



Single Audit Report and Schedule of  
Expenditures of Federal Awards  
June 30, 2011

# City of Flagstaff, Arizona

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CPAs & BUSINESS ADVISORS

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

To the Honorable Mayor and Members of the Council  
City of Flagstaff, Arizona  
Flagstaff, Arizona

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 Flagstaff, Arizona (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 20, 2012. We conducted our audit 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; and the provisions of Title 28, Chapter 18, Article 2 of the Arizona Revised Statutes.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City in a separate letter dated January 20, 2012.

Arizona Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to use highway user revenue fund monies received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the City solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management, the Mayor and the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Phoenix, Arizona  
January 20, 2012



## **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

To the Honorable Mayor and Members of the Council  
City of Flagstaff, Arizona  
Flagstaff, Arizona

### **Compliance**

We have audited the compliance of the City of Flagstaff, Arizona (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended June 30, 2011. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2011.

### **Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City'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 the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance with requirements that could have a direct and material effect on a major federal program that we consider to be material weaknesses, as defined above.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 20, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Mayor and the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Phoenix, Arizona  
January 20, 2012



## **Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance**

The Honorable Mayor,  
Members of the City Council, and  
Federal Aviation Administration

City of Flagstaff, Arizona

### **Compliance**

We have audited the compliance of Flagstaff Pulliam Airport with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the quarters and year ended June 30, 2011. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Airport's management. Our responsibility is to express an opinion on Flagstaff Pulliam Airport's compliance based on our audit.

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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Flagstaff Pulliam Airport'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. Our audit does not provide a legal determination of Flagstaff Pulliam Airport's compliance with those requirements.

In our opinion, Flagstaff Pulliam Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2011.

### **Internal Control over Compliance**

The management of Flagstaff Pulliam Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Flagstaff Pulliam Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and the use of the Mayor, City Council, management and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Sully LLP*

Phoenix, Arizona  
January 20, 2012

City of Flagstaff, Arizona  
Schedule of Expenditures of Federal Awards  
June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2010	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
<b>Department of Agriculture</b>							
<i>Passed through Arizona State Forestry Division</i>							
Cooperative Forestry Assistance	10.664	WFHF 09-007	\$ 359,030	\$ 29,613	\$ 84,428	\$ 126,749	\$ 71,934
Total Department of Agriculture				<u>29,613</u>	<u>84,428</u>	<u>126,749</u>	<u>71,934</u>
<b>Environmental Protection Agency</b>							
<i>Direct Programs:</i>							
ARRA-Brownfield Cleanup	66.818	2B-00T18301-0	126,900	5,185	123,583	118,398	-
Subtotal				<u>5,185</u>	<u>123,583</u>	<u>118,398</u>	<u>-</u>
<i>Passed through Water Infrastructure Finance Authority of Az</i>							
Total Environmental Protection Agency				<u>5,185</u>	<u>123,583</u>	<u>118,398</u>	<u>-</u>
<b>Department of Interior</b>							
<i>Direct Programs:</i>							
US Fish and Wildlife - Picture Canyon	15.631	201819G564	25,000	4,952	25,000	20,048	-
Total Department of Interior				<u>4,952</u>	<u>25,000</u>	<u>20,048</u>	<u>-</u>
<b>Bureau of Reclamation</b>							
<i>Direct Programs:</i>							
Rio Well Xeriscape Demo- Water conservation	15.530	08FG320190	50,000	47,935	47,935	-	-
Total Bureau of Reclamation				<u>47,935</u>	<u>47,935</u>	<u>-</u>	<u>-</u>
<b>Department of Housing and Urban Development</b>							
<i>Direct Programs:</i>							
Community Development Block Grant/Entitlement Grants	14.218	B-08-MC-04-0510	610,025	7,034	131,045	152,266	28,255
Community Development Block Grant/Entitlement Grants	14.218	B-09-MC-04-0510	676,874	104,944	346,906	293,980	52,018
ARRA-Community Development Block Grant	14.218	B-09-MY-04-0510	165,677	62,858	164,947	102,089	-
Community Development Block Grant/Entitlement Grants	14.218	B-10-MC-04-0510	670,179	-	155,039	244,590	89,551
Subtotal				<u>174,836</u>	<u>797,937</u>	<u>792,925</u>	<u>169,824</u>
Home Investment Partnership Program	14.239	303-10	330,000	-	85,560	128,488	42,928
Subtotal				<u>-</u>	<u>85,560</u>	<u>128,488</u>	<u>42,928</u>
Low Income Public Housing	14.850	AZ006	613,144	-	613,144	613,144	-
Capital Funds Program	14.872	AZ20P006501-(08,09,10)	923,940	-	915,571	923,940	8,369
Resident Opportunity and Self Sufficiency Grant	14.870	AZ006RPS083A009	36,505	-	36,505	36,505	-
Secion 8 Housing Choice Voucher	14.871	AZ006	3,025,735	-	3,025,735	3,025,735	-
MRO/SRO	14.856	AZ006MRO001/AZ006SRO001	68,225	-	68,225	68,225	-
Subtotal				<u>-</u>	<u>4,659,180</u>	<u>4,667,549</u>	<u>8,369</u>
Total Department of Housing and Urban Development				<u>174,836</u>	<u>5,542,677</u>	<u>5,588,962</u>	<u>221,121</u>

