



Single Audit Report and Schedule of
Expenditures of Federal Awards
June 30, 2014

City of Flagstaff, Arizona

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 1

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 3

Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance..... 5

Schedule of Expenditures of Federal Awards 7

Notes to Schedule of Expenditures of Federal Awards 11

Schedule of Findings and Questioned Costs 12



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

To the Honorable Mayor and Members of the Council
City of Flagstaff, Arizona
Flagstaff, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flagstaff, Arizona (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Phoenix, Arizona
January 15, 2015



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Flagstaff, Arizona’s (the 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’s major federal programs for the year ended June 30, 2014. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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 compliance for each of the City’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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each of the Major Federal Programs

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City'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 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'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 compliance requirement 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 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 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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 15, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


Eric Sully LLP
Phoenix, Arizona
January 15, 2015



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

Report on 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, 2014.

Management's Responsibility for Compliance

Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Airport's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Flagstaff Pulliam Airport's compliance 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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance that could have a 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. However, our audit does not provide a legal determination of Flagstaff Pulliam Airport's compliance.

Opinion

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, 2014.

Report on Internal Control over Compliance

Management of Flagstaff Pulliam Airport is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Flagstaff Pulliam Airport's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for

the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, 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 Flagstaff Pulliam Airport'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 the passenger facility charge 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 compliance requirement 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 the passenger facility charge 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 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 Guide. Accordingly, this report is not suitable for any other purpose.

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.


Phoenix, Arizona
January 15, 2015

City of Flagstaff, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT/ GRANT NUMBER	AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2013	RECEIPTS	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2014
Department of Agriculture							
<i>Passed through Arizona State Forestry Division</i>							
Cooperative Forestry Assistance-Hazardous Fuels	10.664	WFHF 09-007	\$ 359,030	\$ 47,076	\$ 47,076	\$ -	\$ -
Cooperative Forestry Assistance-Our Forest Our Future	10.664	SFA 11-203	107,500	6,221	6,221	66,812	66,812
Total Department of Agriculture				53,297	53,297	66,812	66,812
Department of Commerce							
<i>Direct Programs:</i>							
Economic Adjustment Assistance-Business Accelerator & EOC	11.307	07-79-06817	4,000,000	20,025	-	231,475	251,500
Total Department of Commerce				20,025	-	231,475	251,500
Department of Housing and Urban Development							
<i>Direct Programs:</i>							
Community Development Block Grant 2010-2011	14.218	B-10-MC-04-0510	670,179	5,843	11,101	5,258	-
Community Development Block Grant 2011-2012	14.218	B-11-MC-04-0510	559,009	11,975	43,902	46,722	14,795
Community Development Block Grant 2012-2013	14.218	B-12-MC-04-0510	532,465	44,177	342,625	309,749	11,301
Community Development Block Grant 2013-2014	14.218	B-13-MC-04-0510	565,772	-	66,535	163,750	97,215
Subtotal				61,995	464,163	525,479	123,311
Public and Indian Housing	14.850	AZ006-00000112D	297,507	-	222	222	-
Public and Indian Housing	14.850	AZ006-00000113D	260,338	-	126,402	126,402	-
Public and Indian Housing	14.850	AZ006-00000114D	200,642	-	96,500	96,500	-
Public and Indian Housing	14.850	AZ006-00000212D	296,101	-	221	221	-
Public and Indian Housing	14.850	AZ006-00000213D	307,555	-	149,327	149,327	-
Public and Indian Housing	14.850	AZ006-00000214D	220,053	-	105,609	105,609	-
Subtotal				-	478,281	478,281	-
Lower Income Housing Assistance Program_Section 8 Moderate Rehab	14.856	AZ006MRO001/AZ006SRO001	89,352	(3,063)	95,935	89,352	(9,646)
Resident Opportunity and Supportive Services - Service Coordination	14.870	AZ006RPS083A009	168,762	3,552	35,392	31,840	-
Section 8 Housing Choice Voucher	14.871	AZ006	3,291,866	(371)	3,274,560	3,298,303	23,372
Public Housing Capital Fund	14.872	AZ20P00650112	360,994	86,878	338,860	251,982	-
Public Housing Capital Fund	14.872	AZ20P00650113	348,130	-	147,090	159,284	12,194
Public Housing Capital Fund	14.872	AZ20P00650114	362,437	-	-	3,278	3,278
Subtotal				86,878	485,950	414,544	15,472
<i>Passed through Arizona Department of Housing</i>							
Home Investment Partnership Program 2012	14.239	304-12	300,000	31,082	55,160	57,106	33,028
Home Investment Partnership Program 2013	14.239	305-13	385,000	-	19,410	47,885	28,475
Subtotal				31,082	74,570	104,991	61,503
Total Department of Housing and Urban Development				180,073	4,908,851	4,942,790	214,012

The accompanying notes are an integral part of this schedule.

