

CITY OF MESA, ARIZONA
SINGLE AUDIT ACT REPORTS
YEAR ENDED JUNE 30, 2013

**CITY OF MESA, ARIZONA
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**INDEPENDENT AUDITORS' 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**

Honorable Mayor and the City Council
City of Mesa, Arizona
Mesa, 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 the City of Mesa, Arizona, (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Mesa, Arizona's basic financial statements, and have issued our report thereon dated May 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mesa, 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 the City of Mesa, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mesa, Arizona's internal control.

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 over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-006 to be material weaknesses.

Honorable Mayor and the City Council
City of Mesa, Arizona

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 described in the accompanying schedule of findings and questioned costs as item 2013-007 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mesa, Arizona's 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 or other matters that are required to be reported under *Government Auditing Standards*.

The City of Mesa's Response to Findings

The City of Mesa, Arizona's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Mesa, Arizona's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.



Phoenix, Arizona
May 8, 2014



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and the City Council
City of Mesa, Arizona
Mesa, Arizona

Report on Compliance for Each Major Federal Program

We have audited the City of Mesa, Arizona'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 of Mesa, Arizona's major federal programs for the year ended June 30, 2013. The City of Mesa, Arizona's major federal programs are identified in the summary of auditors' 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 the City of Mesa, 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 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 of Mesa, 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. Our audit does not provide a legal determination of the City of Mesa, Arizona's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the City of Mesa, Arizona 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-008 through 2013-012 and 2013-014 and 2013-015. Our opinion on each major federal program is not modified with respect to these matters.

The City of Mesa, Arizona's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Mesa, Arizona's responses and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the City of Mesa, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mesa, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 of Mesa, 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 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-008 through 2013-015 to be significant deficiencies.

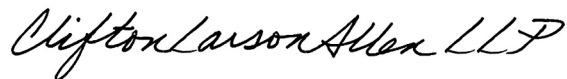
Honorable Mayor and the City Council
City of Mesa, Arizona

The City of Mesa, Arizona's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Mesa, Arizona's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 of Mesa, Arizona as of and for the year ended June 30, 2013, and have issued our report thereon dated May 8, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 basic financial statements. Such information is the responsibility of the City's 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 basic 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 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.



Phoenix, Arizona
May 8, 2014

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? X yes no

**CITY OF MESA, ARIZONA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 YEAR ENDED JUNE 30, 2013**

SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)

Federal Awards (Continued)

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218, 14.253	Community Development Block Grant Cluster
14.239	HOME Investment Partnership Program
14.871, 14.879	Section 8 Housing Choice Voucher Cluster
16.710	ARRA Public Safety Partnership and Community Policing Grant Cluster
16.738, 16.804	ARRA Edward Byrne Memorial Justice Assistance Grant Program Cluster
97.044	Assistance to Firefighters Grant
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$786,089

Auditee qualified as low-risk auditee? _____ yes X no

Other Matters

Auditee Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (Section .315(b)) X yes _____ no

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS

2013-001: Material Audit Adjustments

Condition: Material audit adjustments were necessary to properly state cash, accounts receivable, accounts payable and capital assets.

Criteria: Generally accepted accounting principles. City management is responsible for establishing and maintaining internal controls to properly record the City's accounting transactions in the appropriate accounting period. The City should have internal controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.

Effect: Material adjustments were proposed and subsequently recorded by the City to correct the misstatements.

Cause: Implementation of the new ERP accounting system took City personnel away from reconciling and reviewing functions. In addition, new processes and procedures had not been developed to be used as a tool for management.

Recommendation: In order to strengthen internal controls, we recommend management continue to evaluate the internal control processes and implement procedures to ensure accounts are properly stated at year-end in accordance with general accepted accounting principles.

Corrective Action: We agree. New reconciliation and review procedures will be implemented to allow management to ensure accounts are properly stated at year end.

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-002: Prior Period Restatements

Condition/Context: Restatements were necessary to correct errors in the previously issued financial statements. The City had incorrectly recorded a receivable in the General Fund totaling \$3,737,357. In addition, a restatement was necessary to properly state beginning net position for governmental activities and business-type activities in the amount of \$11,148,102 and \$4,894,965, respectively to correct errors in depreciation expense and to remove non-City owned assets capitalized in prior years.

Criteria: Generally accepted accounting principles.

Effect: Internal control weakness as a prior period adjustment was necessary to properly state beginning net position and fund balance for errors in the previously issued financial statements.

