

# **City of Stockton**

Stockton, California

## **Single Audit and Independent Auditors' Reports**

*For the Year Ended June 30, 2015*



**City of Stockton  
Single Audit Report  
For the Year Ended June 30, 2015**

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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 Stockton  
Stockton, 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 Stockton, California (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2015.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies reported in our separately issued *Report on Internal Control Related Matters Identified in the Audit* to be material weaknesses as items 2015-01, 2015-02, and 2015-03.

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. We consider the deficiency reported in our separately issued *Report on Internal Control Related Matters Identified in the Audit* to be significant deficiency as item 2015-04.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

We have issued a separate *Report on Internal Control Related Matters Identified in the Audit* dated December 31, 2015, which is an integral part of our audits and should be read in conjunction with this report.

### **City's Response to Findings**

The City's responses to the findings identified in our audit are described in the separately issued *Report on Internal Control Related Matters Identified in the Audit*. We did not audit the City's response and, accordingly, we express no opinion on it.

### **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.

Handwritten signature in black ink that reads "Paul J. McGeedy LLP". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California  
December 31, 2015



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**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 OMB CIRCULAR A-133**

**Independent Auditors' Report**

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

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

We have audited the City of Stockton, California's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

### **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 OMB Circular A-133, 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.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2015, and have issued our report thereon dated June 13, 2016 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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 Expenditure of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of City Council  
of the City of Stockton  
Stockton, California  
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**Purpose of this Report**

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*RUN & Mc Geady LLP*

San Diego, California  
March 7, 2016 except for Report on the Schedule of Expenditures of Federal Awards as to which  
the date is June 13, 2016

