



City of Maricopa, Arizona
Single Audit Reporting Package
Year Ended June 30, 2020

**CITY OF MARICOPA, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2020**

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

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

We have audited, in accordance with 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, each major fund, and the aggregate remaining fund information of City of Maricopa, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Maricopa, Arizona's basic financial statements, and have issued our report thereon dated January 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Maricopa, Arizona's internal control over financial reporting (internal control) as a basis for designing 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 Maricopa, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Maricopa, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Maricopa, 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 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*.

City of Maricopa, Arizona's Response to Finding

City of Maricopa, Arizona's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Maricopa, Arizona's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.
Tucson, Arizona
January 28, 2021

**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 Maricopa, Arizona

Report on Compliance for Each Major Federal Program

We have audited City of Maricopa, 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 Maricopa, Arizona's major federal programs for the year ended June 30, 2020. City of Maricopa, 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 Maricopa, 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 Maricopa, 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 Maricopa, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Maricopa, 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, 2020.

Report on Internal Control Over Compliance

Management of City of Maricopa, 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 Maricopa, 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 Maricopa, 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, each major fund, and the aggregate remaining fund information of City of Maricopa, Arizona as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Maricopa, Arizona's basic financial statements. We issued our report thereon dated January 28, 2021, 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 taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
January 28, 2021

CITY OF MARICOPA, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		ARIZONA DEPARTMENT OF HOUSING	N/A	\$116,354	\$116,354	CDBG - ENTITLEMENT GRANTS CLUSTER	\$116,354
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228		ARIZONA DEPARTMENT OF HOUSING	105-17	\$174,199	\$174,199	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$290,553</u>			
DEPARTMENT OF JUSTICE								
JUVENILE JUSTICE AND DELINQUENCY PREVENTION	16.540				\$873	\$873	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2016-VA-GX-0046 DPS 2018-257	\$170,800	\$190,123	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	2016-VA-GX-0046 DPS 2018-258	\$19,323	\$190,123	N/A	\$0
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607				\$7,266	\$7,266	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$198,262</u>			
DEPARTMENT OF TRANSPORTATION								
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM	20.509		ARIZONA DEPARTMENT OF TRANSPORTATION	GRT-18-0007096-T	\$261,671	\$261,671	N/A	\$0
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-OP-007	\$2,652	\$21,624	HIGHWAY SAFETY CLUSTER	\$99,514
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-OP-009	\$3,234	\$21,624	HIGHWAY SAFETY CLUSTER	\$99,514
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-PTS-027	\$1,183	\$21,624	HIGHWAY SAFETY CLUSTER	\$99,514
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2020-PTS-032	\$12,711	\$21,624	HIGHWAY SAFETY CLUSTER	\$99,514
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-405D-059	\$1,844	\$21,624	HIGHWAY SAFETY CLUSTER	\$99,514
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-405D-023	\$258	\$77,890	HIGHWAY SAFETY CLUSTER	\$99,514
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-405H-007	\$5,696	\$77,890	HIGHWAY SAFETY CLUSTER	\$99,514
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-405D-059	\$2,765	\$77,890	HIGHWAY SAFETY CLUSTER	\$99,514
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-405C-003	\$39,853	\$77,890	HIGHWAY SAFETY CLUSTER	\$99,514
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-405D-024	\$10,918	\$77,890	HIGHWAY SAFETY CLUSTER	\$99,514
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2019-405H-007	\$3,130	\$77,890	HIGHWAY SAFETY CLUSTER	\$99,514
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2020-EM-005	\$15,270	\$77,890	HIGHWAY SAFETY CLUSTER	\$99,514
TOTAL DEPARTMENT OF TRANSPORTATION					<u>\$361,185</u>			
DEPARTMENT OF TREASURY								
COVID-19 - CORONAVIRUS RELIEF FUND	21.019	COVID-19	GOVERNOR'S OFFICE	ERMT-20-058	\$5,726,467	\$5,726,467	N/A	\$0

