



Report of Independent Certified Public Accountants in  
Accordance with OMB Circular A-133

**City of Phoenix, Arizona**

June 30, 2013

# Contents

	<b>Page</b>
Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	3
Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133 Report	5
Report of Independent Certified Public Accountants on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	7
Schedule of Expenditures of Federal Awards	8
Notes to the Schedule of Expenditures of Federal Awards	15
Schedule of Findings and Questioned Costs	16



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

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Honorable Mayor  
Members of the City Council  
City of Phoenix, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (the “City”) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 20, 2013.

**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 design 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 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.

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. Given these limitations, during our audit we did not identify any deficiencies in the City’s internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was also not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1, which we consider to be a significant deficiency in the City’s internal control over financial reporting.

#### 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*.

#### City's response to findings

The City's response to our findings, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the City's response.

#### Intended purpose

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 report is not suitable for any other purpose.

GRANT THORNTON LLP

Phoenix, Arizona  
December 20, 2013

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

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**Report on compliance for each major federal program**

We have audited the compliance of the City of Phoenix, Arizona (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. 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 the City’s 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The above-mentioned standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’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 year ended June 30, 2013.

## **Report on internal control over compliance**

Management of the City is responsible for designing, implementing, 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 compliance requirements that could have a direct and material effect on each major federal program to design audit 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's 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.

GRANT THORNTON LLP

Phoenix, Arizona  
December 20, 2013



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (the “City”) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and our report thereon dated December 20, 2013 expressed unmodified opinions on these financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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.

GRANT THORNTON LLP

Phoenix, Arizona  
December 20, 2013

CITY OF PHOENIX, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2012/2013 Expenditures	Subrecipient's Share of Total Expenditures
<b>DEPARTMENT OF TRANSPORTATION (D.O.T.)</b>				
<i>Federal Aviation Administration (F.A.A.)</i>				