Cause: Assets were not capitalized timely due in part to waiting for capital improvement projects to be closed by managing City department. In addition, capitalization procedures for fiscal year 2012 were limited due to the conversion of capital asset information and implementation of the Advantage Fixed Asset module.

Recommendation: We recommend the City review its internal control procedures to ensure account balances are reported in accordance with generally accepted accounting principles.

Corrective Action: We agree. The City is evaluating the capital improvement project close-out process, developing guidelines and procedures and working with applicable departments to help ensure capital improvement projects are closed out timely and expenditures are properly classified and capitalized into the applicable capital asset categories.

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-003: Grant/Project Management

Condition: Most of the City's grants and intergovernmental agreements were funded on a reimbursement basis. The agreements require the City first incur and fund an eligible expenditure and then apply for reimbursement of the expenditures. Intergovernmental reimbursements were not requested on a regular basis.

Context: Reimbursement requests submitted in the Community Development Block Grant, Neighborhood Stabilization, HOME Investment Partnership Program, and intergovernmental construction reimbursements were submitted several months after the expenditures were incurred.

Criteria: Internal control procedures.

Effect: Internal control weakness. In addition, the City had incurred significant expenditures for which they were awaiting reimbursement.

Cause: A comprehensive ERP system was brought up on July 1, 2012. Due to this, many processes had to be re-evaluated and re-mapped. Also, the learning curve was steep, causing delays in grant expenditure reconciliations and subsequent drawdowns.

Recommendation: In order to strengthen internal controls over its grant accounting, the City should implement procedures and internal controls to ensure that intergovernmental reimbursement claims are submitted in a timely manner.

Corrective Action: We concur with the finding. We have implemented monthly meetings with several departments to help monitor their grants and projects. Also, processes are being put in place to monitor all grants within the City checking for regular reimbursement requests to grantors, based on the reporting requirements of each grantor.

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-004: Capital Assets

Condition: The City does not have internal controls in place to ensure that capital assets are properly classified by category, removed from construction in progress when placed in service, or depreciated correctly. In addition, current year additions were not always properly captured and reported as capital assets.

Criteria: Internal control procedures.

Effect: Internal control weakness and significant misclassification and errors within the City's capital assets records. Material adjustments were proposed and subsequently recorded by the City.

Cause: Data entry errors by staff into the Fixed Asset module. Additionally, asset supporting documentation and system document entry was not properly reviewed.

Recommendation: We recommend the City implement procedures to ensure assets are properly classified when the asset is placed in service. Asset classifications should be reviewed by supervisory personnel to minimize the risk of misstatement due to error. Capital asset additions should be reconciled to capital outlay expenditures. Significant project agreements should be reviewed to ensure the City is only capitalizing the City's portion of the project.

Corrective Action: Agree. The City is reviewing its current capitalization and review processes and procedures. New review procedures have been implemented to include an additional level of review and approval. Additionally, the Fixed Asset module has been updated to utilize the systems functionality in assigning useful life consistently within and across asset categories.

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-005: Periodic Review of Accounts Payable and Accounts Receivable

Condition: During our audit of accounts payable, accrued liabilities and accounts receivable, we noted that the contents of the accounts had not been reviewed during the year. Several months after year end, City personnel had to research the entire year's transactions and make several adjusting entries to adjust the accounts to the proper balance.

Criteria: Accounts should be reviewed periodically to ensure accurate financial reporting.

Effect: Without a review process in place, the year end close out procedures become more time consuming. Material adjustments were posted several months after year end to properly state the account balance.

Cause: Implementation of the new accounting system took City personnel away from reconciling and reviewing functions. In addition, an accurate listing of open payables and receivables is not available as a tool for management to properly manage accounts payable and receivable.

Recommendation: We recommend the City develop an accounts payable and receivable aging report. The aging report should include the vendor, invoice number, balance due/receivable and be available by fund. The aging report would assist the finance department in reconciling the balance sheet accounts which would improve financial reporting.

Corrective Action: The Reports Development Team has developed initial reports and is continuing to improve reporting capabilities to help facilitate the reconciliation and review process. These reports will be utilized in the monthly reconciliation process for both Accounts Payable and Accounts Receivable areas.

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-006: Journal Entries

Condition: The City did not have proper internal controls in place during the fiscal year to review and approve journal entries.

Criteria: Internal control procedures were not effective.

Effect: Multiple journal entries were made backwards, to incorrect accounts or for incorrect amounts. As a result, numerous correcting entries were necessary.

Cause: The implementation of the new ERP system has resulted in a need for all staff to have a greater understanding of the process and accounting, as opposed to data entry functions. This resulted in a learning curve for staff.

