

**CITY OF SAN DIEGO, CALIFORNIA**

SINGLE AUDIT REPORT  
Year ended June 30, 2024

CITY OF SAN DIEGO, CALIFORNIA

SINGLE AUDIT REPORT  
Year ended June 30, 2024

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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

To the Honorable Mayor and Members of City Council  
City of San Diego, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of San Diego, California (City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 18, 2024.

Our report includes a reference to other auditors who audited the financial statements of the San Diego Housing Commission, San Diego Convention Center Corporation, Inc., and the Pension (SDCERS) fiduciary fund as described in our report on 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.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that have not been identified.

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(Continued)

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

### 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.



Crowe LLP

Costa Mesa, California  
December 18, 2024

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

To the Honorable Mayor and Members of the City Council  
City of San Diego, California

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

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

We have audited the City of San Diego, California's (City's) compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

In our opinion, the City complied, in all material respects, with the 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, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Other Matter – Federal Expenditures Not Included in the Compliance Audit***

The City's basic financial statements include the operations of the San Diego Housing Commission (SDHC), which expended \$358,996,226 in federal awards which is not included in the City's accompanying schedule of expenditures of federal awards for the fiscal year ended June 30, 2024. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of SDHC because SDHC engaged other auditors to perform an audit in accordance with the Uniform Guidance.

### ***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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(Continued)

*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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of San Diego, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 18, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Costa Mesa, California  
March 28, 2025

CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

<u>Federal Grantor/Pass-through Entity/Federal Program Name</u>	<u>Grant/Pass-through Number</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Pass-through Awards to Subrecipients</u>
<b>U.S. Department of Commerce</b>				
Economic Development Cluster:				
<u>Economic Adjustment Assistance:</u>				
Direct Program				
San Diego Regional Consolidated Revolving Loan Fund	07-57-05269	11.307	\$ 2,048,204	\$ -
Stormwater Restoration	07-79-07563	11.307	1,581,497	-
COVID-19 CARES Act Revolving Loan Fund	07-79-07601	11.307	1,125,264	-
Subtotal Economic Adjustment Assistance			<u>\$ 4,754,965</u>	<u>-</u>
Subtotal Economic Development Cluster			<u>4,754,965</u>	<u>-</u>
Passed Through National Fish and Wildlife Foundation				
Office for Coastal Management	0318 22 072574	11.473	<u>191,985</u>	<u>-</u>
<b>Total U.S. Department of Commerce</b>			<b><u>4,946,950</u></b>	<b><u>-</u></b>
<b>U.S. Department of Housing and Urban Development</b>				
CDBG - Entitlement Grants Cluster:				
Direct Program				
Community Development Block Grants/Entitlement Grants	*	14.218	26,711,101	8,726,094
COVID-19 Community Development Block Grants/Entitlement Grants	B-20-MW-060542	14.218	<u>2,976,128</u>	<u>2,413,110</u>
Subtotal Community Development Block Grants/Entitlement Grants			<u>29,687,229</u>	<u>11,139,204</u>
Subtotal CDBG - Entitlement Grants Cluster			<u>29,687,229</u>	<u>11,139,204</u>
Direct Program				
Emergency Solutions Grant Program	*	14.231	1,487,476	1,468,656
COVID-19 Emergency Solutions Grant Program	E-20-MW-06-0542	14.231	<u>526,302</u>	<u>132,162</u>
Subtotal Emergency Solutions Grant Program			<u>2,013,778</u>	<u>1,600,818</u>
Direct Program				
Home Investment Partnerships Program	*	14.239	2,560,017	2,305,504
COVID-19 Home Investment Partnerships Program	M21-MP060533	14.239	<u>1,343,353</u>	<u>1,318,500</u>
Subtotal Home Investment Partnerships Program			<u>3,903,370</u>	<u>3,624,004</u>
Direct Program				
Economic Development Initiative, Community Project Funding, and Miscellaneous	*	14.251	<u>520,094</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>36,124,471</u></b>	<b><u>16,364,026</u></b>

\* Refer to Note 7 for the listing of grant/pass-through numbers for programs with multiple grant awards.

See accompanying notes to the schedule of expenditures of federal awards.



CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

Federal Grantor/Pass-through Entity/Federal Program Name	Grant/Pass-through Number	Federal Assistance Listing Number	Federal Expenditures	Pass-through Awards to Subrecipients
<b>U.S. Department of Justice</b>				
Direct Program				
Law Enforcement Assistance FBI Crime Laboratory Support	15-0200-0-1-751	16.301	19,824	-
Missing Children's Assistance	*	16.543	501,629	104,629
Edward Byrne Memorial Justice Assistance Grant Program	*	16.738	51,923	-
DNA Backlog Reduction Program	*	16.741	243,529	-
Equitable Sharing Program	CA0371100	16.922	955,990	-
Passed Through The Children's Initiative				
Project Safe Neighborhoods	PSN-20-079916824	16.609	11,639	-
Passed Through The California Governor's Office of Emergency Services				
Paul Coverdell Forensic Sciences Improvement Grant Program	*	16.742	60,872	-
<b>Total U.S. Department of Justice</b>			<b>1,845,406</b>	<b>104,629</b>
<b>U.S. Department of Transportation</b>				
Direct Program				
Airport Improvement Program	3-06-0211-020-2021	20.106	23,000	-
COVID-19 Airport Improvement Program	3-06-0213-021-2020	20.106	157,000	-
Subtotal Airport Improvement Program			180,000	-
Passed Through State Department of Transportation				
Highway Planning and Construction	*	20.205	4,991,848	-
Passed Through San Diego Association of Governments				
Highway Planning and Construction	S833526	20.205	205,015	-
Subtotal Highway Planning and Construction			5,196,863	-
Highway Safety Cluster:				
Passed Through California Office of Traffic Safety				
State and Community Highway Safety	*	20.600	483,136	-
National Priority Safety Programs	*	20.616	340,150	-
Subtotal Highway Safety Cluster			823,286	-
Passed Through California Office of Traffic Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	*	20.608	388,044	-
Passed Through California Department of Alcoholic Beverage Control				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	22-OTS115	20.608	22,814	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			410,858	-
<b>Total U.S. Department of Transportation</b>			<b>6,611,007</b>	<b>-</b>

\* Refer to Note 7 for the listing of grant/pass-through numbers for programs with multiple grant awards.

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

<b>Federal Grantor/Pass-through Entity/Federal Program Name</b>	<b>Grant/Pass-through Number</b>	<b>Federal Assistance Listing Number</b>	<b>Federal Expenditures</b>	<b>Pass-through Awards to Subrecipients</b>
<b>U.S. Department of the Treasury</b>				
Direct Programs				
Equitable Sharing Program	CA0371100	21.016	501,765	-
Direct Programs				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	SLFRP1975	21.027	52,081,051	-
Passed Through California State Water Resources Control Board				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	CA3710020(Batch2)	21.027	46,104,493	-
Passed Through County of San Diego				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	SRA 5979	21.027	742,721	-
Subtotal Coronavirus State and Local Fiscal Recovery Funds			98,928,265	-
<b>Total U.S. Department of the Treasury</b>			<b>99,430,030</b>	<b>-</b>
<b>U.S. Federal Communications Commission</b>				
Passed Through Universal Service Administrative Company				
Emergency Connectivity Fund Program	ECF202203096	32.009	(74,333)	-
<b>Total U.S. Federal Communications Commission</b>			<b>(74,333)</b>	<b>-</b>
<b>National Endowment for the Arts</b>				
Direct Program				
Promotion of the Arts Grants to Organizations and Individuals	1894604-62-22	45.024	20,000	-
<b>Total National Endowment for the Arts</b>			<b>20,000</b>	<b>-</b>
<b>U.S. Institute of Museum and Library Services</b>				
Passed Through California State Library				
Grants to States	*	45.310	13,009	-
<b>Total U.S. Institute of Museum and Library Services</b>			<b>13,009</b>	<b>-</b>
<b>U.S. Environmental Protection Agency</b>				
Direct Program				
Water Infrastructure Finance and Innovation (WIFIA)	N17125CA	66.958	183,463,144	-
<b>Total U.S. Environmental Protection Agency</b>			<b>183,463,144</b>	<b>-</b>

\* Refer to Note 7 for the listing of grant/pass-through numbers for programs with multiple grant awards.