<i>Airport Improvement Program</i>				
Sky Harbor - Improve Runway 7R/25L Safety Area	20.106		\$ 594,679	\$ -
Sky Harbor - Rehabilitate Taxiway B8	20.106		478	-
Sky Harbor - Rehabilitate Taxiway A Phase II	20.106		5,056,500	-
Sky Harbor - Rehabilitate Terminal 4 Apron Phase I	20.106		651,298	-
Sky Harbor - Noise Compatibility Study-Update Exposure Maps	20.106		192,431	-
Sky Harbor - Air Cargo Planning Study	20.106		240,312	-
Goodyear - Rehabilitate Taxiway A Lighting	20.106		175,157	-
Goodyear - Strengthen and Widen Taxiway Connectors Phase II	20.106		995	-
Deer Valley - Runway 7L/25R & 7R/25L Safety Area Improv	20.106		2,908,785	-
Deer Valley- Improve Airport Drainage and Erosion Control	20.106		2,268,848	-
Deer Valley- Collect Data for Airport GIS	20.106		3,489	-
Deer Valley- Rehabilitate North Runway 07L/25R	20.106		742,052	-
Deer Valley- Rehabilitate Taxiway A - Phase I	20.106		166,425	-
<b>Total - F.A.A. - Airport Improvement Program</b>			<b>\$ 13,001,449</b>	<b>\$ -</b>
<i>Federal Transit Administration (F.T.A.)</i>				
<i>Federal Transit Formula Grants</i>				
AZ-90-X074	20.507		\$ 1,149,756	\$ 1,149,756
AZ-90-X080	20.507		1,620,559	1,620,559
AZ-90-X088	20.507		647,809	647,809
AZ-90-X096	20.507		1,725,527	107,433
AZ-90-X103	20.507		12,355,625	7,989,373
AZ-90-X109	20.507		11,608,468	10,179,043
AZ-90-X114	20.507		16,977,775	-
AZ-95-X004	20.507		103,478	103,478
AZ-95-X006	20.507		3,013,311	3,013,311
AZ-95-X009	20.507		13,401,870	13,401,870
AZ-95-X013	20.507		3,235,810	3,235,810
AZ-96-X002	ARRA 20.507		25,181,149	23,141,140
<b>Total - F.T.A. Urbanized Area Formula Program</b>			<b>\$ 91,021,137</b>	<b>\$ 64,589,582</b>
<i>Federal Transit Capital Investment Grants</i>				
AZ-03-0066	20.500		\$ 10,295,432	\$ 10,295,432
AZ-03-0067	20.500		1,310,997	-
AZ-04-0004	20.500		14,220	14,220
AZ-04-0005	20.500		44,656	44,656
AZ-04-0011	20.500		1,330,463	1,172,197
AZ-04-0015	20.500		357,191	-
AZ-04-0022	20.500		3,915,003	-
AZ-04-0025	20.500		15,101	-
AZ-05-0201	20.500		791,630	791,630
AZ-05-0202	20.500		8,635	8,635
AZ-05-0203	20.500		2,705,481	2,680,667
AZ-05-0204	20.500		990,448	972,621
AZ-05-0205	20.500		183,986	183,986
AZ-56-0001	ARRA 20.500		-	-
<b>Total - Discretionary Capital Program</b>			<b>\$ 21,963,243</b>	<b>\$ 16,164,044</b>
<b>Total - Federal Transit Cluster</b>			<b>112,984,380</b>	<b>80,753,626</b>
<i>Job Access and Reverse Commute Program - Section 5316</i>				
AZ-37-X008	20.516		\$ 215,626	\$ 200,000
AZ-37-X011	20.516		161,400	161,130
AZ-37-X014	20.516		1,124,603	1,037,711
AZ-37-X017	20.516		985,440	936,613
AZ-37-X018	20.516		885,324	76,805
<b>Total - Job Access and Reverse Commute Program</b>			<b>\$ 3,372,393</b>	<b>\$ 2,412,259</b>
<i>New Freedom Program</i>				
AZ-57-X001	20.521		\$ 194,610	\$ 194,610
AZ-57-X008	20.521		74,925	74,754
AZ-57-X009	20.521		403,787	403,787
AZ-57-X012	20.521		1,090,536	1,073,055
AZ-57-X013	20.521		750,123	724,090
AZ-57-X016	20.521		339,155	339,155
<b>Total - New Freedom</b>			<b>\$ 2,853,136</b>	<b>\$ 2,809,451</b>
<b>Total - Transit Service Program Cluster</b>			<b>6,225,529</b>	<b>5,221,710</b>
<i>Alternatives Analysis - Section 5339</i>				
AZ-39-0001	20.522		91,600	91,600
AZ-39-0003	20.522		385,473	385,473
AZ-39-0005	20.522		507,156	507,156
<b>Total - Alternatives Analysis</b>			<b>\$ 984,229</b>	<b>\$ 984,229</b>
<b>Total - F.T.A.</b>			<b>\$ 120,194,138</b>	<b>\$ 86,959,565</b>