Recommendation: We recommend the City enforce its existing processes and procedures and internal controls within the accounting system to ensure that journal entries are properly reviewed and approved prior to posting.

Corrective Action: We agree. The City will continue to educate staff to ensure they fully understand the journal entry they are making. In addition, the City will continue to enforce the existing internal controls and stress the importance of proper review and approval of journal entries.

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-007: Cash Reconciliation

Condition: Cash reconciliations were not performed timely or accurately. Cash reconciliations did not have indication of review by management.

Criteria: Bank accounts should be reconciled each month and the monthly reconciliation should be reviewed by management.

Effect: Adjustments were proposed and subsequently recorded to properly reconcile the cash balance as of June 30, 2013 totaling \$1,779,918.

Cause: The implementation of the new ERP system resulted in a change in the level of detail and the volume of transactions that effect cash reconciliation. A new process had to be developed and implemented, which took time.

Recommendation: In order to improve financial reporting, the City should reconcile the general ledger to the bank statements and other supporting documentation on a monthly basis. A benefit of monthly cash reconciliation is that errors will not accumulate and can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. In addition, the monthly reconciliations should be reviewed by management.

Corrective Action: This has been corrected. The City's new reconciliation procedures have been implemented and cash reconciliations are performed timely.

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2013-008

Condition: The financial and compliance audit was not completed within nine months of the end of the fiscal year.

Criteria: OMB Circular A-133 – Financial Reporting.

Effect: Noncompliance with OMB Circular A-133 – Financial Reporting.

Cause: The implementation of the ERP system caused complexities and issues. As a result, staff was not able to perform many of their normal duties until well after the end of the fiscal year, thus delaying the year-end closing and reconciliations.

Recommendation: We recommend the City properly reconcile its records in a timelier manner to allow sufficient time to complete the audit within nine months following the end of the fiscal year.

Corrective Action: New reconciliation and review procedures will be implemented to allow management to ensure accounts are properly stated at year end and year-end closing procedures are completed on a timely basis.

Contact Person: Irma Ashworth, Finance Director

2013-009

Condition: CFDA 20.600 & 20.601, 16.804 and 16.738, and 14.871 & 14.879 were not properly presented as a cluster on the Schedule of Expenditures of Federal Awards.

Criteria: OMB Circular A-133.

Effect: Noncompliance with OMB Circular A-133, potential errors in the major program determination.

Cause: Management oversight.

Recommendation: We recommend management exercise due care in the preparation of the Schedule of Expenditures of Federal Awards. OMB Circular A-133 Part 5 – Cluster of Programs should be reviewed to ensure the programs are properly identified and presented on the Schedule of Expenditures of Federal Awards.

Corrective Action: We agree. A review of the listing will occur as part of the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Contact Person: Irma Ashworth, Finance Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM
CFDA No.'s 14.218 & 14.253
DIRECT GRANT**

**AWARD PERIOD: MARCH 19, 2009 – JULY 30, 2013, MARCH 9, 2011 – MARCH 9, 2014, & JULY 1, 2009 –
JUNE 30, 2014**

2013-010

Condition: Subrecipient cash disbursements were not received, reviewed and processed in a timely manner.

Context: Six of sixty grant disbursements tested, totaling \$165,584 were incurred in a period prior to fiscal year 2013, however were not reviewed, approved and processed until fiscal year 2013.

Criteria: OMB Circular A-133 – Subrecipient Monitoring: Pass-through entities must establish reasonable procedures to ensure receipt of subrecipients' cash disbursements in sufficient time to enable the pass-through entity to submit and complete accurate reports. Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

Questioned Costs: None noted.

Effect: Noncompliance with OMB Circular A-133 – Subrecipient Monitoring.

Cause: It is the department policy to not process invoices until all required HUD acceptable backup documentation is received and verified as grant eligible. At times the subrecipient invoices are received after reporting to HUD has been made. Accruing expenditures back to a prior year after the HUD reporting date would cause the City and HUD systems to not reconcile.

Recommendation: We recommend the City establish procedures to ensure receipt of the subrecipients' cash disbursements in a timely manner. Subrecipient cash disbursements should be reviewed and processed in a timely manner to ensure the City is accurately reporting program expenditures in the appropriate period.

Corrective Action: In an effort to work with our subrecipients in submitting completed packages in a more timely manner we have added language to our contracts that outline final reimbursement deadlines, incorporated training on the subject in an application process, completed a quarterly desk monitoring on their spending and created a contract log spreadsheet for noting any issues. Should they be behind on requests based on their contract amounts, their assigned program specialist calls to offers technical assistant if warranted.