City of Flagstaff, Arizona
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT/ GRANT NUMBER	AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2013	RECEIPTS	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2014
Department of Interior							
<i>Direct Programs:</i>							
National Park Service Conservation, Protection, Outreach and Education -Dispatch Services	15.954	P12AC10702	5,000	-	5,000	5,000	-
Reclamation Water Supply Program - Red Gap Ranch Feasibility Study	15.548	R12AP32025	300,000	-	117,644	186,235	68,591
National Trails System Projects - Rte 66 Flagstaff Urban Trail System Rest Area Interpretive Signage	15.935	P12AC71223	8,750	-	8,750	8,750	-
Total Department of Interior				-	131,394	199,985	68,591
Department of Justice							
<i>Direct Programs:</i>							
Bulletproof Vest Partnership Program	16.607	2011 BVP	4,253	2,162	2,162	-	-
Bulletproof Vest Partnership Program	16.607	2012 BVP	10,073	5,247	10,072	4,825	-
Bulletproof Vest Partnership Program	16.607	2013 BVP	10,005	-	322	3,789	3,467
Subtotal				7,409	12,556	8,614	3,467
Public Safety Partnership and Community Policing Grant 2011	16.710	2011UMXW0015	966,336	61,064	238,938	321,100	143,226
JAG Program Cluster							
<i>Direct Programs:</i>							
Edward Byrne Memorial Justice Assistance Grant Program FY10	16.738	2010-DJ-BX-0931	59,192	20,414	20,414	-	-
Edward Byrne Memorial Justice Assistance Grant Program FY11	16.738	2011-DJ-BX-3022	41,808	-	29,783	29,783	-
Edward Byrne Memorial Justice Assistance Grant Program FY12	16.738	2012-DJ-BX-1184	23,402	7,842	23,345	15,503	-
Edward Byrne Memorial Justice Assistance Grant Program FY13	16.738	2013-DJ-BX-1126	23,249	-	3,083	10,609	7,526
Subtotal				28,256	76,625	55,895	7,526
<i>Passed through Arizona Criminal Justice Commission</i>							
Edward Byrne Memorial Justice Assistance Grant Program Cycle 26	16.803	DC-13-044	157,406	40,270	40,270	-	-
Edward Byrne Memorial Justice Assistance Grant Program Cycle 27	16.803	DC-14-022	140,972	-	103,169	140,214	37,045
Subtotal				40,270	143,439	140,214	37,045
Cluster subtotal				68,526	220,064	196,109	44,571
<i>Passed through State of Arizona</i>							
Missing Children Assistance 2013-ICAC	16.543	2012-50210-AZ-MC	4,000	4,000	4,000	-	-
Total Department of Justice				140,999	475,558	525,823	191,264

City of Flagstaff, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT/ GRANT NUMBER	AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2013	RECEIPTS	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2014
Department of Transportation							
<i>Direct Programs:</i>							
Airport Improvement Program-AIP 36	20.106	AIP-3-04-0015-036-2013	4,905,017	-	19,068	2,570,431	2,551,363
Airport Improvement Program-AIP 37	20.106	AIP-3-04-0015-037-2013	270,000	-	93	93	-
Subtotal				-	19,161	2,570,524	2,551,363
<i>Passed through Arizona Department of Transportation:</i>							
Highway Planning and Construction - 2011 STP	20.205	JPA11-085 (Amendment 1)	105,000	9,647	79,803	110,307	40,151
Highway Planning and Construction - 2013 PL	20.205	JPA11-085	104,191	53,687	66,160	12,473	-
Highway Planning and Construction - 2014 PL	20.205	JPA11-085 (Amendment 2)	117,103	-	76,279	106,209	29,930
Highway Planning and Construction - 2013 SPR	20.205	JPA11-085	95,490	11,910	11,910	-	-
Highway Planning and Construction - 2014 SPR	20.205	JPA11-085 (Amendment 2)	125,000	-	56,842	125,000	68,158
Highway Planning and Construction - Woodland Village Blvd	20.205	JPA10-053I	500,000	36,440	42,694	6,254	-
Highway Planning and Construction - HSIP Signs	20.205	JPA10-100I	175,000	10,598	-	24,737	35,335
Highway Planning and Construction - Sitgreaves ADA Ramp	20.205	JPA11-196I	86,818	-	-	86,818	86,818
Subtotal				122,282	333,688	471,798	260,392
<i>Passed through Arizona Department of Transportation:</i>							
Public Transportation Research-2011 FTA(19)	20.514	JPA-11-085	26,844	4,461	20,024	16,230	667
Public Transportation Research-2012 FTA(20)	20.514	JPA-11-085	30,263	-	-	26,981	26,981
Subtotal				4,461	20,024	43,211	27,648
<i>Passed through Arizona's Governor's Office of Highway Safety</i>							
State & Community Highway Safety-DUI Enforcement	20.600	2013-AL-012	30,000	10,374	22,763	12,389	-
State & Community Highway Safety-Selective Traffic Enforcement	20.600	2013-PT-009	5,000	3,481	4,424	943	-
State & Community Highway Safety-DUI Enforcement Van Remodel	20.600	2014-164-097	42,117	-	-	42,117	42,117
State & Community Highway Safety-Portable Breath Test	20.600	2014-164-108	7,000	-	-	6,878	6,878
State & Community Highway Safety-DUI Enforcement	20.600	2014-AL-009	18,000	-	12,299	17,432	5,133
State & Community Highway Safety-DUI/Youth Alcohol Enforcement	20.600	2014-AL-010	18,000	-	299	3,849	3,550
State & Community Highway Safety-First Responder Equipment	20.600	2014-EM-003	13,006	-	-	12,885	12,885
Subtotal				13,855	39,785	96,493	70,563
Total Department of Transportation				140,598	412,658	3,182,026	2,909,966