CITY OF PHOENIX, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2012/2013 Expenditures	Subrecipient's Share of Total Expenditures
<i>Federal Pass-Thru: Federal Highway Administration (F.H.A.)</i>				
<i>Arizona Department of Transportation (A.D.O.T.)</i>				
<i>Highway Planning and Construction Cluster</i>				
15th Ave N/O Lincoln UPRR Impr	20.205	STP PHX-0(248)A	\$ 20,250	\$ -
15th Ave S/O Madison BNSF RR Impr	20.205	STP PHX-0(250)A	15,020	-
17th Ave: Roeser Rd to Broadway Rd	20.205		6,465	-
27th Ave S/O Jackson St RR Crossing	20.205	STP-700-9(005)P	1,442	-
30th St: Washington-Fillmore	20.205	SRS 999-A (316)A	12,333	-
32nd St S/O Jackson St RR Crossing	20.205	STP PHX-0(251)A	27,813	-
35th Ave S/O Indian School Rrxing	20.205	STP-000-6(185)A	77,584	-
40th St S/O Madison St RR Crossing	20.205	STP PHX-0(252)A	23,047	-
2012 CMAQ Alley Dust Proofing	20.205	CM-PHX-0(271)A	1,131,786	-
ACDC at 7th Ave Bike Underpass	20.205	CM-PHX-0(218)A	140,893	-
ARS Broadway - 17 Ave- 7 St - Phase Two	20.205	HPS-PHX-0(055)A	604,834	-
ARS Broadway - 27 Ave- 17 Ave - Phase Two	20.205	HPS-PHX-0(055)A	701,781	-
ARS Broadway - 35 Ave- 27 Ave - Phase Two	20.205	HPS-PHX-0(055)A	516,891	-
ARS Broadway - 43 Ave- 35 Ave - Phase Two	20.205	HPS-PHX-0(055)A	177,359	-
ARS Broadway - 51 Ave-43 Ave - Phase Two	20.205	HPS-PHX-0(055)A	289,972	-
Bridge Inspection Equip Rental FY12/13	20.205	BR-PHX-0(274)D	114,296	-
Bridge Inspect Cycle A 11-12 Rentl Eq	20.205	BR-PHX-0(267)A	8,929	-
Centennial Way: Central to 19th Ave	20.205	TEA-PHX-0(260)A	82,866	-
Hatcher Rd: Central - 3rd St	20.205	CM-PHX-0(264)D	19,168	-
HES-Dunlap @ 35th Ave	20.205	HISP-PHX-0(273)A	43,635	-
Historical Neighborhood Ltg	20.205	TEA-PHX-0(203)A	54,007	-
ITS Wireless Telecom Upgrade & Expan	20.205	CM-PHX-0(257)A	713,248	-
ITS Fiber B-1 - North Ring	20.205	CM-PHX-0(272)A	43,363	-
Lincoln & 6 St UPRR Sdwlks	20.205	RRS-000-6(052)P	37,196	-
Rio Salado Pkwy Design Phase One	20.205	HPS-PHX-0(055)A	833,040	-
Roosevelt: Central to 4th Street	20.205	TEA PHX-0(269)	111,377	-
Royal Palm Bicycle & Ped Bridge	20.205	TEA-PHX-0(245)	166,598	-
Safe Route to School - Mitchell School, Phase 2	20.205	SRS 999-A(252)A	28,220	-
Safe Route to School - Mitchell School, Phase III	20.205	SRS 999-A(344)	47,767	-
Safe Route to School - 55th Ave & Campbell	20.205	SRS 999-A(251)A	14,994	-
Salt River: 24th St	20.205	CM-PHX-0(223)	42,682	-
<b>Total - A.D.O.T</b>			<b>\$ 6,108,856</b>	<b>\$ -</b>
<b>Total - Highway Planning and Construction Cluster</b>			<b>6,108,856</b>	<b>-</b>
<b>Total - F.H.A.</b>			<b>\$ 6,108,856</b>	<b>\$ -</b>
<i>Federal Pass-Thru: National Highway Traffic Safety Administration (N.H.T.S.A.)</i>				
<i>Governor's Office of Community and Highway Safety (G.O.H.S.)</i>				
2012 PT/Selective Traffic Enfrcmnt (Speed)	20.600	2012-PT-006	\$ 13,033	\$ -
2012 Occupant Protection	20.600	2012-OP-005	170	-
2013 Occupant Protection	20.600	2013-OP-002	15,465	-
2012 Selective Traffic Enforcement Equip	20.600	2012-PT-007	18,990	-
2013 Selective Traffic Enforcement Equip	20.600	2013-PT-012	32,176	-
2013 Ped/Bicyl Safety	20.600	2013-PS-003	19,503	-
2013 e-Traffic Equipment & Software	20.600	2013-TR-003	31,344	-
2013 Buckle Up Arizona (CIOT) Enforcement	20.600	2013-OP-022	15,000	-
2012 DUI Enforcement Equipment	20.601	2012-410-006	42,369	-
2013 DUI Enforcement	20.601	2013-410-013	100,000	-
2013 DUI/Underage Enforcement	20.601	2013-410-011	25,116	-
GOHS - TSRP Transportation Safety Resource Prosecutor	20.601	2013-410-026	109,552	-
2013 Underage Alcohol & Party Crew Enforcement	20.601	2013-410-035	3,911	-
<b>Total - Highway Safety Cluster</b>			<b>\$ 426,629</b>	<b>\$ -</b>
2013 DUI Alcohol Overtime Enforcement	20.608	2031-164-038	32,035	-
<b>Total - G.O.H.S.</b>			<b>\$ 458,664</b>	<b>\$ -</b>
<b>Total - N.H.T.S.A.</b>			<b>\$ 458,664</b>	<b>\$ -</b>
<b>TOTAL - DEPARTMENT OF TRANSPORTATION</b>			<b>\$ 139,763,107</b>	<b>\$ 86,959,565</b>