Contact Person: Tammy Albright, Housing and Community Development Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM**

CFDA No.'s 14.218 & 14.253

DIRECT GRANT

**AWARD PERIOD: MARCH 19, 2009 – JULY 30, 2013, MARCH 9, 2011 – MARCH 9, 2014, & JULY 1, 2009 –
JUNE 30, 2014**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP PROGRAM**

CFDA No. 14.239

DIRECT GRANT

AWARD PERIOD: PROGRAM YEAR 2010, 2011 AND 2012 ALLOCATIONS

2013-011

Condition: Cash reimbursement requests were not submitted timely.

Context: Draws were made in September 2012, April 2013, June 2013, July 2013 and September 2013.

Criteria: Entities receiving federal awards are required to establish and maintain internal controls designed to ensure compliance with federal laws, regulations, and program compliance.

Questioned Costs: None noted.

Effect: Noncompliance with OMB Circular A-133 – Cash Management.

Cause: The City established a new accounting system at the beginning of the audit period. New processes for drawdowns were created during the first few months of the fiscal year, the reconciliation was more complex than anticipated, causing delays.

Recommendation: In order to comply with OMB Circular A-133 and strengthen internal controls over grant accounting, the City should ensure that grant reimbursement claims are submitted in a timely manner.

Corrective Action: Agree. The Department procedure have been updated and established draws have since been completed timely.

Contact Person: Tammy Albright, Housing and Community Development Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM
CFDA No.'s 14.218 & 14.253
DIRECT GRANT**

**AWARD PERIOD: MARCH 19, 2009 – JULY 30, 2013, MARCH 9, 2011 – MARCH 9, 2014, & JULY 1, 2009 –
JUNE 30, 2014**

2013-012

Condition: The City did not expend 50 percent of allocated Neighborhood Stabilization Program (NSP) funds within two years of the funds becoming available. The City expended 7.4 percent by the deadline, leaving a balance of \$1,713,020 needed to achieve the 50% expenditure requirement.

Criteria: Grantees under the NSP3 program are required under section 1497 of the Wall Street Reform and Consumer Protection Act (Dodd-Frank) of 2010 to expend at least 50 percent of allocated NSP3 funds within two years from the date funds become available to the grantee. The 50 percent expenditure deadline for the City of Mesa was March 9, 2013.

Questioned Costs: None noted.

Effect: Noncompliance with OMB Circular A-133 – Special Provisions.

Cause: Arizona suffered extreme changes in the housing market conditions. For the first year of the NSP 3 program, the market changes produced few foreclosures in the very limited area established for the program. This resulted in a substantial amendment to the program.

Recommendation: We recommend management review grant agreements and develop internal controls to ensure timely spending of grant funds.

Corrective Action: The program was amended in November 2013. The department provided an action plan to HUD for the following year and ended the program successfully meeting the 100% expenditure deadline on March 9, 2014.

Contact Person: Tammy Albright, Housing and Community Development Director

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 8 HOUSING CHOICE VOUCHERS
CFDA No. 14.871
DIRECT GRANT
AWARD PERIOD: JULY 1, 2012 – JUNE 30, 2013**

**U.S. DEPARTMENT OF HOMELAND SECURITY
HOMELAND SECURITY GRANT PROGRAM
CFDA No. 97.067
PASSED THROUGH ARIZONA DEPARTMENT OF HOMELAND SECURITY
PASS THROUGH NUMBER – VARIOUS -SEE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AWARD PERIOD: JULY 1, 2012 – JUNE 30, 2013**

2013-013

Condition: Section 8 - Timesheets were not always reviewed by supervisory personnel.
Homeland Security - Grant payroll reconciliations which were used to determine the grant reimbursement were not reviewed by an individual independent of the preparation

Context: One of forty Section 8 Housing Choice Voucher payroll transactions tested. Eight of eight Homeland Security transactions tested.

Criteria: Entities receiving federal awards are required to establish and maintain internal controls designed to ensure compliance with federal laws, regulations, and program compliance.

Questioned Costs: None noted.

Effect: Lack of internal controls could result in ineligible expenditures charged to the grant.

Cause: For CFDA #97.067 -The department's current process is for a final approver to review the entire packet for accurate information and sign off. For CDFA #14.871 – It was due to Department Directors timesheet being approved by a rotating executive staff.

Recommendation: In order to comply with OMB Circular A-133 and strengthen internal controls, we recommend the City develop policies and procedures to ensure timesheets are reviewed by supervisory personnel.

