

Single Audit

Schedule of Expenditures of Federal Awards
Reports on Internal Controls and Compliance with
Laws and Regulations

For the Fiscal Year Ended June 30, 2009

City of Prescott
Arizona

Single Audit

Schedule of Expenditures of Federal Awards

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City of Prescott
Arizona



**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 Prescott, 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 City of Prescott, Arizona as of and for the year ended June 30, 2009, which collectively comprise City of Prescott, Arizona's basic financial statements and have issued our report thereon dated October 19, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 City of Prescott, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Prescott, Arizona in a separate letter dated October 19, 2009.

This report is intended solely for the information and use of management, the Honorable Mayor and Members of the City Council, others within the entity 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 19, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of City of Prescott, Arizona with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. City of Prescott, Arizona's major federal programs are identified in the summary of auditors' 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 programs is the responsibility of City of Prescott, Arizona's management. Our responsibility is to express an opinion on City of Prescott, Arizona'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 City of Prescott, 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. Our audit does not provide a legal determination of City of Prescott, Arizona's compliance with those requirements.

In our opinion, City of Prescott, Arizona complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of City of Prescott, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Prescott, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Prescott, Arizona's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance 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 City of Prescott, Arizona as of and for the year ended June 30, 2009, and have issued our report thereon dated October 19, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise City of Prescott, Arizona's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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 Honorable Mayor and Members of the City Council, others within the entity 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 19, 2009

**CITY OF PRESCOTT, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
10.664	Forest Service Cooperative Forestry Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

**CITY OF PRESCOTT, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

SECTION II - FINANCIAL STATEMENT FINDINGS

We noted no significant deficiencies, material weaknesses or instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We noted no significant deficiencies, material weaknesses or instances of noncompliance related to the audit of major federal programs as required to be reported by OMB Circular A-133.

**CITY OF PRESCOTT, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009**

Status of Federal Award Findings and Questioned Costs

The City had no findings or questioned costs related to federal awards noted in prior audits that require a status.

CITY OF PRESCOTT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Fiscal Year Ended June 30, 2009

<i>Federal Grantor/Program Title/ Pass-Through Grantor</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Program or Award Amount</i>	<i>Fiscal Year 2009 Expenditures</i>
U.S. DEPARTMENT OF JUSTICE				
Office of Justice Programs Bulletproof Vest Partnership Program - Direct Program	16.607	N/A	\$ 11,826	\$ 446
Total for the U.S. Dept. of Justice - Direct Programs			<u>\$ 11,826</u>	<u>\$ 446</u>
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION				
Federal Aviation Administration Airport Airport Masterplan Update Grant 025-2006 - Direct Program	20.106	N/A	\$ 183,580	\$ 62,313
Federal Aviation Administration Airport Electronic Fingerprinting Equipment 026-2008 - Direct Program	20.106	N/A	22,500	16,358
Total for the U.S. Dept. of Transportation - Direct Programs			<u>\$ 206,080</u>	<u>\$ 78,671</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grant - Administration - Direct Program	14.218	N/A	\$ 59,000	\$ 56,018
Community Development Block Grant - Dexter Revitalization - Direct Program	14.218	N/A	110,334	110,334
Community Development Block Grant - West Yavapai Guidance Clinic - Direct Program	14.218	N/A	50,000	50,000
Community Development Block Grant - Habitat for Humanity - Direct Program	14.218	N/A	50,000	50,000
Total for the U.S. Dept of Housing & Urban Development			<u>\$ 269,334</u>	<u>\$ 266,352</u>
U.S. DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION				
Water Conservation Education and Training - Direct Program	15.530	N/A	\$ 45,800	\$ 4,434
Total for the U.S. Dept of the Interior - Direct Programs			<u>\$ 45,800</u>	<u>\$ 4,434</u>
U.S. DEPARTMENT OF AGRICULTURE				
Forest Service Cooperative Forestry Program State Fire Assistance SFA 7001 Passed Through the Arizona State Land Department and the Prescott Wildland Urban Interface Commission	10.664	SFA 7001	\$ 207,000	\$ 206,899
Total for the U.S. Department of Agriculture			<u>\$ 207,000</u>	<u>\$ 206,899</u>