CITY OF PHOENIX, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2012/2013 Expenditures	Subrecipient's Share of Total Expenditures
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (H.U.D.)</b>				
<b>Community Development Block Grants (C.D.B.G.)</b>				
2003 Entitlement Program	14.218		\$ 311,254	\$ 311,254
2008 Entitlement Program	14.218		71,895	-
2009 Entitlement Program	14.218		242,868	41,333
2010 Entitlement Program	14.218		1,535,733	710,240
2011 Entitlement Program	14.218		1,975,560	636,582
2012 Entitlement Program	14.218		12,025,898	930,796
2013 Entitlement Program	14.218		31,377	-
<b>Total - C.D.B.G.</b>			<b>\$ 16,194,585</b>	<b>\$ 2,630,205</b>
Neighborhood Stabilization Program 1 - HERA	14.218		\$ 12,647,630	\$ -
Neighborhood Stabilization Program 3 - Dodd-Frank Wall Street	14.218		4,561,495	-
<b>Total - Entitlements Grants Cluster</b>			<b>33,403,710</b>	<b>2,630,205</b>
Neighborhood Stabilization Program 2	ARRA 14.256		27,070,514	-
<b>Total - Neighborhood Stabilization Program</b>			<b>\$ 44,279,639</b>	<b>\$ -</b>
<b>Lower Income Housing Assistance</b>				
Housing Opportunities for Persons with Aids (HOPWA)	14.241		\$ 1,664,499	\$ -
Public Housing	14.850		6,752,924	-
Resident Opportunities & Self-Sufficiency (ROSS)	14.870		168,915	-
<b>Total - Lower Income Housing Assistance</b>			<b>\$ 8,586,338</b>	<b>\$ -</b>
<b>Section 8 Housing Assistance</b>				
Section 8 Sunnyslope Manor	14.195		\$ 522,539	\$ -
Section 8 Fillmore Gardens	14.195		742,330	-
Section 8 Mod Rehab Single Room Occupancy (SRO) VIII	14.249		229,334	-
Section 8 Modernization Rehabilitation SRO IX	14.249		89,740	-
Section 8 Modernization Rehabilitation SRO X	14.249		77,900	-
Section 8 Modernization Rehabilitation III	14.856		38,827	-
<b>Total - Section 8 Project Based Cluster</b>			<b>1,700,670</b>	<b>-</b>
Section 8 Vouchers	14.871		49,059,745	-
Section 8 Vouchers - VASH	14.871		3,240,457	-
Section 8 Vouchers 5-Year Mainstream	14.879		598,770	-
Section 8 Vouchers - Family Unification Program (FUP)	14.880		920,339	-
<b>Total - Housing Voucher Cluster</b>			<b>53,819,311</b>	<b>-</b>
<b>Total - Section 8 Housing Assistance</b>			<b>\$ 55,519,981</b>	<b>\$ -</b>
<b>Public Housing - Capital Improvement Programs</b>				
Capital Fund Program	14.872		6,665,176	-
CFP 2009 - Competitive	ARRA 14.884		683,675	-
<b>Total - Capital Improvement Programs</b>			<b>\$ 7,348,851</b>	<b>\$ -</b>
<b>Total - CFP Cluster</b>			<b>7,348,851</b>	<b>-</b>
<b>HOME Program</b>				
Home Investment Partnerships (HOME)	14.239		8,555,006	-
<b>Total - HOME Program</b>			<b>\$ 8,555,006</b>	<b>\$ -</b>
HUD Emergency Shelter Grant Program	14.231		\$ 449,928	\$ -
HUD Emergency Shelter Grant Program	14.231		780,672	259,049
<b>Total - Emergency Solutions Grant Program</b>			<b>\$ 1,230,600</b>	<b>\$ 259,049</b>
Lead Based Paint Hazard Control	14.900		\$ 700,827	\$ 116,753
			<b>\$ 700,827</b>	<b>\$ 116,753</b>
<b>Fair Housing Assistance Program (FHAP)</b>				
HUD Type I-FHAP	14.408		122,625	-
<b>Total - F.H.A.P.</b>			<b>\$ 122,625</b>	<b>\$ -</b>
<b>Other Grant Programs</b>				
Sustainable Communities Community Challenge Planning	14.704		\$ 875,169	\$ 831,599
Hope VI - Frank Luke Addition	14.866		710,857	-
<b>Total - HOPE Cluster</b>			<b>710,857</b>	<b>-</b>
<b>Total - Other Grant Programs</b>			<b>\$ 1,586,026</b>	<b>\$ 831,599</b>
<b>Total - Federal Direct Programs</b>			<b>\$ 144,124,478</b>	<b>\$ 3,837,606</b>
<b>Federal Pass-Through</b>				
<b>Arizona Department of Economic Security</b>				
DES/Emergency Shelter Grant (ESG)	14.231	DEO-71131-001	\$ 14,882	\$ 14,882
<b>TOTAL - DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (H.U.D.)</b>			<b>\$ 144,139,360</b>	<b>\$ 3,852,488</b>