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

Federal Grantor/Pass-through Entity/Federal Program Name	Grant/Pass-through Number	Federal Assistance Listing Number	Federal Expenditures	Pass-through Awards to Subrecipients
<b>U.S. Department of Health and Human Services</b>				
Passed Through California Governor's Office of Emergency Services				
Family Violence Prevention & Services/Sexual Assault/Rate Crisis Services & Supports	AR22 01 7979	93.497	39,370	-
Passed Through The University of Iowa				
Medical Library Assistance	S04429-01	93.879	30,000	-
<b>Total U.S. Department of Health and Human Services</b>			<b>69,370</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>				
Direct Programs				
National Urban Search and Rescue (US&R) Response System	*	97.025	1,365,274	-
Assistance to Firefighters Grant	EMW-2021-FG-02336	97.044	319,066	-
Passed Through California Governor's Office of Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	*	97.036	1,899,680	-
Passed Through California Department of Water Resources				
National Dam Safety Program	*	97.041	178,750	-
Passed Through County of San Diego				
Emergency Management Performance Grants	2022-0005 / 073-00000	97.042	193,224	-
Passed Through the County of San Diego				
Homeland Security Grant Program	2022-0043; 073-00000	97.067	296,359	-
Passed Through California Governor's Office of Emergency Services				
Homeland Security Grant Program	*	97.067	11,413,952	5,922,167
Subtotal Homeland Security Grant Program			11,710,311	5,922,167
<b>Total U.S. Department of Homeland Security</b>			<b>15,666,305</b>	<b>5,922,167</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 348,115,359</b>	<b>\$ 22,390,822</b>

\* Refer to Note 7 for the listing of grant/pass-through numbers for programs with multiple grant awards.

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF SAN DIEGO, CALIFORNIA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal award programs of the City of San Diego, California (City). The Schedule excludes the federal award programs of the San Diego Housing Commission (refer to Note 5). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California (State), are included in the Schedule. The City's reporting entity is defined in Note 1.a. in the notes to the City's basic financial statements. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not, present the financial position of the City. The information in this Schedule 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 this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the accompanying Schedule are presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1.c. in the notes to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The negative amount of \$74,333 reported for Assistance Listing Number (ALN) 32.009, Emergency Connectivity Fund Program grant number ECF202203096 represents a correction of prior year's federal expenditures that were ineligible and moved to another funding source in the current fiscal year.

**NOTE 3 – ASSISTANCE LISTING NUMBERS**

The ALNs included in the accompanying Schedule were determined based on the federal program name, review of grant contract information, and the Office of Management and Budget's Catalog of Assistance Listings.

**NOTE 4 – INDIRECT COST RATES**

The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, except for the Homeland Security Grant Program passed through the California Governor's Office of Emergency Services (ALN 97.067, Homeland Security Grant Program grant numbers 2020-0095/073-66000, 2021-0081/073-66000, and 2022-0043/073-66000).

**NOTE 5 – SAN DIEGO HOUSING COMMISSION (DISCRETELY PRESENTED COMPONENT UNIT) FEDERAL EXPENDITURES**

The San Diego Housing Commission (SDHC) federal expenditures of \$358,996,226 are excluded from the City's Schedule because the SDHC federal expenditures are separately audited by other auditors and reported in a separate Uniform Guidance report.

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(Continued)

CITY OF SAN DIEGO, CALIFORNIA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

**NOTE 6 – ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM (ALN 11.307)**

In accordance with guidance provided by the U.S. Department of Commerce contained in the OMB Compliance Supplement, the City has reported federal award expenditures of \$4,754,965. \$3,173,468 out of the \$4,754,965 in the Schedule are for the Revolving Loan Fund (RLF) Program under the Economic Adjustment Assistance program. Expenditures reported in the Schedule were calculated as follows:

RLF Program Name	San Diego Regional Consolidated RLF	CARES Act RLF
Grant Award Number	07-57-05269	07-79-07601
RLF Outstanding as of June 30, 2024	\$ 595,349	\$ 827,114
Cash and investments balance in the RLF as of June 30, 2024	3,035,724	294,410
Administrative expenses paid out of RLF income during the fiscal year ended June 30, 2024	5,109	3,740
Write Offs in Current Fiscal Year	-	-
Subtotal	3,636,182	1,125,264
Calculated grant rate (rounded)	56.33%	100.00%
Economic Adjustment Assistance RLF Grant federal award expenditures for the fiscal year ended June 30, 2024	\$ 2,048,204	\$ 1,125,264

**NOTE 7 – FEDERAL AWARD PROGRAM EXPENDITURES BY GRANT AWARD**

The following table presents the expenditures for the City's federal award programs when there are multiple grant awards.