The accompanying notes are an integral part of this schedule.

City of Flagstaff, Arizona  
Schedule of Expenditures of Federal Awards  
June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2010	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
<b>Department of Justice</b>							
<i>Direct Programs:</i>							
<i>JAG Cluster</i>							
<i>Direct Programs:</i>							
Edward Byrne Memorial Justice Assistance Grant Program FY09	16.738	2009-DJ-BX-0118	72,338	324	324	7,711	7,711
Edward Byrne Memorial Justice Assistance Grant Program FY10	16.738	2010-DJ-BX-0931	59,192	-	-	17,667	17,667
Subtotal				<u>324</u>	<u>324</u>	<u>25,378</u>	<u>25,378</u>
ARRA-Edward Byrne Memorial Justice Assistance Grant Program	16.804	2009-SB-B9-3125	311,417	88,362	168,636	82,491	2,217
<i>Passed through Arizona Criminal Justice Commission</i>							
ARRA-Edward Byrne Memorial Formula Grant Program	16.803	DC-10-044	651,740	87,267	314,119	281,601	54,749
Total JAG Cluster				<u>175,953</u>	<u>483,079</u>	<u>389,470</u>	<u>82,344</u>
Bulletproof Vest Partnership Program	16.607	2008 BVP	6,920	839	2,151	1,312	-
Bulletproof Vest Partnership Program	16.607	2009 BVP	4,348	-	2,679	4,484	1,805
Subtotal				<u>839</u>	<u>4,830</u>	<u>5,796</u>	<u>1,805</u>
ARRA-COPS Hiring Program	16.710	2009RKWX0072	1,365,432	115,766	420,628	415,965	111,103
<i>Passed through Arizona Criminal Justice Commission</i>							
Community Prosecution & Project Safe Neighborhoods-Anti Gang	16.609	PSN-11-007	10,032	-	4,415	8,924	4,509
<i>Passed through State of Arizona</i>							
Missing Children Assistance	16.543	2005-MC-CX-K009	14,631	13,331	14,591	1,260	-
Missing Children Assistance (Internet Crimes Against Children)	16.543	2009-MC-CX-K013	10,000	-	-	10,000	10,000
Subtotal				<u>13,331</u>	<u>14,591</u>	<u>11,260</u>	<u>10,000</u>
<i>Passed through Sunnyside Neighborhood Association</i>							
Community Capacity Development Office - 09/10 Police	16.595	2009-W0183-AZ-W	8,000	669	669	1,164	1,164
Subtotal				<u>669</u>	<u>669</u>	<u>1,164</u>	<u>1,164</u>
<i>Passed through Arizona's Governor's Office of Highway Safety</i>							
Enforcing Underage Drinking Laws Program (Office of Juvenile Justice and Delinquency Prevention)	16.727	2010-OJJDP-006	555	549	549	-	-
Enforcing Underage Drinking Laws Program (Office of Juvenile Justice and Delinquency Prevention)	16.727	2010-OJJDP-023	24,445	3,042	21,939	21,403	2,506
Subtotal				<u>3,591</u>	<u>22,488</u>	<u>21,403</u>	<u>2,506</u>
Total Department of Justice				<u>310,149</u>	<u>950,700</u>	<u>853,982</u>	<u>213,431</u>
<b>Department of Transportation</b>							
<i>Direct Programs:</i>							
Airport Improvement Program	20.106	AIP 3-04-0015-033-2008	1,563,051	-	203,876	203,876	-
Airport Improvement Program	20.106	AIP 3-04-0015-034-2010	1,223,613	-	504,102	535,785	31,683
Airport Improvement Program	20.106	AIP-3-04-0015-023-2003	372,446	-	372,446	372,446	-
Airport Improvement Program	20.106	AIP-3-04-0015-024-2004	61,989	-	61,989	61,989	-
Subtotal				<u>-</u>	<u>1,142,413</u>	<u>1,174,096</u>	<u>31,683</u>

The accompanying notes are an integral part of this schedule.