CITY OF PHOENIX, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2012/2013 Expenditures	Subrecipient's Share of Total Expenditures
<b>DEPARTMENT OF THE INTERIOR</b>				
<i>Bureau of Reclamation</i>				
Evaluating Dual-Flush High Efficiency Toilets (HET)	15.530		\$ 38,083	\$ -
Rio Salado Bird Garden	15.625		19,040	-
<i>Total - Bureau of Reclamation</i>			<u>\$ 57,123</u>	<u>\$ -</u>
<b>TOTAL - DEPARTMENT OF THE INTERIOR</b>				
			<u>\$ 57,123</u>	<u>\$ -</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Federal Emergency Management Agency (FEMA)</i>				
2011 Urban Research and Rescue (USAR) Grant	97.025		\$ 294,052	\$ -
2012 Urban Research and Rescue (USAR) Grant	97.025		1,044,071	-
Tropical Storm Isaac	97.025		8,626	-
Hurricane Sandy	97.025		118,227	-
AFG - ISOS Training	97.044		350,272	-
AFG - Fire Ground Survival Training	97.044		423,981	-
2009 FEMA SAFER	97.083		1,530,090	-
2010 FEMA SAFER	97.083		3,409,795	-
2011 FEMA SAFER	97.083		960,473	-
2012 FEMA SAFER	97.083		856,104	-
<i>Total - Federal Emergency Management Agency</i>			<u>\$ 8,995,691</u>	<u>\$ -</u>
TSA National Explosives Detection Canine Team Program	97.Unknown	HSTS0208HCAN443	\$ 68,209	\$ -
Law Enforcement Officer Reimbursement Program	97.090		652,467	-
			<u>720,676</u>	<u>-</u>
<b>Total - Federal Direct Programs</b>				
			<u>\$ 9,716,367</u>	<u>\$ -</u>
<i>Federal Pass-Through</i>				
<i>Arizona Department of Emergency Management</i>				
UASI 10-AHQ MW Link P1	97.067	2010-SS-T0-0086	\$ 155,347	\$ -
UASI 10-AHQ MW Link P3	97.067	777818-08	147,898	-
UASI 12-AHQ MW Link P2	97.067	999815-01	190,273	-
UASI 11-Terrorism Liaison Officers (TLO)	97.067	888821-03	48,160	-
UASI 12-Terrorism Liaison Officers (TLO) Sustainment	97.067	999815-04	38,466	-
UASI 11-Sustain Rapid Response Team	97.067	888821-02	232,533	-
UASI 12-Rapid Response Team Sustainment	97.067	999815-02	93,101	-
UASI 09-CERT Truck	97.067	555817-11	5,409	-
UASI 09-RRT Hook Lift Storage Containers	97.067	555817-05	12,120	-
UASI 11-Exercise & Training	97.067	888820-01	26,800	-
UASI 10-Fire Assets	97.067	777818-01	109,259	-
UASI 12-Sheltering/VRC	97.067	999815-03	16,339	-
UASI 11-Volunteer Reception Centers (VRC)	97.067	888821-01	858	-
Urban Area Security Initiative (UASI) 2009	97.067	555818-09, 555818-05, 555818-11, 555818-10, 555816-12	296,230	-
Urban Area Security Initiative (UASI) 2010	97.067	777819-01, 777819-02, 777819-03, 777819-04, 777819-05, 777819-10, 777819-11, 777819-12	1,021,810	-
Urban Area Security Initiative (UASI) 2011	97.067	888822-01, 888822-02, 888822-03, 888822-04, 888822-06, 888822-05, 888821-03	905,377	-
Urban Area Security Initiative (UASI) 2012	97.067	999817-01, 999817-02, 999817-03, 999817-04, 999817-05, 999815-04	313,158	-
State Homeland Security Grant Program (SHSGP) 2010	97.067	777213-01, 777213-03	615,629	-
State Homeland Security Grant Program (SHSGP) 2012	97.067	999210-01	9,312	-
2010 SHSGP - AHIMT Trg State	97.067		12,806	-
2010 SHSGP - AHIMT P7	97.067	777212-05	57,608	-
2011 SHSGP-AHIMT	97.067	888208-01	68,827	-
2011 SHSGP-CERT	97.067	888209-02	22,479	-
2012 SHSGP-CERT	97.067	999209-03	10,519	-
2012 SHSGP-MMRS	97.067	999209-02	1,948	-
2011 SHSGP-911	97.067	888208-02	29,032	-
2012 SHSGP-911	97.067	999209-04	66,400	-
2011 - SHSGP- Tank Farms	97.067	888209-01	2,500	-
2011 Metropolitan Medical Response (MMRS)	97.071	888209-03	255,902	-
Buffer Zone Protection Plan (BZPP) 2009	97.078	555212-03	70,110	-
Buffer Zone Protection Plan (BZPP) 2010	97.078	777213-04	183,834	-
<i>Total - Arizona Department of Emergency Management</i>			<u>\$ 5,020,044</u>	<u>\$ -</u>