ALN/Federal Program Name/Grant Number	Federal Expenditures
<b>ALN 14.218 - Community Development Block Grants/Entitlement Grants</b>	
B-19-MC-06-0542	\$ 1,004,449
B-20-MC-06-0542	1,807,983
B-21-MC-06-0542	3,743,729
B-22-MC-06-0542	14,257,335
B-23-MC-06-0542	5,897,605
<b>Total Community Development Block Grants/Entitlement Grants</b>	<b>\$ 26,711,101</b>

(Continued)

CITY OF SAN DIEGO, CALIFORNIA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

**NOTE 7 – FEDERAL AWARD PROGRAM EXPENDITURES BY GRANT AWARD (Continued)**

<b>ALN/Federal Program Name/Grant Number</b>	<b>Federal Expenditures</b>
<b>ALN 14.231 - Emergency Solutions Grant Program</b>	
E-21-MC-06-0542	\$ 30,985
E-22-MC-06-0542	545,818
E-23-MC-06-0542	910,673
<b>Total Emergency Solutions Grant Program</b>	<b>\$ 1,487,476</b>
 <b>ALN 14.239 - Home Investment Partnerships Program</b>	
M-19-MC-06-0533	\$ 223,519
M-20-MC-06-0533	1,766,171
M-21-MC-06-0533	22,964
M-22-MC-06-0533	184,053
M-23-MC-06-0533	363,310
<b>Total Home Investment Partnerships Program</b>	<b>\$ 2,560,017</b>
 <b>ALN 14.251 - Economic Development Initiative, Community Project Funding, and Miscellaneous</b>	
B-23-CP-CA-0142	\$ 515,187
B-23-CP-CA-0250	4,907
<b>Total Economic Development Initiative, Community Project Funding, and Miscellaneous</b>	<b>\$ 520,094</b>
 <b>ALN 16.543 – Missing Children’s Assistance</b>	
15PJDP-21-GK-03811-MECP	\$ 356,198
2018-MC-FX-K055	145,431
<b>Total Missing Children’s Assistance</b>	<b>\$ 501,629</b>
 <b>ALN 16.738 - Edward Byrne Memorial Justice Assistance Grant Program</b>	
15PBJA-21-GG-01268-JAGX	\$ 51,170
2020-DJ-BX-0790	753
<b>Total Edward Byrne Memorial Justice Assistance Grant Program</b>	<b>\$ 51,923</b>
 <b>ALN 16.741 - DNA Backlog Reduction Program</b>	
15PBJA-21-GG-03088-DNAX	\$ 202,751
15PBJA-22-GG-01602-DNAX	40,778
<b>Total DNA Backlog Reduction Program</b>	<b>\$ 243,529</b>
 <b>ALN 16.742 - Paul Coverdell Forensic Sciences Improvement Grant Program</b>	
CQ21-17-7919	\$ (1)
CQ22 18 7919	60,873
<b>Total Paul Coverdell Forensic Sciences Improvement Grant Program</b>	<b>\$ 60,872</b>

(Continued)

CITY OF SAN DIEGO, CALIFORNIA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