City of Flagstaff, Arizona  
Schedule of Expenditures of Federal Awards  
June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2010	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
Paul S.Sarbanes Transit in the Parks	20.520	D2008-ATPL-002	855,685	855,685	855,685	-	-
Subtotal				<u>855,685</u>	<u>855,685</u>	<u>-</u>	<u>-</u>
<b>Passed through Arizona Department of Transportation:</b>							
Highway Planning and Construction-2009 SPR	20.205	T06-49-B0002	125,000	69,783	69,783	-	-
Highway Planning and Construction - 2010 SPR	20.205	T06-49-B0001	125,000	-	-	197,165	197,165
Highway Planning and Construction (Public Transportation Research 2012 SPR - winter study)	20.205	T06-49-B0001 JPA11-085	35,000			30,568	30,568
Highway Planning and Construction-2010 PL	20.205	T06-49-B0001	118,004	68,582	68,582	49,422	49,422
Highway Planning and Construction - 2011 PL	20.205	T0649--B0001	51,787	-	-	51,687	51,687
Highway Planning and Construction-2006	20.205	P001-2009-003797	470,964	50,857	36,095	101,119	115,881
Highway Planning and Construction-2007	20.205	P001-2009-003906	500,000	207,449	23,380	292,551	476,620
ARRA-Federal Highway Administration-Highway Planning and Constr.	20.205	KR06-0242TRN	500,000	311,829	351,933	40,104	-
Subtotal				<u>708,500</u>	<u>549,773</u>	<u>762,616</u>	<u>921,343</u>
<b>Passed through Arizona Department of Transportation:</b>							
Public Transportation Research-2007 FTA(15)	20.514	T06-49-B0001	25,803	7,490	7,600	110	-
Public Transportation Research-2008 FTA(16)	20.514	T06-49-B0001	43,689	19,597	17,833	(110)	1,654
Public Transportation Research-2009 FTA(17)	20.514	T06-49-B0001	25,803	-	-	10,183	10,183
Subtotal				<u>27,087</u>	<u>25,433</u>	<u>10,183</u>	<u>11,837</u>
<b>Passed through Arizona's Governor's Office of Highway Safety</b>							
State & Community Highway Safety	20.600	2011-EM-001	9,041	-	1,113	6,143	5,030
State & Community Highway Safety	20.600	2010-PT-014	40,731	26,376	26,376	-	-
State & Community Highway Safety	20.600	2010-HFR-017	30,000	6,900	6,900	14,799	14,799
State & Community Highway Safety	20.600	2010-AI-008	12,051	5,000	5,000	-	-
State & Community Highway Safety	20.600	2010-EM-003	8,500	3,870	3,870	2,652	2,652
State & Community Highway Safety	20.600	2011-A1-011	6,840	-	1,889	5,745	3,856
State & Community Highway Safety	20.600	2011-OP-030	5,000	-	-	5,000	5,000
State & Community Highway Safety	20.600	2011-AL-029	15,000	-	11,985	15,000	3,015
State & Community Highway Safety	20.600	2011-PT-024	60,467	-	-	46,874	46,874
Subtotal				<u>42,146</u>	<u>57,133</u>	<u>96,213</u>	<u>81,226</u>
Total Department of Transportation				<u>1,633,418</u>	<u>2,630,437</u>	<u>2,043,108</u>	<u>1,046,089</u>
<b>Department of Energy</b>							
<b>Direct Programs:</b>							
ARRA-Energy Efficiency and Conversation Block Grant	81.128	DE-SC0002532	587,100	71,589	205,504	143,886	9,971
Total Department of Energy				<u>71,589</u>	<u>205,504</u>	<u>143,886</u>	<u>9,971</u>
<b>Department of Education</b>							
<b>Passed through AZ Governor's Office of</b>							
<b>Economic Recovery</b>							
Public Safety Stabilization Program- Police	84.397	OER-11-IGA-GS-58	50,000	-	10,728	34,840	24,112
Public Safety Stabilization Program - Fire	84.397	OER-11-IGA-GS-58	50,000	-	5,899	29,120	23,221
Total Department of Education				<u>-</u>	<u>16,627</u>	<u>63,960</u>	<u>47,333</u>

The accompanying notes are an integral part of this schedule.