TOTAL DEPARTMENT OF TREASURY

\$5,726,467

DEPARTMENT OF HOMELAND SECURITY

ASSISTANCE TO FIREFIGHTERS GRANT	97.044			\$219,004	\$219,004	N/A	\$0
<i>HOMELAND SECURITY GRANT PROGRAM</i>	<i>97.067</i>	<i>ARIZONA DEPARTMENT OF TRANSPORTATION</i>	<i>EMW-2018-SS-00004-S01</i>	<i>\$153,748</i>	<i>\$163,305</i>	<i>N/A</i>	<i>\$0</i>
<i>HOMELAND SECURITY GRANT PROGRAM</i>	<i>97.067</i>	<i>ARIZONA DEPARTMENT OF HOMELAND SECURITY</i>	<i>EMW-2019-SS-00002-S01</i>	<i>\$9,557</i>	<i>\$163,305</i>	<i>N/A</i>	<i>\$0</i>
STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)	97.083			\$85,895	\$204,162	N/A	\$0
STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)	97.083			\$118,267	\$204,162	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>\$586,471</u>			

TOTAL EXPENDITURE OF FEDERAL AWARDS

\$7,162,938

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

CITY OF MARICOPA, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Maricopa, Arizona under programs of the federal government for the year ended June 30, 2020. The information in the 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). 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, changes in net position or cash flows of the City. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Catalog of Federal Domestic Assistance Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or through beta.sam.gov. If the three-digit CFDA extension is unknown, there is a U followed by a two-digit number in the CFDA extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**CITY OF MARICOPA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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: Yes

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 Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: Yes

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No

**CITY OF MARICOPA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Finding Number: FS-2020-001

Repeat Finding: No

Type of Finding: Material Weakness

Description: Internal Controls over Bank Reconciliations

CRITERIA

The City's cash and investment balances should be reconciled to the bank statements monthly and on a timely basis to ensure the financial activity of the City is accurate and complete.

CONDITION

The City did not perform timely and complete bank reconciliations throughout fiscal year 2020.

CAUSE

The City has experienced significant turnover in the Finance Department during the current year.

EFFECT

Without monthly reconciliations, errors in revenues, expenditures, and cash balances may not be detected and corrected in a timely manner.

CONTEXT

For all eleven bank accounts, reconciliations were not performed timely throughout the fiscal year. For the June 2020 bank reconciliations four reconciliations were not completed until September 2020, one reconciliation was not completed until October 2020, and one reconciliation was not completed until November 2020. The sample was not intended to be, and was not, a statistically valid sample.

RECOMMENDATION

The City should ensure that cash and investment balances are reconciled to the bank statements monthly and on a timely basis.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

January 28, 2021

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The names of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,

Matt Kozlowski
Chief Financial Officer

**CITY OF MARICOPA, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

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

Finding Number: FS-2020-001

Contact Person: Matt Kozlowski, Chief Financial Officer

Anticipated Completion Date: December 2020

Planned Corrective Action: There were several months in fiscal year 2019-20 where the bank reconciliations were not completed timely. The Financial Services Division of the City had approximately a 90% turnover rate during fiscal year 2020. The City utilized temporary staff to assist with bank reconciliations during the fiscal year. As of June 30, 2020, the City had caught up bank reconciliations for 5 of the 11 accounts that were behind. As noted in the Context section of the finding, four of the delinquent accounts were completed in September 2020, one was completed in October 2020 and the final one was completed in November 2020. Finance has worked diligently to research any reconciling items and complete bank reconciliations for all cash and investment accounts on a monthly basis. As of December 2020, the monthly reconciliations have been completed through November 2020. The City will continue to implement procedures to ensure that cash and investment balances are fully reconciled on a monthly basis to help ensure that the general ledger and financial statements are free from material misstatements.