

CITY OF PRESCOTT, ARIZONA
SINGLE AUDIT ACT REPORT
FISCAL YEAR ENDED JUNE 30, 2021

CITY OF PRESCOTT, ARIZONA

Table of Contents

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

Report on Compliance for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance..... 3

Schedule of Findings and Questioned costs:

 Summary of Auditors' Results 5

 Financial Statement Findings 6

 Federal Award Findings and Questioned Costs 6

Schedule of Expenditures of Federal Awards 7

Notes to the Schedule of Expenditures of Federal Awards 9



**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***

The Honorable Mayor and
City Council
Prescott, 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 City of Prescott, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Prescott, Arizona's basic financial statements and have issued our report thereon dated November 5, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Prescott, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.



HintonBurdick, PLLC
Gilbert, Arizona
November 5, 2021



HINTONBURDICK
CPAs & ADVISORS

**Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

Honorable Mayor & City Council
City of Prescott
Prescott, Arizona

Report on Compliance for Each Major Program

We have audited the City of Prescott, Arizona's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City of Prescott, Arizona's major federal programs for the year ended June 30, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of Prescott, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 of Prescott, Arizona, as of and for the year ended June 30, 2021, and have issued our report thereon dated November 5, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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.



HintonBurdick, PLLC

Gilbert, Arizona

November 5, 2021

CITY OF PRESCOTT, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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 that are not considered to be material weaknesses? _____ 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 material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program and COVID -19 Airport Programs
66.458	Capitalization Grants for Clean Water State Revolving Funds

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 PRESCOTT, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Current Year Findings and Recommendations:

Material Weaknesses:

None noted

Significant Deficiencies:

None noted

Prior Year Findings and Recommendations, Reworded (if necessary) and Reissued:

Material Weaknesses

None noted

Significant Deficiencies:

None noted

Section III - Federal Award Findings and Questioned Costs

No significant matters were noted.

CITY OF PRESCOTT, ARIZONA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Cooperative Forestry Assistance Program State Fire Assistance Passed through the Arizona Office of the State Forester Heritage Park	10.664	SFA 19-102	\$ -	\$ 46,437
Passed through the Arizona Office of the State Forester Mountain Club	10.697	WFHF 18-205 18DG-11031600-061	-	25,667
Passed through the Arizona Office of the State Forester Foothills	10.697	WFHF 19-206 19DG-11031600-053	-	2,977
Natural Resources Conservation Service-CCFWR Community Compost and Food Waste Reduction pilot project	10.935	NR203A750001C018	-	46,760
Total for U.S. Department of Agriculture			-	121,841
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Administration - Direct Program	14.218	B-19-MC-04-0512	41,860	41,860
Agape House of Prescott	14.218	B-20-MC-04-0512	31,507	31,507
WYGC - Direct Program	14.218	B-20-MC-04-0512	20,000	20,000
Prescott Adult Center	14.218	B-19-MC-04-0512	26,793	26,793
Launch Pad Outdoor Learning Center	14.218	B-20-MC-04-0512	6,373	6,373
U.S. Vets - Elevator	14.218	B-19-MC-04-0512	45,934	45,934
CV Prescott Cares	14.218	B-20-MW-04-0512	84,831	84,831
People Who Care - Direct Program	14.218	B-19-MC-04-0512	13,111	13,111
New Horizon's Disability Empowerment - Direct Program	14.218	B-20-MC-04-0512	1,546	1,546
Prescott Area Shelter Services - Direct Program	14.218	B-20-MC-04-0512	9,074	9,074
Total U.S. Department of Housing and Urban Development			281,028	281,028
U.S. Department of Justice				
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0034	-	9,964
Passed through the Arizona Department of Public Safety				
Victims of Crime Act (VOCA)	16.575	2016-VA-GX-0046	-	37,514
Victims of Crime Act (VOCA)	16.575	2018-V2-GX-0012	-	111,984
Subtotal			-	149,499
Passed through the State of Arizona, Governor's Office of Youth, Faith and Family				
Office on Violence Against Women	16.588	ST-SART-18-010118-03Y3	-	47,679
Office on Violence Against Women	16.588	ST-WSG-20-010121-08	-	72,659
Subtotal			-	120,337
Office of Justice Programs Bulletproof Vest Partnership Program - Direct Program	16.607	N/A	-	3,773
Justice Assistance Grant Cluster-				
Edward Byrne Memorial Justice Assistance Grant - Direct Program	16.738	2019-DJ-BX-0401	-	5,796
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories Passed Through the Arizona Criminal Justice Commission and Yavapai County	16.738	DC-21-011	-	55,984
Subtotal			-	61,779
Total U.S. Department of Justice			-	345,353
U.S. Department of Transportation				
Federal Aviation Administration:				
Airport Improvement Program				
Wildlife Hazard Assessment	20.106		-	3,935
Reconstruct Taxiway, Reconstruct Taxiway - Design Only	20.106	3-04-0030-0040-2019	-	5,127,406
Terminal Catex	20.106	3-04-0030-0043-2020	-	8,556,410
CARES Act	20.106	3-04-0030-0045-2020	-	159,079
Construct Terminal Building - Phase 2	20.106	3-04-0030-0047-2021	-	894,736
Subtotal			-	14,741,566