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**City of Stockton**  
**Single Audit Report**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
<b>CDBG - Entitlement Grants Cluster</b>				
<i>Direct Program:</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-060026	\$ 1,782,510	\$ 387,258
Community Development Block Grants/Entitlement Grants - Loan Balances	14.218	Loan Balances	21,052,779	-
Community Development Block Grants/Entitlement Grants - Program Income	14.218	Program Income	336,042	-
Neighborhood Stabilization Program	14.218	B-08-MN-060009	2,027,799	-
Neighborhood Stabilization Program	14.218	B-11-MN-060009	388,696	-
Neighborhood Stabilization Program - Loan Balances	14.218	Loan Balances	1,579,802	-
Neighborhood Stabilization Program - Program Income	14.218	Program Income	7,598,149	-
<b>Total CDBG - Entitlement Grants Cluster</b>			<u>34,765,777</u>	<u>387,258</u>
Emergency Shelter Grants Program	14.231	E-14-MC-060026	255,355	249,279
Home Investment Partnership Program	14.239	M-14-MC-060221	2,456,527	-
Home Investment Partnership Program - Loan Balances	14.239	Loan Balances	41,684,169	-
Home Investment Partnership Program - Program Income	14.239	Program Income	140,579	-
<b>Subtotal of Home Investment Partnership Program Grants</b>			<u>44,281,275</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>79,302,407</u>	<u>636,537</u>
<b>U.S. Department of Justice</b>				
<i>Pass-Through San Joaquin County District Attorney's Office:</i>				
Edward Byrne Memorial Formula Grant Program	16.579	DC06-17-0390	19,891	-
<i>Pass-Through State of California Office of Emergency Services:</i>				
Violence Against Women Formula Grants	16.588	LE13-06-8019	144,982	-
<i>Direct Program:</i>				
Public Safety Partnership and Community Policing Grants	16.710	2011-UL-WX-0006	2,083,867	-
<b>JAG Program Cluster</b>				
<i>Direct Program:</i>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-3476	4,722	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-1104	49,709	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-1038	52,528	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-1110	260,923	202,000
<b>Total JAG Program Cluster</b>			<u>367,882</u>	<u>202,000</u>
<b>Total U.S. Department of Justice</b>			<u>2,616,622</u>	<u>202,000</u>
<b>U.S. Department of Transportation</b>				
<b>Highway Safety Cluster</b>				
<i>Pass-Through State of California Office of Traffic Safety:</i>				
State and Community Highway Safety Grants				
STEP GRANT	20.600	PT1455	50,884	-
STEP GRANT	20.600	PT1533	127,148	-
Checkpoint Grant - UC Berkeley Research Center	20.600	SC14420	31,527	-
		<b>Subtotal 20.600</b>	<u>209,559</u>	<u>-</u>
STEP GRANT	20.616	PT1533	127,655	-
<b>Total Highway Safety Cluster</b>			<u>337,214</u>	<u>-</u>
AVOID Grant	20.608	AL1417	75,502	-
AVOID Grant	20.608	AL1510	51,889	-
STEP GRANT	20.608	PT1455	130,764	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated Grants			<u>258,155</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**City of Stockton**  
**Single Audit Report**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures	Provided to Subrecipients
<b>U.S. Department of Transportation (Continued)</b>				
<i>Pass-Through State of California Department of Transportation:</i>				
Highway Planning and Construction Grants				
CMAQ (Congestion Mitigation and Air Quality)				
Traffic Signal Controller Upgrade and Retiming	20.205	CML-5008(098)	430,415	-
HBP (Highway Bridge Program)McKinley Avenue Bridge	20.205	BRLO 5008(099)	29,196	-
AIRPORT WAY BEAUTIF PH 4	20.205	STPL-5008(112)	19,531	-
Safe Route > School Program Expansion	20.205	SRTSLNI-5008(121)	84,428	-
HAZELTON/UPRR RR CROSSING	20.205	STPLR-7500(185)	319,060	-
HARRISON ELEM SAFETY IMPROVEMENT	20.205	SRTSL-5008(119)	16,291	-
PACIFIC AV MEDIAN IMPROVE	20.205	SPTCSPLL-5008(114)	2,586	-
UNIV MIRACLE MILE IMPROV	20.205	SPTCSPLL-5008(115)	28,677	-
Harding Way/El Dr Trfc Sig	20.205	HSIPL-5008(128)	63,821	-
EVP System	20.205	HSIPL-5008(125)	58,666	-
BRT IV (MLK Jr Blvd)	20.205	CML-5008(123)	164,539	-
Filbert/Miner Traffic Sig	20.205	CML-5008(130)	97,506	-
Pershing Adaptive TCS	20.205	CML-5008(126)	132,299	-
Marh Ln Adaptive TCS	20.205	CML-5008(127)	72,902	-
Rapid Flashing Beacons C5	20.205	HSIPL-5008(124)	4,645	-
Cal St @ Wshngtn Trfc Sig	20.205	HSIPL-5008(131)	52,420	-
Montaubn/Swain Runabout	20.205	CML-5008(129)	124,827	-
Weber Ave Beaut Ph2 Con	20.205	RSTPLE-5008(122)	3,043,810	-
Arch-Airport/B St Signal	20.205	HSIPL-5008(135)	4,445	-
Rapid Flashing Beacons C6	20.205	HSIPL-5008(133)	6,058	-
RESP Traffic Sig Cntrl	20.205	HSIPL-5008(137)	9,297	-
Traffic Sig Head Retrofit	20.205	HSIPL-5008(134)	20,866	-
West Lane Ped Access Imp	20.205	HSIPL-5008(136)	5,719	-
ATP-Bike Mstr Plan Update	20.205	ATPLNI-5008(141)	23,912	-
ATP-Clvrs RI bike Ped Pth	20.205	ATPL-5008(143)	640	-
ATP-Fremont Sqr Sidewalk	20.205	ATPL-5008(140)	13,421	-
ATP-McKinley Elem Srts	20.205	ATPCML-5008(144)	323	-
ATP-Safe Rts to Sch Plan	20.205	ATPLNI-5008(138)	11,381	-
ATP- San Joaquin Trail	20.205	ATPL-5008(139)	14,884	-
2012-13 Resurfacing Proj	20.205	STPL-5008(120)	1,458,504	-
2013-14 St. Resurfacing	20.205	STPL-5008(132)	10,973	-
BENJAMIN HOLT/CUMBRND TS	20.205	CML-5008(111)	9,965	-
BENJAMIN HOLT/INGLWOOD TS	20.205	CML-5008(110)	344,030	-
BRT PHIII(HAMMER LANE)	20.205	CML-5008(106)	6,415	-
DAVIS RD/WAGNER HEIGHT TS	20.205	CLM-5008(109)	143,551	-
WILSON WY,ADAPTIVE TCS	20.205	CML-5008(113)	713,699	-
CENTER/EL DORADO OVERPASS	20.205	BLRLS-5008(103)	11,622	-
FRENCH CAMP/I-5 RECONSTRUCTION	20.205	STPIMDL-5008(116)	3,325,191	-
Total Highway Planning and Construction Grants			10,880,515	-
<b>Total U.S. Department of Transportation</b>			<b>11,475,885</b>	-
<b>U.S. Department of Energy</b>				
<i>Pass-Through State Water Resources Control Board:</i>				
Capitalization Grants for State Revolving Funds	66.458	13-800-550-0	883,646	-
<b>Total U.S. Department of Energy</b>			<b>883,646</b>	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 94,278,560</b>	<b>\$ 838,537</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**City of Stockton**  
**Single Audit Report**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

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**Note 1 – Reporting Entity**

The financial reporting entity consists of the primary government, City of Stockton (the “City”), organizations for which the primary government is financially accountable, and other organizations 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.