Corrective Action: For CFDA #97.067 – The department will revise our standard operating procedures to include a thorough review and approval of all packet/back-up contents before signing off on the cover sheet. For CDFA #14.871- The Department has established internal checks to verify all timecards are signed off by the employee and supervisor and the Department Director reports to permanent executive staff.

Contact Person: Tammy Albright, Housing and Community Development Director for Section 8 Housing Choice Vouchers and Harry Beck, Fire Chief for Homeland Security Grant.

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOMELAND SECURITY
ASSISTANCE TO FIREFIGHTERS
CFDA No. 97.044
DIRECT GRANT
AWARD PERIOD: JANUARY 27, 2012 – MARCH 26, 2013**

2013-014

Condition: Documentation not maintained to support that the City verified contractors were not suspended or debarred.

Context: One of one contracts tested.

Criteria: OMB Circular A-133 requires compliance with provisions of procurement, suspension, and debarment. The City should have internal controls designed to ensure compliance with those provisions.

Questioned Costs: None noted.

Effect: No instances of noncompliance with the provisions of procurement, suspension or debarment were noted; however the lack of internal controls over these compliance requirements provides an opportunity for a deficiency over compliance.

Cause: Management oversight and lack of internal controls.

Recommendation: We recommend the City modify their current process to ensure an adequate review of potential contractors for suspension or debarment at the time the contract is executed. Documentation of such review should be retained.

Corrective Action: We agree. The MFMD Financial Team has put measures in place to ensure that all grant purchases are checked against the Federal Excluded Parties List System (EPLS). Additionally, the City of Mesa Purchasing department also has a checklist that requires the buyer to check the EPLS on all purchases, general funded and grant funded.

Contact Person: Harry Beck, Fire Chief

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOMELAND SECURITY
ASSISTANCE TO FIREFIGHTERS
CFDA No. 97.044
DIRECT GRANT
AWARD PERIOD: JANUARY 27, 2012 – MARCH 26, 2013**

2013-015

Condition/Context: Two of four cash management reports did not agree to the accounting records and did not have indication of review.

Criteria: OMB Circular A-133 and Internal control procedures.

Questioned Costs: None noted.

Effect: Lack of internal controls over the cash management reports could result in undetected errors.

Cause: These instances were related to a complex grant, making it difficult for the department to reconcile.

Recommendation: We recommend the City modify their current process to ensure cash management reports are reviewed by a supervisory with knowledge of the grant. Cash management reports should be reconciled to the accounting records.

Corrective Action: We agree. Procedures have been put in place to reconcile all future Cash Management Reports to the accounting records, any differences will be researched and explained. This reconciliation will be kept with department grant records.

Contact Person: Harry Beck, Fire Chief

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2012-4

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM
CFDA No.'s 14.218, 14.253**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP PROGRAM
CFDA No. 14.239**

Condition: The City subrecipient award agreements did not include the CFDA number. In addition, the City did not have a process in place to ensure that subrecipients were properly monitored.

Status: No similar instances were brought to our attention in the current fiscal year.

2012-5

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM
CFDA No.'s 14.218, 14.253**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP PROGRAM
CFDA No. 14.239**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ARRA – HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM
CFDA No. 14.257**

**U.S. DEPARTMENT OF TRANSPORTATION
ARRA – FEDERAL TRANSIT – FORMULA GRANTS
CFDA No. 20.507**

Condition: Cash reimbursement requests were not submitted timely.

Status: Community Development Block Grant:
Procedures were not fully implemented for fiscal year 2013 as similar instances were noted as item 2013-011.

HOME Investment Partnership Program:

Procedures were not fully implemented for fiscal year 2013 as similar instances were noted as item 2013-011.

ARRA Homeless Prevention and Rapid Re-Housing Program:

No similar instances were brought to our attention in the current fiscal year.

Federal Transit – Formula Grants

No similar instances were brought to our attention in the current fiscal year.

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

2012-6

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM
CFDA No.'s 14.218, 14.253**

**U.S. DEPARTMENT OF JUSTICE
PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS (TECHNOLOGY)
CFDA No. 16.710**

**U.S. DEPARTMENT OF TRANSPORTATION
ARRA – FEDERAL TRANSIT – FORMULA GRANTS
CFDA No. 20.507**

**U.S. DEPARTMENT OF HOMELAND SECURITY
ARRA – HOMELAND SECURITY GRANT PROGRAM
CFDA No. 97.067**

Condition: Documentation not maintained to support that the City verified contractors were not suspended or debarred.

Status: No similar instances were brought to our attention in the current fiscal year for the grants listed above.

