

City of Clovis

Clovis, California

Single Audit and Independent Auditors' Reports

For the Year Ended June 30, 2020



**City of Clovis
Single Audit Reports
For the Year Ended June 30, 2020**

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

Independent Auditors' Report

To the Honorable Mayor and Members of City Council
of the City of Clovis
Clovis, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clovis, California (the "City") as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 11, 2020.

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 determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

4365 Executive Drive, Suite 710, San Diego, California 92122

Tel: 858-242-5100 • Fax: 858-242-5150

www.pungroup.cpa

To the Honorable Mayor and Members of City Council
of the City of Clovis
Clovis, California
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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

San Diego, California
November 11, 2020



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

Independent Auditors' Report

To the Honorable Mayor and Members of City Council
of the City of Clovis
Clovis, California

Report on Compliance for Each Major Program

We have audited the City of Clovis, California's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of the 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.

Auditors' 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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Tel: 858-242-5100 • Fax: 858-242-5150

www.pungroup.cpa

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.

Report on Schedule of Expenditures of Federal Awards

We have audited the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.



San Diego, California

March 25, 2021, except for the Schedule of Expenditures of Federal Awards, which is dated November 11, 2020.

City of Clovis
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Program:</i>			
CDBG Entitlement Grants Cluster:			
Community Development Block Grant - Entitlement	14.218	B-17-MC-06-0062	\$ 102,030
Community Development Block Grant - Entitlement	14.218	B-18-MC-06-0062	119,845
Community Development Block Grant - Entitlement	14.218	B-19-MC-06-0062	103,361
Community Development Block Grant - Entitlement	14.218	B-19-MC-06-0062	158,841
Community Development Block Grant - Entitlement	14.218	B-19-MC-06-0062	126,812
Community Development Block Grant - Entitlement	14.218	B-19-MC-06-0062	20,372
Community Development Block Grant - Entitlement	14.218	B-19-MC-06-0062	72,409
CDBG Entitlement Grants Cluster			<u>703,670</u>
Total U.S. Department of Housing and Urban Development			<u>703,670</u>
U.S. Department of Justice			
<i>Direct Programs:</i>			
Justice Assistance Grant Program	16.738	n/a	33,950
Total U.S. Department of Justice			<u>33,950</u>
U.S. Department of Transportation			
<i>Passed-Through California State Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	06-5208	10,626,982
Highway Planning and Construction Cluster			<u>10,626,982</u>
<i>Passed-Through California Office of Traffic Safety:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PT19020	5,985
State and Community Highway Safety	20.600	PT20028	5,240
Highway Safety Cluster			<u>11,225</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19020	8,530
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT20028	32,606
DWI Repeat Offender Total			<u>41,136</u>
Total U.S. Department of Transportation			<u>10,679,343</u>
U.S. Department of Health and Human Services			
<i>Passed-Through Fresno-Madera Area Agency on Aging:</i>			
Aging Cluster:			
Special Programs for the Aging, Title III, Part C	93.045	20-0051	16,000
Aging Cluster			<u>16,000</u>
Total U.S. Department of Health and Human Services			<u>16,000</u>
U.S. Department of Homeland Security			
<i>Passed-Through County of Fresno:</i>			
Homeland Security Program (SHSP)	97.067	97-067	36,024
Total U.S. Department of Homeland Security			<u>36,024</u>
Total Expenditures of Federal Awards			<u>\$ 11,468,987</u>

City of Clovis
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1 – Reporting Entity

The financial reporting entity consists of (a) the primary government, City of Clovis, California (the “City”), (b) organizations for which the primary government is financially accountable, including the Clovis Community Development Agency (dissolved on February 1, 2012 and established a Successor Agency, which is reported as a private-purpose trust fund in the City’s financial statements), Clovis Municipal Development Corporation, and Clovis Public Financing Authority, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

Funds received under the various grant programs have been recorded within governmental fund types of the City. The City utilizes the modified accrual method of accounting for the governmental fund type. The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) has been prepared on the modified accrual basis of accounting and is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California, County of Fresno, and/or City of Fresno is included in the Schedule.

The Schedule was presented only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

Note 3 – Indirect Cost Rate

The City did not elect to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

City of Clovis
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

	Federal CFDA Number	Federal Expenditures
Major Programs:		
Highway Planning and Construction Cluster	20.205	\$ 10,626,982
Total Major Program Expenditures		\$ 10,626,982
Total Expenditures of Federal Awards		\$ 11,468,987
Percentage of Total Expenditures of Federal Awards		92.66%

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? No

City of Clovis
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Current Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2020.

B. Prior Year Financial Statement Findings

No financial statement findings were noted for the year ended June 30, 2019.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

No findings or questioned costs were noted on major federal award programs for the year ended June 30, 2020.

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No findings or questioned costs were noted on major federal award programs for the year ended June 30, 2019.