CITY OF PHOENIX, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2012/2013 Expenditures	Subrecipient's Share of Total Expenditures
<i>Arizona Department of Homeland Security</i>				
2009 Transit Security Grant Program	97.075	2009-RA-T9-0034	550,542	-
2011 Transit Security Grant Program	97.075	2011RA00064	41,216	-
2009 UASI Strategy Update Project	97.067	555817-08	66,000	-
<i>Total - Arizona Department of Homeland Security</i>			<u>\$ 657,758</u>	<u>\$ -</u>
<b>TOTAL - DEPARTMENT OF HOMELAND SECURITY</b>				
			<u>\$ 15,394,169</u>	<u>\$ -</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (H.H.S)</b>				
Headstart Year "47"	93.600		\$ 27,262,819	\$ 14,974,138
<i>Subtotal CFDA #93.600</i>			<u>\$ 27,262,819</u>	<u>\$ 14,974,138</u>
<b>Total - H.H.S. - Federal Direct</b>				
			<u>\$ 27,262,819</u>	<u>\$ 14,974,138</u>
<i>Federal Pass-Through</i>				
<i>AZ Department of Health</i>				
2008 Immunization Program	93.268	HG854316	9,993	-
<i>AZ Governor's Office of Energy Policy</i>				
Weatherization - LIHEAP	93.568	G043-10-06	16,044	-
Weatherization - LIHEAP	93.568	LW-ESA-12-2182-06Y2	886,101	-
<i>Total- AZ Governor's Office of Energy Policy</i>			<u>\$ 902,145</u>	<u>\$ -</u>
<i>Arizona Department of Economic Security</i>				
Temporary Assistance for Needy Families (TANF) 12-13	93.558	DE111075001	\$ 1,059,666	\$ -
TANF Homeless	93.558	DE0-71131-001	47,270	47,270
Low Income Home Energy Assistance Program (LIHEAP)	93.568	DE111075001	6,889,060	-
FREED LIHEAP	93.568	Various	43,889	-
Community Service Block Grant	93.569	DE111075001	1,542,591	-
Social Services Block Grant	93.667	DE111075001	659,055	-
<i>Total- Arizona Department of Economic Security</i>			<u>\$ 10,241,531</u>	<u>\$ 47,270</u>
<i>Other Pass-thru Programs</i>				
Social Services Block Grant	93.667	2013-35-PHX	\$ 298,873	\$ -
Title IIC2	93.045	2013-35-PHX	1,195,491	-
Nutrition Services Incentive Program	93.053	2013-35-PHX	298,873	-
<i>Total Other Pass-thru Programs</i>			<u>\$ 1,793,237</u>	<u>\$ -</u>
<i>Total - Aging Cluster</i>			<u>1,494,364</u>	<u>-</u>
<b>TOTAL - DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
			<u>\$ 40,209,725</u>	<u>\$ 15,021,408</u>
<b>DEPARTMENT OF JUSTICE</b>				
<i>Office of Justice Programs</i>				
Internet Crimes Against Children	16.543		\$ 114,175	\$ -
Internet Crimes Against Children 2012	16.543		213,561	42,550
G.R.E.A.T - Regional	16.737		171,165	-
Smart Policing Initiative	16.738		182,995	-
Internet Crimes Against Children	ARRA 16.800		197,381	-
<i>Subtotal - Office of Justice Programs</i>			<u>\$ 879,277</u>	<u>\$ 42,550</u>