City of Flagstaff, Arizona
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT/ GRANT NUMBER	AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2013	RECEIPTS	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2014
Institute Of Museum And Library Services							
<i>Passed through AZ State Library, Archives & Public Records</i>							
Grants to States-Library Special Services	45.310	2010 LSTA	25,000	(209)	-	209	-
Grants to States-State Grant in Aid	45.310	2014 SGIA	25,000	-	25,000	25,000	-
Grants to States-Preserve and Honoring Flagstaff's Past	45.310	2013 LSTA	11,900	-	11,900	9,865	(2,035)
Grants to States - Storytime Project	45.310	2013 LSTA	18,365	-	15,000	11,083	(3,917)
Grants to States - Toddler Tools for Tuba City	45.310	2013 LSTA	14,070	-	-	60	60
Subtotal				(209)	51,900	46,217	(5,892)
Total Institute of Museum and Library Services				(209)	51,900	46,217	(5,892)
Environmental Protection Agency							
<i>Direct Programs:</i>							
Brownfields Assessment & Cleanup Cooperative Agreement	66.818	00T97401	700,000	5,602	42,889	55,588	18,301
Total Environmental Protection Agency				5,602	42,889	55,588	18,301
Department of Homeland Security							
<i>Passed through AZ Division of Emergency Management</i>							
Disaster Grant - Public Assistance (2010 Winter Storm)	97.036	FEMA-1888-DR	68,416	(1,155)	-	1,155	-
Disaster Grant - Public Assistance (Shultz Flooding)	97.036	FEMA-1940-DR	3,503,405	(69,627)	-	-	(69,627)
Subtotal				(70,782)	-	1,155	(69,627)
Homeland Security Grant Program-Fire-WMD Rad-Nuc Training	97.067	09-AZDOHS-HSGP-555101-02	2,520	7,206	-	-	7,206
Homeland Security Grant Program-Fire-Mobile Data Terminal	97.067	10-AZDOHS-HSGP-777108-02	19,800	19,800	13,120	-	6,680
Homeland Security Grant Program-Fire-Enhancing Agent	97.067	10-AZDOHS-HSGP-777108-03	4,504	-	3,746	3,746	-
Homeland Security Grant Program-Fire-Protective Gear	97.067	10-AZDOHS-HSGP-777108-04	5,824	-	5,824	5,824	-
Homeland Security Grant Program-Police-Gas Masks/Filters	97.067	10-AZDOHS-HSGP-777109-02	5,464	-	4,006	4,006	-
Homeland Security Grant Program-Police-Portable Radios	97.067	11-AZDOHS-HSGP-888106-02	10,979	-	10,652	10,652	-
Homeland Security Grant Program-Fire-Enhancing Agent	97.067	12-AZDOHS-HSGP-999105-01	4,504	4,244	4,244	-	-
Homeland Security Grant Program-Fire-Mobile Data Terminal	97.067	12-AZDOHS-HSGP-999105-02	37,000	-	36,878	36,878	-
Homeland Security Grant Program-Fire-MPD Aux Control Device	97.067	12-AZDOHS-HSGP-999105-03	1,390	-	-	1,390	1,390
Homeland Security Grant Program-Police-Gas Masks/Filters	97.067	13-AZDOHS-HSGP-130103-01	6,068	-	-	6,068	6,068
Homeland Security Grant Program-Police-Portable Radios	97.067	13-AZDOHS-HSGP-130103-02	17,382	-	-	17,382	17,382
Subtotal				31,250	78,470	85,946	38,726
<i>Passed through Coconino County from FEMA</i>							
Disaster Grant-Public Assistance (Schultz Fire)	97.046	FM-2846	32,909	32,909	-	-	32,909
Total Department of Homeland Security				(6,623)	78,470	87,101	2,008
Total Expenditures of Federal Awards				\$ 533,762	\$ 6,201,371	\$ 9,337,817	\$ 3,751,628

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City, and is presented on the modified 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*. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Significant Accounting Policies

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note I in the City's basic financial statements.