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

2012-7

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM
CFDA No.'s 14.218, 14.253**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ARRA – HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM
CFDA No. 14.257**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 8 HOUSING CHOICE VOUCHER PROGRAM
CFDA No. 14.871**

**U.S. DEPARTMENT OF HOMELAND SECURITY
ARRA – HOMELAND SECURITY GRANT PROGRAM
CFDA No. 97.067**

**U.S. HOMELAND SECURITY
ARRA – ASSISTANCE TO FIREFIGHTERS GRANT
CFDA No. 97.115**

Condition: The City does not have a review process in place over quarterly financial and performance reports. Performance reports were not always submitted timely.

Status: No similar instances were brought to our attention in the current fiscal year.

2012-8

**U.S. DEPARTMENT OF TRANSPORTATION
ARRA – FEDERAL TRANSIT – FORMULA GRANTS
CFDA No. 20.507**

**U.S. DEPARTMENT OF HOMELAND SECURITY
ARRA – HOMELAND SECURITY GRANT PROGRAM
CFDA No. 97.067**

Condition: Grant expenditures were not always properly supported or reviewed by management prior to being charged to the grant.

Status: No similar instances were brought to our attention in the current fiscal year.

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

2012-9

**U.S. DEPARTMENT OF HOMELAND SECURITY
ARRA – HOMELAND SECURITY GRANT PROGRAM
CFDA No. 97.067**

Condition: The City has not performed a physical inventory of equipment acquired under federal awards within the last two years.

Status: No similar instances were brought to our attention in the current fiscal year.