(continued)

CITY OF PRESCOTT, ARIZONA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation (continued)				
Federal Highway Administration				
Highway Safety Cluster				
Passed through the Arizona Governor's Office of Highway Safety				
State and Community Highway Safety				
STEP Enforcement	20.600	2020-PTS-048	-	7,573
STEP Enforcement	20.600	2021-PTS-053	-	21,441
Buckle Up Arizona Enforcement Campaign	20.616	2020-CIOT-021	-	2,983
Buckle Up Arizona Enforcement Campaign	20.616	2021-CIOT-021	-	3,000
DUI Enforcement	20.600	2020-405D-035	-	9,151
DUI Enforcement	20.600	2021-405D-035	-	20,079
Subtotal			-	64,226
Total U.S. Department of Transportation			-	14,805,792
Institute of Museum and Library Services				
Grants to States				
CARES Supplemental Subgrant - Virtual Meeting Rooms Arizona State Library, Archives, and Public Records - Crafts to Go Kits	45.310		-	1,190
Arizona State Library, Archives, and Public Records WiFi Hotspot Lending	45.310		-	1,456
			-	3,000
Total Institute of Museum and Library Services			-	5,646
Environmental Protection Agency				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds Passed through the Water Infrastructure Finance Authority of Arizona				
	66.458	CW-910170-18	-	1,783,209
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds Passed through the Water Infrastructure Finance Authority of Arizona				
	66.468	DW-920297-20	-	303,125
Total Environmental Protection Agency			-	2,086,334
U.S. Department of Homeland Security				
Assistance to Firefighters Grant				
Through the Federal Emergency Management Agency	97.044	EMW-2019-FG-03530	-	177,878
Cooperating Technical Partners Grant Floodplain Mapping Passed Through the Federal Emergency Management Agency	97.045	EMF-2020-CA-00012-S01	-	163,130
Homeland Security Grant Program Passed Through the Arizona Department of Homeland Security				
Threat Liaison Officer (TLO) Equipment	97.067	17-AZDOHS-HSGP-170512-02	-	436
Threat Liaison Officer (TLO) Equipment	97.067	20-AZDOHS-HSGP-200508-01	-	2,840
UAS Enhancement and Information Sharing	97.067	20-AZDOHS-HSGP-200508-01	-	23,525
Subtotal			-	26,801
Total U.S. Department of Homeland Security			-	367,809
Total			\$ 281,028	\$ 18,013,804

CITY OF PRESCOTT, ARIZONA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Reporting Entity:

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of the City of Prescott, Arizona for the year ended June 30, 2021. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Basis of Accounting:

This accompanying schedule of expenditures of federal awards has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Indirect Cost Rate:

The City did not elect to use the 10% de Minimis indirect cost rate for fiscal year 2021. There were no indirect cost allocations made to any of the federal grants as listed in the accompanying schedule of expenditures of federal awards.

Federal Loans Outstanding:

There are no outstanding balances for federal loan or loan guarantee programs with continuing compliance requirements at June 30, 2021.