



City of Scottsdale, Arizona
Single Audit Reporting Package
Year Ended June 30, 2019

**CITY OF SCOTTSDALE, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2019**

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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 Auditor's Report

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

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 City of Scottsdale, Arizona, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Scottsdale, Arizona's basic financial statements, and have issued our report thereon dated October 18, 2019. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement Nos. 88 and 89.

Internal Control Over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
October 18, 2019

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

Report on Compliance for Each Major Federal Program

We have audited City of Scottsdale, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Scottsdale, Arizona's major federal programs for the year ended June 30, 2019. City of Scottsdale, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Scottsdale, Arizona'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 City of Scottsdale, Arizona'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 City of Scottsdale, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Scottsdale, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of City of Scottsdale, Arizona 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 City of Scottsdale, Arizona'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 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 City of Scottsdale, Arizona's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Scottsdale, Arizona as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Scottsdale, Arizona's basic financial statements. We issued our report thereon dated October 18, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. 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 taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
October 18, 2019

CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019

Federal Grantor Agency/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor (See Notes)	Federal Grant / Pass-Through Number	FY 18/19 Expenditures	Payments to Subrecipients	Total FY 18/19 Expenditures
Department of Housing and Urban Development						
CDBG - Entitlement Grants Cluster:						
Assistant Secretary for Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-15-MC-04-0503	95,469	-	95,469
Assistant Secretary for Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-16-MC-04-0503	189,246	-	189,246
Assistant Secretary for Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-17-MC-04-0503	403,650	121,121	524,771
Assistant Secretary for Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-18-MC-04-0503	542,790	183,142	725,932
				<u>1,231,155</u>	<u>304,263</u>	<u>1,535,418</u>
Assistant Secretary for Community Planning and Development: Home Investment Partnerships Program	14.239	MCHC	M-15-DC-04-0227	4,833	14,699	19,532
Assistant Secretary for Community Planning and Development: Home Investment Partnerships Program	14.239	MCHC	M-16-DC-04-0227	1,958	212,710	214,668
				<u>6,791</u>	<u>227,409</u>	<u>234,200</u>
Housing Voucher Cluster:						
Assistant Secretary for Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032AF	439,906	-	439,906
Assistant Secretary for Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032VO	5,181,259	-	5,181,259
Total Housing Voucher Cluster:				<u>5,621,165</u>	<u>-</u>	<u>5,621,165</u>
Assistant Secretary for Public and Indian Housing: Family Self- Sufficiency Program	14.896	N/A	AZ032FSH	63,342	-	63,342
Total Department of Housing and Urban Development				<u>\$ 6,922,453</u>	<u>\$ 531,672</u>	<u>\$ 7,454,125</u>
Department of Justice						
Office of Justice Programs: National Criminal History Improvement Program (NCHIP)	16.554	ACJC	NCP 17-18-006	34,727	-	34,727
Office of Justice Programs: Edward Byrne Memorial Justice Assistance Grant Program	16.738	MARICOPA	2016-DJ-BX-0706	2,136	-	2,136
Office of Justice Programs: Edward Byrne Memorial Justice Assistance Grant Program	16.738	MARICOPA	2017-DJ-BX-0023	26,954	-	26,954
				<u>29,090</u>	<u>-</u>	<u>29,090</u>
Office of Justice Programs: DNA Backlog Reduction Program	16.741	MARICOPA	2017-DN-BX-0131	5,789	-	5,789
Office of Justice Programs: Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV 17-18-004	4,727	-	4,727
Office of Justice Programs: Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV 18-19-004	2,412	-	2,412
				<u>7,139</u>	<u>-</u>	<u>7,139</u>
Total Department of Justice				<u>\$ 76,745</u>	<u>\$ -</u>	<u>\$ 76,745</u>
Department of Transportation						
Federal Aviation Administration: Airport Improvement Program	20.106	N/A	3-04-0032-034-2017	32,222	-	32,222
Federal Aviation Administration: Airport Improvement Program	20.106	N/A	3-04-0032-035-2017	981,187	-	981,187
Federal Aviation Administration: Airport Improvement Program	20.106	N/A	3-04-0032-036-2018	2,099,060	-	2,099,060
Federal Aviation Administration: Airport Improvement Program	20.106	N/A	3-04-0032-037-2019	73,408	-	73,408
				<u>3,185,877</u>	<u>-</u>	<u>3,185,877</u>
Highway Planning and Construction Cluster:						
Federal Highway Administration: Highway Planning and Construction	20.205	ADOT	CMAQ SCT-0(231)D	678,919	-	678,919
Federal Highway Administration: Highway Planning and Construction	20.205	ADOT	CM-SCT-0(218)D	14,196	-	14,196
Federal Highway Administration: Highway Planning and Construction	20.205	ADOT	HSIP-SCT-0(217)D	314,219	-	314,219
Total Highway Planning Cluster:				<u>1,007,334</u>	<u>-</u>	<u>1,007,334</u>
Federal Transit Cluster:						
Federal Transit Administration: Federal Transit Formula Grants	20.507	COP	AZ-2018-009-00	118,542	-	118,542
Federal Transit Administration: Federal Transit Formula Grants	20.507	COP	AZ-90-X136	76,585	-	76,585
Total Federal Transit Cluster:				<u>195,127</u>	<u>-</u>	<u>195,127</u>

CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019

Federal Grantor Agency/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor (See Notes)	Federal Grant / Pass-Through Number	FY 18/19 Expenditures	Payments to Subrecipients	Total FY 18/19 Expenditures
Department of Transportation (cont'd)						
Highway Safety Cluster:						
National Highway Traffic Safety Administration: State and Community Highway Safety	20.600	GOHS	2019-AI-010	15,439	-	15,439
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2019-405d-037	52,882	-	52,882
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2019-405h-023	13,618	-	13,618
National Highway Traffic Safety Administration: National Priority Safety Programs	20.616	GOHS	2019-CIOT-023	8,242	-	8,242
Total Highway Safety Cluster:				90,181	-	90,181
National Highway Traffic Safety Administration: (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	GOHS	2018-PB-007	14,517	-	14,517
Total Department of Transportation				\$ 4,493,036	\$ -	\$ 4,493,036
Institute of Museum and Library Services						
Grants to States	45.310	ASLAPR	2017-0010-M-00	1,064	-	1,064
Grants to States	45.310	ASLAPR	2017-0170-13	16,068	-	16,068
Grants to States	45.310	ASLAPR	2017-0260-14	23,057	-	23,057
Total Institute of Museum and Library Services				\$ 40,189	\$ -	\$ 40,189
Department of Homeland Security						
Federal Emergency Management Agency: Assistance to Firefighters Grant	97.044	N/A	EMW-2017-FO-04170	132,446	-	132,446
Federal Emergency Management Agency: Assistance to Firefighters Grant	97.044	COM	EMW-2017-FR-00143	132,505	-	132,505
				264,951	-	264,951
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	170819-01	4,809	-	4,809
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	170820-01	4,675	-	4,675
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	170820-02	831	-	831
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	180212-01	25,913	-	25,913
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	180214-01	5,686	-	5,686
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	180818-01	10,222	-	10,222
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	180818-02	625	-	625
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	180819-01	34,294	-	34,294
Federal Emergency Management Agency: Homeland Security Grant Program	97.067	AZDOHS	180819-02	6,119	-	6,119
				93,174	-	93,174
Federal Emergency Management Agency: Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	EMW-2017-FH-00439	169,470	-	169,470
Total Department of Homeland Security				\$ 527,595	\$ -	\$ 527,595
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 12,060,018	\$ 531,672	\$ 12,591,690

(See Notes to Schedule of Expenditures of Federal Awards)

**CITY OF SCOTTSDALE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

1. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Scottsdale, Arizona (City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of Title 2 of the U.S. Code of Federal Regulations - Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards provided to sub-recipients are treated as expenditures when paid to the sub-recipient.

2. THE REPORTING ENTITY

The City, for purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by Government Accounting Standards Board (GASB).

The City administers certain federal financial assistance programs through sub-recipients. Those sub-recipients are not considered part of the City reporting entity.

3. PASS-THROUGH GRANTOR'S REFERENCE

The City receives certain federal awards from the following non-Federal agencies. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards.

- ACJC Arizona Criminal Justice Commission
- ADOT Arizona Department of Transportation
- ASLAPR Arizona State Library, Archives and Public Records
- AZDOHS Arizona Department of Homeland Security
- COP City of Phoenix
- COM City of Maricopa
- GOHS Governor's Office of Highway Safety
- MARICOPA Maricopa County
- MCHC Maricopa County Home Consortium

4. INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF SCOTTSDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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 §200.516 of Uniform Guidance: No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG – Entitlement Grants Cluster
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: Yes



City Treasurer's Office

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October 18, 2019

To Whom It May Concern:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The status for each finding included in the prior year audit's Schedule of Findings and Questioned Costs has been provided.

Sincerely,

A handwritten signature in black ink that reads "Joyce Gilbride". The signature is written in a cursive style.

Joyce Gilbride, CPA
Accounting Director

**CITY OF SCOTTSDALE, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: FS-2018-001
Status: Fully corrected.

Finding Number: FS-2018-002
Status: Fully corrected.

Status of Findings and Questioned Costs Related to Federal Awards

Finding Number: 2018-001
Program Name/CFDA Title: Airport Improvement Program
CFDA Number: 20.106
Status: Fully corrected.