CITY OF MESA, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)	Federal CFDA Number	Pass- Through Grantor (Note 3)	Federal Grant/ Pass-Through Number	Expenditures	Payments to Subrecipients
Department of Defense					
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	N/A	CL0903-11-02	\$ 18,174	\$ -
Total Department of Defense				<u>18,174</u>	<u>-</u>
Department of Housing and Urban Development					
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-09-MY-04-0501	26,292	2,478
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-10-MC-04-0501	35,996	35,996
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-11-MC-04-0501	448,420	314,300
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-12-MC-04-0501	1,283,210	243,279
Community Development Block Grant/Entitlement Grants			Program Income	203,295	-
ARRA Community Development Block Grant/Entitlement Grants (NSP1)	14.218	N/A	B-08-MN-04-0504	-	-
ARRA Community Development Block Grant/Entitlement Grants (NSP1)			Program Income	378,921	64,009
ARRA Community Development Block Grant/Entitlement Grants (NSP3)	14.218	N/A	B-11-MN-04-0504	1,860,455	-
ARRA - Community Development Block Grant	14.253	N/A	B-09-MY-04-0501	121	-
Total Community Development Block Grant Cluster				<u>4,236,710</u>	<u>660,062</u>
Emergency Solutions Grant Program	14.231	N/A	E-12-MC-04-0501	149,778	139,999
Shelter Plus Care	14.238	N/A	AZ-502	16,498	-
HOME Investment Partnership Program	14.239	N/A	M-10-MC-04-0243	4,101	4,101
HOME Investment Partnership Program	14.239	N/A	M-11-MC-04-0243	568,877	543,104
HOME Investment Partnership Program	14.239	N/A	M-12-MC-04-0243	269,899	127,316
Total HOME Program				<u>842,877</u>	<u>674,521</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	N/A	S09-MY-04-0501	9,702	7,848
Section 8 Housing Choice Vouchers	14.871	N/A	AZ-005-VO	10,558,333	-
Section 8 Housing Choice Vouchers (VASH)	14.871	N/A	AZ-005-VA-0001	214,429	-
Section 8 Housing Choice Vouchers (VASH)	14.871	N/A	AZ-005-VA-0001-34	136,886	-
Section 8 Housing Choice Vouchers (FSS)	14.871	N/A	AZ-005-FS-F007	68,680	-
Mainstream Vouchers	14.879	N/A	AZ-005-DV	545,849	-
Total Housing Voucher Cluster				<u>11,524,177</u>	<u>-</u>
Total Department of Housing and Urban Development				<u>16,779,742</u>	<u>1,482,430</u>
Department of the Interior					
Cultural Resource Management	15.224	N/A	BLM-AZ-NOI-09-1491	1,198	-
Water Conservation Field Services Program (WCFSP)	15.530	N/A	R12AP32018	24,776	-
Total Department of the Interior				<u>25,974</u>	<u>-</u>
Department of Justice					
Asset Forfeiture Program	16.000	N/A	AZ00717	476,842	-
Juvenile Accountability Block Grant	16.523	GOCYF	JB-CSG-12-2366-10	11,526	-
Missing Children's Assistance	16.543	COP	2012-MC-FX-K008	16,453	-
Crime Victim Assistance	16.575	ADPS	2012-063	92,866	-
Crime Victim Assistance	16.575	ADPS	2012-064	156,556	-
Total Crime Victim Assistance				<u>249,422</u>	<u>-</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CITY OF MESA, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)	Federal CFDA Number	Pass- Through Grantor (Note 3)	Federal Grant/ Pass-Through Number	Expenditures	Payments to Subrecipients
Public Safety Partnership and Community Policing Grants	16.710	N/A	2008CKWX0378	\$ 108,695	\$ -
ARRA - Public Safety Partnership and Community Policing Grants	16.710	N/A	2009RJWX0008	1,836,221	-
Public Safety Partnership and Community Policing Grants	16.710	N/A	2009CKWX0140	42,230	-
Total Public Safety Partnership and Community Policing Grants				<u>1,987,146</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCMO	C-20-10-083-3-00	239,878	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCMO	C-20-11-133-3-00	36,690	-
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	MCMO	2009-SB-B9-2970	604,050	-
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government			Program Income	2,391	-
Total JAG Program Cluster				<u>883,009</u>	<u>-</u>
DNA Backlog Reduction Program	16.741	ACJC	DNB-11-001	16,778	-
DNA Backlog Reduction Program	16.741	ACJC	DNB-12-001	5,450	-
DNA Backlog Reduction Program	16.741	ACJC	DNB-13-001	17,941	-
Total DNA Backlog Reduction Program				<u>40,169</u>	<u>-</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV-13-003	8,072	-
Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	ACFAN	2-MESA-AZ-SA12	9,829	-
Total Department of Justice				<u>3,682,468</u>	<u>-</u>
Department of Transportation					
Airport Improvement Program	20.106	N/A	AIP-03-04-0023-021-2011	122,656	-
Airport Improvement Program	20.106	N/A	AIP-03-04-0023-022-2012	62,950	-
Total Airport Improvement Program				<u>185,606</u>	<u>-</u>
Highway Planning and Construction	20.205	ADOT	CM-MES-0(023)D, MES13-905	1,107,868	-
Highway Planning and Construction	20.205	ADOT	CM-MES-0(027)X, MES04-125C	2,725	-
Highway Planning and Construction	20.205	ADOT	CM-MES-0(214)D, MES08-603	275	-
Highway Planning and Construction	20.205	ADOT	CM-MES-0 (205)X, MES10-810	118,557	-
Highway Planning and Construction	20.205	ADOT	CM-MES-0(217)A, MES12-815	921,550	-
Highway Planning and Construction	20.205	ADOT	MES-0(220)A, MES11-100	41,615	-
Total Highway Planning and Construction				<u>2,192,590</u>	<u>-</u>
ARRA-Federal Transit - Formula Grants	20.507	COP	AZ-96-X002-01	269,789	-
Federal Transit - Formula Grants	20.507	COP	AZ-95-X004	103,478	-
Total Transit Formula Grants				<u>373,267</u>	<u>-</u>
State and Community Highway Safety	20.600	GOHS	2012-PT-041	1,497	-