**NOTE 7 – FEDERAL AWARD PROGRAM EXPENDITURES BY GRANT AWARD (Continued)**

<b>ALN/Federal Program Name/Grant Number</b>	<b>Federal Expenditures</b>
<b>ALN 20.205 - Highway Planning and Construction</b>	
ATPL-5004(201)	\$ 41,056
BHLO-5004(068)	66,857
BHLS-5004(049)	1,071,628
BPMP-5004(189)	(1,554)
BRLO-5004(009)	728,232
BRLS-5004(198)	(9,324)
BRLS-5004(200)	35,839
CPFCDSL-5004(218)	234,925
FERPL16-5004(208)	264,550
HPLUL-5004(187)	(51,609)
HSIPL-5004(207)	2,431,437
HSIPL-5004(209)	180,747
HSIPL-5004(210)	(936)
<b>Total Highway Planning and Construction</b>	<b>\$ 4,991,848</b>
<b>ALN 20.600 - State and Community Highway Safety</b>	
PS23028	\$ 112,000
PS24032	113,973
PT23168	50,018
PT24172	207,145
<b>Total State and Community Highway Safety</b>	<b>\$ 483,136</b>
<b>ALN 20.608 - Minimum Penalties for Repeat Offenders for Driving While Intoxicated</b>	
PT23168	\$ 153,755
PT24172	234,289
<b>Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated</b>	<b>\$ 388,044</b>
<b>ALN 20.616 - National Priority Safety Programs</b>	
DI23020	\$ 19,538
DI24019	320,612
<b>Total National Priority Safety Programs</b>	<b>\$ 340,150</b>
<b>ALN 45.310 – Grants to States</b>	
40-9224	\$ 1,898
40-9337	2,177
40-9386	8,934
<b>Total Grants to States</b>	<b>\$ 13,009</b>
<b>ALN 97.025 - National Urban Search and Rescue (US&amp;R) Response System</b>	
EMW-2019-CA-00080-S01	\$ 50,547
EMW-2020-CA-00067-S01	68,387
EMW-2021-CA-00062-S01	359,496
EMW-2022-CA-00067-S01	631,002
EMW-2023-CA-05417	255,842
<b>Total National Urban Search and Rescue (US&amp;R) Response System</b>	<b>\$ 1,365,274</b>

(Continued)

CITY OF SAN DIEGO, CALIFORNIA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

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**NOTE 7 – FEDERAL AWARD PROGRAM EXPENDITURES BY GRANT AWARD (Continued)**

<b>ALN/Federal Program Name/Grant Number</b>	<b>Federal Expenditures</b>
<b>ALN 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)</b>	
FEMA-4482-DR-CA/073-66000	\$ 1,738,236
FEMA-4683-DR-CA/073-66000	161,444
<b>Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)</b>	<b>\$ 1,899,680</b>
 <b>ALN 97.041 - National Dam Safety Program</b>	
4600014891	\$ 81,250
4600014892	97,500
<b>Total National Dam Safety Program</b>	<b>\$ 178,750</b>
 <b>ALN 97.067 - Homeland Security Grant Program</b>	
2020-0095/073-66000	\$ 9,699,838
2021-0081/073-66000	1,370,006
2022-0043/073-66000	344,108
<b>Total Homeland Security Grant Program</b>	<b>\$ 11,413,952</b>

**NOTE 8 – WATER INFRASTRUCTURE FINANCE AND INNOVATION (WIFIA) LOAN AGREEMENT**

In November 2018, the City and the U.S. Environmental Protection Agency (USEPA) executed the WIFIA Program loan in the amount of up to \$614,000,000 payable from the Net System Revenues of the Water Utility Fund for the first phase of the Pure Water project. In September 2020, the City and USEPA executed another agreement to replace the previous agreement, with a majority of the terms staying exactly the same, but with a lower interest rate of 1.29%. Construction is anticipated to be completed in May 2027 with annual principal and interest payments on this loan commencing in August, 2024 through August, 2058. For the fiscal year ended June 30, 2024, the City received and expended \$183,463,144 from the USEPA related to ALN 66.958. The outstanding loan balance as of June 30, 2024 is \$372,680,411.



CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2024

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered to be material weaknesses?

  X   Yes    \_\_\_\_\_ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

  X   Yes    \_\_\_\_\_ No

Identification of major federal programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

14.218

Community Development Block Grants Cluster  
Entitlements/Special Purpose

14.239

Home Investment Partnerships Program

21.027

Coronavirus State and Local Fiscal Recovery Funds

66.958

Water Infrastructure Finance and Innovation (WIFIA)

97.067

Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

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(Continued)

CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2024

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None.

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(Continued)

CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2024

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2024-001: Federal Funding Accountability and Transparency Act – Significant Deficiency**

**Program:** Community Development Block Grants/Entitlement Grants Program

**Assistance Listing No.:** 14.218

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

**Award No.:** B-23-MC-06-0542

**Category of Finding:** Reporting

**Criteria or Specific Requirement:** As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of grant agreements and contracts, and to maintain internal control to provide reasonable assurance of compliance with these requirements. Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). In addition, Title 2 CFR Appendix A to Part 170 a.2.ii. requires that for subaward information, [the City] needs to report no later than the end of the month following the month in which the obligation was made.

