

**CITY OF FLAGSTAFF, ARIZONA  
SINGLE AUDIT ACT REPORTS  
YEAR ENDED JUNE 30, 2022**



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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 Members of the City Council  
City of Flagstaff, Arizona  
Flagstaff, 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 Flagstaff, Arizona (City), as of and for the year ended June 30, 2022, 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 30, 2023.

***Report on 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) as a basis for designing 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

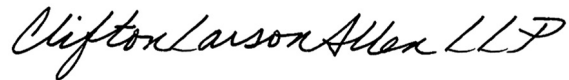
Honorable Mayor and Members of the City Council  
City of Flagstaff, Arizona

***Report on 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 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*.

***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 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.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 30, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Flagstaff, Arizona (City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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. *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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon, dated January 30, 2023, 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 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 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 as a whole.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 30, 2023

**CITY OF FLAGSTAFF, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***Financial Statements***

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

***Federal Awards***

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes   X   no

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871 and 14.879	Housing Voucher Cluster
20.106	Airport Improvement Program
21.027	COVID-19 American Rescue Plan Act – Local Fiscal Recovery

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

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no



**CITY OF FLAGSTAFF, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CITY OF FLAGSTAFF, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
<b>Department of Agriculture</b>				
<i>Passed through Arizona Department of Forestry and Fire Management:</i>				
Cooperative Forestry Assistance - Greater Flagstaff Fuels Reduction	10.664	WFHF 18-203	\$ 27,173	\$ -
Cooperative Forestry Assistance - Resource Enhancement and Engagement Program	10.664	TREE 18-102	3,000	-
Total 10.664			30,173	-
Cooperative Forestry Assistance - Hazardous Fuels Program	10.697	WFHF 19-205	63,434	-
Cooperative Forestry Assistance - Hazardous Fuels Program	10.697	WFHF 20-202	16,662	-
Cooperative Forestry Assistance - Healthy Forest Project	10.697	NHFH 21-202	10,000	-
Total 10.667			90,096	-
<b>Total Department of Agriculture</b>			120,269	-
<b>Department of Housing and Urban Development</b>				
<i>Direct Programs:</i>				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grant 2019-2020	14.218	N/A	48,851	48,851
Community Development Block Grant 2020-2021	14.218	N/A	176,501	27,636
Community Development Block Grant 2021-2022	14.218	N/A	405,375	365,509
Community Development Block Grant COVID - CV	14.218	N/A	195,160	184,832
Total CDBG - Entitlement Grants Cluster (14.218)			825,887	626,828
Public and Indian Housing	14.850	N/A	117,798	-
Public and Indian Housing	14.850	N/A	230	-
Public and Indian Housing	14.850	N/A	152,828	-
Public and Indian Housing	14.850	N/A	173,372	-
Public and Indian Housing	14.850	N/A	319	-
Public and Indian Housing	14.850	N/A	191,720	-
Total 14.850			636,267	-
<i>Section 8 Project-Based Cluster:</i>				
Lower Income Housing Assistance Program - Section 8 Moderate Rehab	14.856	N/A	92,229	-
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Voucher	14.871	N/A	4,609,860	-
COVID-19 Emergency Housing Voucher	14.871	N/A	151,921	-
COVID-19 Mainstream CARES Act Funding	14.879	N/A	54,551	-
Total Housing Voucher Cluster			4,816,332	-
Public Housing Capital Fund	14.872	N/A	560,901	-
Public Housing Capital Fund	14.872	N/A	365,725	-
Total 14.872			926,626	-
<b>Total Department of Housing and Urban Development</b>			7,297,341	626,828
<b>Department of Interior</b>				
<i>Passed through The Arizona State Parks Board:</i>				
Sunnyside Historic Context	15.904	AZ-19-10012	20,000	-
<i>Direct Programs:</i>				
National Park Service	15.944	N/A	38,800	-
National Park Service Dispatch Services	15.954	N/A	5,000	-
<b>Total Department of Interior</b>			63,800	-
<b>Department of Justice</b>				
<i>Direct Program:</i>				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A	5,459	-
<i>Passed through Arizona Criminal Justice Commission:</i>				
COVID-19 Arizona Coronavirus Emergency Supplemental Funding Program	16.034	ACESF-21-011	68,347	-
Total 16.034			73,806	-
<i>Passed through Phoenix Police Department:</i>				
Arizona Internet Crimes Against Children Task Force	16.543	IGA-2019-162-AG3	3,494	-
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program	16.607	N/A	12,110	-
COPS Office Community Policing Development Micro Grants II - Officer Safety and Wellness Project	16.710	N/A	28,039	-
<i>Passed through Arizona Criminal Justice Commission:</i>				
Public Safety Partnership and Community Policing Grant	16.710	2017UMWX0125	31,242	-
Total 16.710			59,281	-
<i>Direct Program:</i>				
Justice Assistance Grant Program	16.738	N/A	-	-
Justice Assistance Grant Program	16.738	N/A	17,038	6,225
Justice Assistance Grant Program	16.738	N/A	16,927	8,202
<i>Passed through Arizona Criminal Justice Commission:</i>				
Edward Byrne Memorial Justice Assistance Grant Program Cycle 35	16.738	DC-22-002	71,665	-
Total 16.738			105,630	14,427
<b>Total Department of Justice</b>			254,321	14,427