(continued)

CITY OF PRESCOTT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Fiscal Year Ended June 30, 2009
 (continued)

<i>Federal Grantor/Program Title/ Pass-Through Grantor</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Program or Award Amount</i>	<i>Fiscal Year 2009 Expenditures</i>
U.S. DEPARTMENT OF JUSTICE				
Narcotics Control Assistance Statewide Enhanced Drug Enforcement Program Passed Through the Arizona Criminal Justice Commission and the City of Sedona	16.579	AL-150-09	\$ 24,465	\$ 24,465
Total for the U.S. Department of Justice			\$ 24,465	\$ 24,465
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Highway Administration DUI Enforcement Program Passed Through the Arizona Governor's Office of Highway Safety	20.600	2007-410-015	\$ 41,500	\$ 34,157
	20.600	2008-410-019	60,000	38,461
			\$ 101,500	\$ 72,618
Federal Highway Administration Concentrated Occupant Protection Enforcement Program Passed Through the Arizona Governor's Office of Highway Safety	20.600	2007-OP-012	\$ 5,000	\$ 4,299
	20.600	209-PT-008	16,000	11,746
			\$ 21,000	\$ 16,045
Federal Highway Administration Highway Planning and Construction Passed through the Arizona Department of Transportation Highway Division				
FHWA Planning and Research Funds	20.205	PL 2007	\$ 114,399	\$ 60
FHWA Planning and Research Funds	20.205	PL 2008	114,399	114,339
FHWA Planning and Research Funds	20.205	PL 2009	114,399	95,845
Corridor Study	20.205	SPR 2006	125,000	121,225
Corridor Study	20.205	SPR 2007	125,000	116,449
Corridor Study	20.205	SPR 2008	125,000	28,892
Transit Study/Implementation	20.205	5307 Transit Funds	620,808	69,580
			\$ 1,339,005	\$ 546,390
Total for the U.S. Department of Transportation			\$ 1,461,505	\$ 635,053
U.S. DEPARTMENT OF HOMELAND SECURITY				
Domestic Preparedness Equipment Support Program Passed Through Yavapai County Emergency Management	97.067	333508-02	\$ 3,611	\$ 3,611
	97.067	333508-03	17,022	10,461
	97.067	333508-01	45,000	12,504
			\$ 65,633	\$ 26,576
Commercial Equipment Direct Assistance Program (CEDAP)	97.096	N/A	\$ 15,000	\$ 15,000
Presidentially declared disaster 1586 flooding. Response Passed Through the Arizona Department of Emergency and Military Affairs	97.036	DR-AZ-025-57380	\$ 141,991	\$ 141,991
Law Enforcement Terrorism Prevention Program Passed through the State of Arizona Division of Emergency Management	97.004	2006-GE-T6-0007	\$ 143,966	\$ 32,840
Total for the U.S. Department of Homeland Security			\$ 366,590	\$ 216,407

(continued)

CITY OF PRESCOTT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

5. Total subtractions
(continued)

<i>Federal Grantor/Program Title/ Pass-Through Grantor</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Program or Award Amount</i>	<i>Fiscal Year 2009 Expenditures</i>
OFFICE OF LIBRARY SERVICES				
National Parks Service Historic Preservation Program passed through Arizona State Parks	15.904	440006-17	\$ 5,400	\$ 2,753
Total for the Office of Library Services			<u>\$ 5,400</u>	<u>\$ 2,753</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,594,389</u>	<u>\$ 1,435,480</u>

See accompanying notes to schedule

City of Prescott, Arizona
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Prescott, Arizona, and is presented on the accrual basis of accounting. The information on 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

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City of Prescott, Arizona provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Federal Highway Administration DUI Enforcement Program	20.600	\$ 39,090

Note 3 – Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the *2009 Catalog of Federal Domestic Assistance*.