**Condition:** For the Community Development Block Grants/Entitlement Grants Program, the City did not submit the required key data elements in FSRS in a timely manner. The City did not comply with the requirement to report the information no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award modification was made. The total amount of thirty-one subawards not reported timely was \$7,616,069. We selected four subawards for compliance testing noting the wrong obligation date was reported for each subaward tested. The date recorded as the obligation date in FSRS was July 1, 2023 for all four subawards, while based on source documents the obligation dates are August 7, 2023, September 12, 2023, September 19, 2023, and October 3, 2023.

**Cause:** Management’s understanding of reporting of Federal Funding Accountability and Transparency Act relied on expectations from the federal awarding agency (HUD) to ensure timely and accurate submission of the reports.

Based on conversations with management, there was a staff vacancy in 2023 of the individual who had access to the FFATA reporting system (FSRS.gov). Management indicated that CDBG guidance regarding the FSRS Roles and Responsibilities found on [www.hud.gov](http://www.hud.gov) states that the HUD Program Office enters the grant award in FSRS and is expected to communicate FSRS reporting timelines and send deadline reminders to grantee recipients. Additionally, this guidance indicates a “prime recipient of a HUD grant” is responsible for reporting subrecipient data in FSRS.gov in accordance with the reporting deadlines communicated for the HUD program office. This was the information available to any new staff intending to understand the reporting process.

Controls to ensure timely and accurate submission of reports in the event that the awarding federal agency communications were not provided or received were not designed and implemented to meet the timeliness requirements of the Act.

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(Continued)

CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2024

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**Effect:** The City did not have effective controls in place to timely submit report information no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/subcontract modification was made.

**Questioned Costs:** None.

**Context:** During our walkthrough of the internal control assessment of the Federal Funding Accountability and Transparency Act (FFATA) reporting for the grant, we had noted there were no evidence of internal control in place to ensure the FFATA reporting was reported timely in the FSRS portal. We requested submission information for all thirty-one new or amended subrecipient agreements executed during FY24. Further, we sampled four of the thirty-one submissions for accuracy of reporting.

**Identification of a repeat finding:** Not a repeat finding.

**Recommendation:** We recommend that management establish and maintain effective internal control ensuring timely and accurate submission required under the Federal Funding Accountability and Transparency Act.

**Management Response:** Management believes that the intent of transparency was met with the data staff entered into IDIS and made available on the city's website and SAM.gov. The fact that the FSRS.gov system has since been retired and integrated into the SAM.gov system acknowledges the need for reducing duplicate recording in favor of an integrated system. Staff's understanding of the process was in line with available guidance currently still posted on HUD's website ([https://www.hud.gov/sites/dfiles/CPD/documents/CPD\\_FSRS\\_Learning\\_Session\\_Final\\_8.26.21.pdf](https://www.hud.gov/sites/dfiles/CPD/documents/CPD_FSRS_Learning_Session_Final_8.26.21.pdf)). The City of San Diego did not receive notification of the FSRS deadline from HUD for Fiscal Year (FY) 2024. With regard to the dates entered in the FSRS.gov system, the agreements' effective dates cover the entire fiscal year, and the awards were approved by our City Council to be in effect for the full fiscal year. Hence, staff entered the date July 1, 2023.

Management accepts that going forward, dates should be entered based on the date the agreements are fully executed. Management agrees to include specific FFATA training and procedures in all CDBG manuals and checklists including procedures for compliance, if and when federal agency communication is late or lacking.

CITY OF SAN DIEGO, CALIFORNIA  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year ended June 30, 2024

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<b>Reference Number:</b>	<b>2023-001</b>
Assistance Lising Number:	21.027
Federal Program Title:	Coronavirus State and Local Fiscal Recovery Funds
Federal Agency:	U.S. Department of the Treasury
Audit Finding:	The City's Public Utilities Department (PUD) did not maintain documentation demonstrating compliance with Section F.2.1 of the grant guidelines with the State of California related to the Water and Wastewater Arrearage Payment Program. Of the 25 account credits selected for testing we were unable to validate that five (5) customers were sent the required notification in accordance with the program guidelines.
Status of Corrective Action:	Fully corrected.