City of Flagstaff, Arizona  
Schedule of Expenditures of Federal Awards  
June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Award Amount	Accrued or (Deferred) Revenue at June 30, 2010	Receipts	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
<b>Department of Homeland Security</b>							
<i>Direct Programs:</i>							
TSA-Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR313	284,043	40,072	56,809	73,287	56,550
Subtotal				<u>40,072</u>	<u>56,809</u>	<u>73,287</u>	<u>56,550</u>
<i>Passed through AZ Division of Emergency Management</i>							
Homeland Security Grant Program - Police	97.067	07-AZDOHS-HSGP-333101-15	200,000	21,057	21,057	-	-
Homeland Security Grant Program - Fire	97.067	09-AZDOHS-HSGP-555105-04	54,060	54,005	54,005	-	-
Homeland Security Grant Program - Fire	97.067	09-AZDOHS-HSGP-555105-05	9,050	3,789	3,789	-	-
Homeland Security Grant Program - Fire	97.067	09-AZDOHS-HSGP-555105-10	42,000	-	-	41,079	41,079
Homeland Security Grant Program - Fire	97.067	09-AZDOHS-HSGP-555105-07	70,500	-	48,783	48,783	-
Subtotal				<u>78,851</u>	<u>127,634</u>	<u>89,862</u>	<u>41,079</u>
<i>FEMA</i>							
Disaster Grant - Public Assistance (2010 Winter Storm)	97.036	FEMA-1888-DR	48,566	9,665	-	38,901	48,566
Disaster Grant - Public Assistance (Shultz Flooding)	97.036	FEMA-1940-DR	53,256	-	-	53,256	53,256
Subtotal				<u>9,665</u>	<u>-</u>	<u>92,157</u>	<u>101,822</u>
Subtotal				<u>88,516</u>	<u>127,634</u>	<u>182,019</u>	<u>142,901</u>
<i>Passed through AZ State Forestry</i>							
Fire Management Assistance Grant (Hardy Fire)	97.046	AZ-A2S-100523	50,053	53,622	50,053	(3,569)	-
Subtotal				<u>53,622</u>	<u>50,053</u>	<u>(3,569)</u>	<u>-</u>
Total Department of Homeland Security				<u>182,210</u>	<u>234,496</u>	<u>251,737</u>	<u>199,451</u>
<b>Institute Of Museum And Library Services</b>							
<i>Passed through AZ State Library, Archives &amp; Public Records</i>							
Grants to States - Every Child Ready to Read	45.310	2009-32201-04	12,387	(3,612)	-	3,448	(164)
Grants to States - 2010 LSTA Stories to Life	45.310	2010-30058-05	22,814	309	22,814	22,505	-
Grants to States -Special Resources Allotment	45.310	2011 LSTA	5,000	-	5,000	5,000	-
Grants to States - State Grant in Aid	45.310	2010 SGIA	25,000	-	25,000	25,000	-
Grants to States-Library Special Services	45.310	2010 LSTA	25,000	-	25,000	10,866	(14,134)
Grants to States-Promoting quality Electronic Resources	45.310	2010 LSTA	24,955	-	24,955	8,439	(16,516)
Grants to States -Broadband Technologies Opportunities Program 1	11.557	04-42-B1001	80,088	-	-	-	-
Total Institute of Museum and Library Services				<u>(3,303)</u>	<u>102,769</u>	<u>75,258</u>	<u>(30,814)</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 2,456,584</u>	<u>\$ 9,964,156</u>	<u>\$ 9,286,088</u>	<u>\$ 1,778,516</u>

**Note 1 - Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Flagstaff, Arizona, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Note 2 - Subrecipients**

From the federal expenditures presented in the schedule above, the City expended the following to subrecipients.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Award Amount</u>
10/11 CDBG Entitlement	14.218	\$ 200,000 32,400 150,000 89,000 15,000
Expand TGen Facility	84.397	80,000
2010 Justice Assistance Grant	16.738	17,667

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .501(a)	No

Identification of major programs:	<u>CFDA Number</u>	
Section 8 Housing Choice Voucher	14.871	\$ 3,025,735
Capital Funds Program	14.872	923,940
COPS Hiring Recovery Program	16.710 - ARRA	415,965
JAG Program Cluster		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 25,378
Edward Byrne Memorial Justice Assistance Grant Program	16.803 - ARRA	\$ 281,601
Edward Byrne Memorial Justice Assistance Grant Program	16.804 - ARRA	\$ 82,491
		<u>\$ 389,470</u>
Energy Efficiency and Conversation Block Grant	81.128 - ARRA	143,886
		<u><u>\$ 4,898,996</u></u>

Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Auditee qualified as low-risk auditee	No

**Section II - Financial Statement Findings**

No matters are reportable.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.