Note 3 - Subrecipients

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

<u>Sub-Recipient</u>	<u>Project Name</u>	<u>Program Title</u>	<u>CFDA #</u>	<u>Total Expenditure Amount</u>
Bothands	Acquisition Rehabilitation	Community Development Block Grant-2010/2011	14.218	\$ 5,259
Habitat for Humanity Coconino County-Housing	Preconstruction Activities for Habitat at Housing Stabilization	Community Development Block Grant-2011/2012 Community Development Block Grant-2011/2012	14.218 14.218	7,460 24,603
Bothands	Acquisition Rehabilitation	Community Development Block Grant-2012/2013	14.218	60,000
Bothands	Financial Assistance Program	Community Development Block Grant-2012/2013	14.218	76,980
Catholic Charities	Rehabilitation of Aspen House	Community Development Block Grant-2012/2013	14.218	37,000
Flagstaff Shelter	Shelter Rehabilitation	Community Development Block Grant-2012/2013	14.218	62,609
Bothands	Sharon's Attic Program/Job Creation	Community Development Block Grant-2013/2014	14.218	32,005
Bothands	Financial Assistance Program	Community Development Block Grant-2013/2014	14.218	9,223
Catholic Charities	Path Program Operations	Community Development Block Grant-2013/2014	14.218	24,725
Catholic Charities	Housing Rehabilitation - Cedar-Rose	Community Development Block Grant-2013/2014	14.218	12,879
DNA People's Legal Services	Housing Legal Assistance Program	Community Development Block Grant-2013/2014	14.218	4,490
Northland Hospice	Olivia White Hospice Home Operations	Community Development Block Grant-2013/2014	14.218	3,634
Total Expenditures for CFDA #14.218				<u>\$ 360,865</u>
Coconino County	JAG 2012	Edward Byrne Memorial Justice Assistance Grant Program FY12	16.738	\$ 6,934
Total Expenditures for CFDA #16.738				<u>\$ 6,934</u>
City of Holbrook Coconino County	Brownfield Assessment Brownfield Assessment	Brownfield Assessment & Cleanup Cooperative Agreement Brownfield Assessment & Cleanup Cooperative Agreement	66.818 66.818	\$ 17,485 8,876
Total Expenditures for CFDA #66.818				<u>\$ 26,362</u>

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified	None reported

Type of auditor's report issued on compliance for major programs	
Public and Indian Housing 14.850	Unmodified
Section 8 Housing Choice Voucher 14.871	Unmodified
Public Housing Capital Fund 14.872	Unmodified
Airport Improvement Program 20.106	Unmodified

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

Identification of major programs:	<u>CFDA Number</u>	
Public and Indian Housing	14.850	\$ 478,281
Section 8 Housing Choice Voucher	14.871	3,298,303
Public Housing Capital Fund	14.872	414,544
Airport Improvement Program	20.106	2,570,524
		<u>\$ 6,761,652</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

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted

Section IV - Status of Prior Years Findings

2013-001 Special Tests and Provisions

U.S. Department of Housing and Urban Development Public and Indian Housing CFDA 14.850

Recommendation: We recommend that current Declarations of Trust be filed on all properties owned by the Flagstaff Housing Authority. Further we recommend that policies and procedures be reviewed and altered to include policies, procedures, best practices, and controls sufficient to ensure compliance with this and all federal requirements.

Action Planned in Response to Finding: The City of Flagstaff Housing Authority concurs that Declarations were not always filed as required. City of Flagstaff Housing Authority will file updated Declarations of Trust on all properties and maintain current declarations as required in the future, and will develop Standard Operating Procedures as described below to ensure compliance.

Status of Prior Audit Finding and Corrective Action Plan: Finding appears resolved.

2013-002 Reporting

U.S. Department of Housing and Urban Development Public and Indian Housing CFDA 14.850
U.S. Department of Housing and Urban Development Public Housing Capital Fund CFDA 14.872

Recommendation: We recommend that documentation of all reports and other compliance requirements be maintained and procedures and policies be implemented to ensure timely, accurate, and compliant reporting.

Action Planned in Response to Finding: The City of Flagstaff Housing Authority concurs that the Section 3 Report was filed for the year ended in June instead of the year ended in December. Section 3 filings will be made on a calendar year basis in the future.

Status of Prior Audit Finding and Corrective Action Plan: Finding appears resolved.