8,000,000	(8,000,000)	8,000,000				
15	49 Acre Regional Park in Southeast Fresno	8,500,000	8,500,000							
16	Small Business Assistance/Façade	2,500,000	2,500,000							
17	Personal Protective Equipment	100,000	100,000							
18	Van Ness & Weldon Park	999,900	999,900							
19	Real Estate Purchases	2,599,800	2,599,800							
20	Neighborhood Infrastructure (including District	17,512,700	13,199,200							
21	Downtown Food Hub (formerly H Street Wareh	2,500,000	2,500,000							
22	Community Partnerships	10,000,000	10,000,000							
23	Lighting repairs at Downtown Brewery District	500,000	343,500							
26	Fire Radio Equipment	232,000	232,000							
27	SAFER differential	1,076,000	1,076,000							
28	Police Radio Equipment	386,200	386,200							
29	Regional Training Center Track repairs	395,000	395,000							
31	Housing (includes FY23 Motion 37 - Eviction P	40,000,000		38,825,000	(37,825,000)		37,815,000	10,000		
32	Alternative Vehicles (Bicycles)	300,000		300,000	(300,000)	300,000				
33	CAO - Downtown Demo	300,000		300,000	(300,000)				300,000	
34	Downtown City Parking Garages Deferred Mai	2,000,000		2,000,000	(2,000,000)		2,000,000			
35	Fire Station Building Repairs	450,000		450,000	(450,000)					450,000
36	Fire Training (Fire Investigation Unit)	50,000		50,000	(50,000)					50,000
37	Police Dept Headquarters	6,700,000		6,700,000	(6,700,000)	6,700,000				
38	Fire Station No. 11 & No. 13 Gates	388,000		388,000	(388,000)					388,000
40	FY23 Council Motions	12,987,300	9,529,300							
Total FY 2023 Adopted ARPA Allocations		170,808,029	62,488,800	57,013,000	(56,013,000)	15,000,000	39,815,000	10,000	300,000	888,000



Questions