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability:

- The Stockton Public Financing Authority
- Fiduciary Component Unit:
  - Successor Agency of the Former Redevelopment Agency of the City of Stockton

**Note 2 – Summary of Significant Accounting Policies**

Basis of Accounting

Funds received under the various grant programs have been recorded within the special revenue and capital projects funds of the City. The City utilizes the modified accrual basis of accounting for the special revenue and capital projects funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of City’s basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards (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, and the County of San Joaquin, is included in the Schedule. The Schedule was prepared 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 – Reissuance of the Single Audit Report**

On May 26, 2016, we were informed by the State Water Resources Control Board there federal grant amounts expended in the fiscal year ending June 30, 2015, that needed to be reported in the SEFA.

Schedule of Expenditures of Federal Awards, as previously reported	\$ 93,394,914
Expenditure adjustments:	
Capitalization Grants for State Revolving Funds	883,646
Total expenditure adjustments	<u>883,646</u>
Schedule of Expenditures of Federal Awards, as restated	<u><u>\$ 94,278,560</u></u>

**City of Stockton**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Types of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None noted
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 section 510(a) of OMB Circular A-133	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
14.218	Community Development Block Grants	\$ 34,765,777
14.239	HOME Investment Partnership Program	44,281,275
16.710	Public Safety Partnership and Community Policing Grants	2,083,867
16.738	Edward Byrne Memorial Justice Assistance Grant	367,882
	<b>Total Expenditures of All Major Federal Programs</b>	<b>\$ 81,498,801</b>
	<b>Total Expenditures of Federal Awards</b>	<b>\$ 94,278,560</b>

Dollar threshold used to distinguish between type A and type B program	\$1,499,818
Auditee qualified as low-risk auditee under section 530 of OMB Circular A-133?	No

**City of Stockton**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

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**Section II – Financial Statements Findings**

Our audit disclosed material weaknesses and significant deficiencies in internal control over financial reporting. We have communicated these deficiencies, along with other matters, in a separate SAS 115—*Report on Internal Control Related Matters Identified in the Audit* dated December 31, 2015, which is an integral part of our audit and should be read in conjunction with this report.

**City of Stockton**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

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**Section III – Federal Awards Findings**

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

None reported

**City of Stockton**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

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**Section III – Federal Awards Findings (Continued)**

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

**Finding SA 2014-01            Direct Labor Allocations for Program Activities**

**Information on the Federal Program:**

Community Development Block Grant (CFDA# 14.218, Department of Housing and Urban Development)  
HOME Investment Partnership Program (CFDA# 14.239, Department of Housing and Urban Development)

**Criteria:**

According to OMB Circular A-87, attachment B (8) (h), where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Per OMB Circular A-87, payroll costs must be adequately documented.

**Condition:**

Payroll charges for Community Development activities and Housing activities are based on predetermined allocations. A large portion of Housing activities are funded with federal awards which are subject to OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. This regulation requires the use of contemporaneous time keeping records as a basis for charging direct labor costs to federal awards. The use of allocations is permitted if time studies are conducted in accordance with requirements of OMB Circular A-87 and allocations are trued up.

**Questioned Costs:**

Community Development Block Grant (CFDA# 14.218, Department of Housing and Urban Development)  
Known questioned cost is \$1,505  
Likely questioned cost is \$36,766

HOME Investment Partnership Program (CFDA# 14.239, Department of Housing and Urban Development)  
Known questioned cost is \$180  
Likely questioned cost is \$3,678

**Context and Effect:**

Though City management is aware of the issue, the City's antiquated software does not provide for contemporaneous timekeeping as required under federal regulations and their application to direct labor charges. In addition, audits prior to fiscal year 2010-11 by the federal agencies or external auditors did not identify this as a finding.

**Recommendation:**

We recommend the City review OMB Circular A-87 and employ those requirements as they relate to direct labor costs charged to federal award programs.

**Status:**

Implemented.

**City of Stockton**  
**Single Audit Report**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2015**

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**Section III – Federal Awards Findings (Continued)**

**B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)**

**Finding SA 2014-02          Subrecipients**

**Information on the Federal Program:**

Community Development Block Grant (CFDA # 14.218, Department of Housing and Urban Development)

**Criteria:**

A pass through entity is responsible for, at the time of the sub-award, identifying to the subrecipient the federal award information (i.e. CFDA title and number, award name and number; if the award is research and development; and name of federal awarding agency) and applicable compliance requirements.

**Condition:**

We determined that the City does not formally communicate the CFDA number to subrecipients under the Community Development Block Grant during the time of the sub-award.

**Questioned Costs:**

Not applicable

**Context and Effect:**

The City was not aware they were required to inform subrecipients of the CFDA number in the sub-award communication letter.

**Recommendation:**

The City should incorporate the CFDA number into sub-award letters.

**Status:**

Implemented.