State and Community Highway Safety	20.600	GOHS	2013-PT-004	9,045	-
State and Community Highway Safety	20.600	GOHS	2013-PT-007	69,170	-
State and Community Highway Safety	20.600	GOHS	2013-OP-020	10,000	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	GOHS	2012-410-015	5,404	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	GOHS	2012-410-033	8,172	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	GOHS	2012-HF-007	4,582	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	GOHS	2013-410-007	120,000	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	GOHS	2013-HF-006	6,482	-
Total Highway Safety Cluster				<u>234,352</u>	<u>-</u>
Total Department of Transportation				<u>2,985,815</u>	<u>-</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CITY OF MESA, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)	Federal CFDA Number	Pass- Through Grantor (Note 3)	Federal Grant/ Pass-Through Number	Expenditures	Payments to Subrecipients
Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities					
Promotion of the Arts_Grants to Organizations and Individuals	45.024	N/A	12-5100-7088	\$ 58,000	\$ -
Grants to States	45.310	LAPR	2012-32104-13	20,990	-
Grants to States	45.310	LAPR	N/A	3,000	-
Total Grants to States				<u>23,990</u>	<u>-</u>
Total Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities				<u>81,990</u>	<u>-</u>
Environmental Protection Agency					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	BF-00T67801-0	358,606	-
Total Environmental Protection Agency				<u>358,606</u>	<u>-</u>
Department of Energy					
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	N/A	DE-EE0000840	494,057	-
Total Department of Energy				<u>494,057</u>	<u>-</u>
Department of Health and Human Services					
Immunization Cooperative Agreements	93.268	ADHS	#HG954076-0, PO E2H38549	8,915	-
Immunization Cooperative Agreements	93.268	MCHSD	2012-C-86-07-058-2-04	75,000	-
Total Immunization Cooperative Agreements				<u>83,915</u>	<u>-</u>
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	ADES	E2108194	96,254	-
Total Department of Health and Human Services				<u>180,169</u>	<u>-</u>
Executive Office of the President					
High Intensity Drug Trafficking Areas Program	95.001	COT	HT-12-2204	40,000	-
Total Executive Office of the President				<u>40,000</u>	<u>-</u>
Department of Homeland Security					
Assistance to Firefighters Grant	97.044	N/A	EMW-2011-FR-00526	848,343	-
Assistance to Firefighters Grant	97.044	N/A	EMW-2011-FP-01096	43,754	-
Assistance to Firefighters Grant	97.044	N/A	EMW-2012-FR-00401	50,225	-
Total Assistance to Firefighters Grant				<u>942,322</u>	<u>-</u>
Homeland Security Grant Program	97.067	MCSO	10-AZDOHS-HSGP-777208-03	57,349	-
Homeland Security Grant Program	97.067	ADOHS	10-AZDOHS-HSGP-777210-02	19,178	-
Homeland Security Grant Program	97.067	ADOHS	10-AZDOHS-HSGP 777815-05	46,688	-
Homeland Security Grant Program	97.067	ADOHS	10-AZDOHS-HSGP 777815-06	7,888	-
Homeland Security Grant Program	97.067	ADOHS	11-AZDOHS-HSGP-888207-01	9,087	-
Homeland Security Grant Program	97.067	ADOHS	11-AZDOHS-HSGP-888207-02	45,863	-
Homeland Security Grant Program	97.067	ADOHS	11-AZDOHS-HSGP-888815-01	59,154	-
Homeland Security Grant Program	97.067	ADOHS	11-AZDOHS-HSGP-888815-02	120	-
Homeland Security Grant Program	97.067	ADOHS	11-AZDOHS-HSGP-888816-01	6,169	-
Homeland Security Grant Program	97.067	ADOHS	11-AZDOHS-HSGP-888816-02	140,329	-
Homeland Security Grant Program	97.067	ADOHS	Approval #0017	2,432	-
Homeland Security Grant Program	97.067	ADOHS	12-AZDOHS-HSGP 999811-02	94,796	-
Homeland Security Grant Program	97.067	ADOHS	12-AZDOHS-HSGP 999811-03	3,969	-
Homeland Security Grant Program	97.067	ADOHS	12-AZDOHS-HSGP 999207-01	2,913	-
Homeland Security Grant Program	97.067	ADOHS	12-AZDOHS-HSGP 999207-02	31,809	-
Homeland Security Grant Program	97.067	ADOHS	12-AZDOHS-HSGP 999812-01	63,248	-
Homeland Security Grant Program	97.067	ADOHS	12-AZDOHS-HSGP 999812-02	14,155	-
Homeland Security Grant Program	97.067	ADOHS	Approval #0052	8,516	-
Total Homeland Security Grant Program				<u>613,663</u>	<u>-</u>
Total Department of Homeland Security				<u>1,555,985</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 26,202,980</u>	<u>\$ 1,482,430</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CITY OF MESA, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

NOTE 1 BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources.

Federal awards provided to sub-recipients are treated as expenditures when it is paid to the sub-recipient.

NOTE 2 THE REPORTING ENTITY

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

NOTE 3 PASS-THROUGH GRANTOR'S REFERENCE

The City of Mesa, Arizona, 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.

ACFAN	Arizona Child and Family Advocacy Network
ACJC	Arizona Criminal Justice Commission
ADES	Arizona Department of Economic Security
ADHS	Arizona Department of Health Services
ADOHS	Arizona Department of Homeland Security
ADOT	Arizona Department of Transportation
ADPS	Arizona Department of Public Safety
COP	City of Phoenix
COT	City of Tucson
GOCYF	Governor's Office of Children, Youth and Families
GOHS	Governor's Office of Highway Safety
LAPR	Arizona Department of Library, Archives and Public Records
MCHSD	Maricopa County Health Services Department
MCMO	Maricopa County Manager's Office
MCSO	Maricopa County Sheriff Office