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLAGSTAFF, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
<b>Department of Transportation</b>				
<b>Direct Programs:</b>				
Airport Improvement Program - AIP 44 (Snow Removal Equipment Building Design)	20.106	N/A	49,107	-
COVID-19 CARES Act Airport Grants	20.106	N/A	2,535,044	-
COVID-19 ACRGP 47 (Coronavirus Addendum Concessions)	20.106	N/A	25,672	-
COVID-19 ARG 50 (Concessions Rent Relief)	20.106	N/A	102,687	-
Total 20.106			2,712,510	-
<b>Highway Safety Cluster:</b>				
<b>Passed through Arizona's Governor's Office of Highway Safety:</b>				
State and Community Highway Safety - STEP Enforcement Materials, Supplies and Equipment	20.600	2021-PTS-021	23,823	-
State and Community Highway Safety - DUI Materials Intoxilyzer	20.600	2022-AL-015	9,460	-
State and Community Highway Safety - Accident Investigation	20.600	2022-AI-004	29,041	-
State and Community Highway Safety - STEP Equipment Motorcycle	20.600	2022-PTS-024	25,559	-
Total 20.600			87,883	-
<b>Passed through Arizona's Governor's Office of Highway Safety:</b>				
State and Community Highway Safety - Youth Alcohol Enforcement	20.616	2021-405d-013	1,294	-
State and Community Highway Safety - DUI Enforcement OT	20.616	2022-405d-017	13,356	-
State and Community Highway Safety - Youth Alcohol Enforcement	20.616	2022-405d-016	13,087	-
State and Community Highway Safety - AZ Tracs Implementation Equip	20.616	2021-405c-015	32,538	-
Total 20.616			60,275	-
<b>Total Highway Safety Cluster</b>			148,158	-
<b>Total Department of Transportation</b>			2,860,668	-
<b>Department of Treasury</b>				
<b>Direct Programs:</b>				
COVID-19 American Rescue Plan Act - Local Fiscal Recovery	21.027	N/A	10,218,692	181,292
<b>Institute Of Museum And Library Services</b>				
<b>Passed through Arizona State Library, Archives and Public Records:</b>				
Grants to States - Xeriscape Garden at Tuba City	45.310	2020-0170-04	1,461	-
COVID-19 CARES Act Expanded - Accoutrements	45.310	2020-0720-22	1,723	-
COVID-19 CARES Act Expanded - Security Cameras	45.310	2020-0720-23	4,000	-
COVID-19 CARES Act Expanded - Laptops and Hotspots	45.310	2020-0720-21	2,106	-
COVID-19 American Rescue Plan Act - Allotment	45.310	2021-ARPA-21	13,109	-
<b>Total Institute of Museum and Library Services</b>			22,399	-
<b>Environmental Protection Agency</b>				
<b>Passed through Water Infrastructure Finance Authority of Arizona:</b>				
<b>Clean Water State Revolving Fund Cluster:</b>				
Flagstaff Watershed Protection Project	66.458	CW-005-2020	84,282	-
<b>Department of Homeland Security</b>				
<b>Direct Programs:</b>				
Assistance to Firefighters - Regional Training	97.044	N/A	67,648	-
Assistance to Firefighters Grant - COVID PPE	97.044	N/A	36,023	-
Total 97.044			103,671	-
FEMA Floodplain Management Plan	97.045	N/A	45,203	-
FEMA SAFER Hiring	97.083	N/A	269,823	-
<b>Passed through Arizona Department of Homeland Security:</b>				
Tactical Robot	97.067	20-AZDOHS-HSGP-200103-02	20,000	-
Simunition Equipment	97.067	21-AZDOHS-HSGP-210101-01	10,962	-
Total 97.067			30,962	-
<b>Total Department of Homeland Security</b>			449,659	-
<b>Total Expenditures of Federal Awards</b>			\$ 21,371,431	\$ 822,547

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLAGSTAFF, ARIZONA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Flagstaff, Arizona under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 of Flagstaff, Arizona.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 for all awards with the exception of Assistance Listing 21.027, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST**

The City did not elect the ten percent de minimus indirect cost rate.



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