CITY OF PHOENIX, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2012/2013 Expenditures	Subrecipient's Share of Total Expenditures
COPS Technology 2010 -Mobile Data Security	16.710		253,737	-
<i>Total - Public Safety Partnership and Community Policing Grants Program</i>			\$ 253,737	\$ -
Court Awards Federal (RICO)	16.922		\$ 3,020,288	\$ -
BJA FY10 Human Trafficking Task Force	16.320		26,314	-
Project Safe Neighborhoods	16.744		-	-
Ed. Byrne Memorial Comp. - OHD (Police)	ARRA 16.808		275,293	-
Cannabis Eradication Program	16.Unknown		30,000	-
<i>Subtotal - Other Federal Direct Programs</i>			\$ 3,351,895	\$ -
<i>Total - Federal Direct Programs</i>			\$ 4,484,909	\$ 42,550
<b>Federal Pass-Through</b>				
<i>Arizona Criminal Justice Commission (A.C.J.C)</i>				
Solving Cold Cases with DNA	16.560	CCDNA-12-001	\$ 177,318	\$ -
ACJC Crime Victim's Assistance 2012-13	16.582	VA-13-039	22,769	-
Project Safe Neighborhoods NBIN Program	16.609	PSN-13-004	70,000	-
Forensic DNA Backlog Reduction Program VII	16.741	DNB-11-002	128,171	-
Forensic DNA Backlog Reduction Program VIII	16.741	DNB-12-002	424,575	-
Forensic DNA Backlog Reduction Program IX	16.741	DNB-13-002	21,070	-
National Forensic Sciences Formula 2012	16.742	CV-12-004	59,428	-
National Forensic Sciences Formula 2013	16.742	CV-13-004	37,635	-
NICS Act Records Improvement Program	16.813	NIC11-12-001	2,599	-
<i>Total - A.C.J.C.</i>			\$ 943,565	\$ -
<i>Arizona Department of Public Safety (A.D.P.S.)</i>				
DPS Victims of Crime Assistance 12/13	16.575	2011-305	299,860	-
VOCA Advocacy Services 2012-2013	16.582	2011-284	93,322	-
VOCA Advocate for Victims 50 Years & Older 2012-13	16.582	2011-285	72,878	-
<i>Total - A.D.P.S.</i>			\$ 466,060	\$ -
<i>Governor's Office of Highway Safety</i>				
Underage Alcohol Enforcement	16.727	2012-DOJ-020 (2011)	\$ 41,384	\$ -
<i>Total - Governor's Office of Highway Safety</i>			\$ 41,384	\$ -
<i>Maricopa County</i>				
Byrne Justice Assistance Grant (JAG) 2009	16.738	2009-DJ-BX-0342	396,731	-
Byrne Justice Assistance Grant (JAG) 2010	16.738	2010-DJ-BX-1213	233,606	-
Byrne Justice Assistance Grant (JAG) 2011	16.738	2011-DJ-BX-3298	600,382	-
Byrne Justice Assistance Grant (JAG) 2012	16.738	2012-DJ-BX-1182	250,697	-
Byrne Justice Assistance Grant (JAG)	ARRA 16.804	2009-SB-B9-2970	1,153,576	-
<i>Total - Maricopa County</i>			\$ 2,634,992	\$ -
<i>Total - JAG Program Cluster</i>			2,817,987	-
<b>TOTAL - DEPARTMENT OF JUSTICE</b>			\$ 8,570,910	\$ 42,550
<b>DEPARTMENT OF LABOR</b>				
<i>Arizona Department of Economic Security - WIA</i>				
Workforce Investment Act - Adult 2011/12	17.258	DE111003001-Amend 3	\$ 729,969	\$ 647,645
Workforce Investment Act - Adult 2012/13	17.258	E111003001 Amend 8	2,350,624	-
Workforce Investment Act - Youth 2011-12	17.259	DE111003001-Amend 3	1,220,193	-
Workforce Investment Act - Youth 2012-13	17.259	E111003001-Amend 8	1,905,442	1,895,956
Workforce Investment Act - Incentive PY2010 Youth	17.259	DE111003001-Amend 4	29,407	-
Workforce Investment Act - Dislocated Worker 2011-12	17.278	DE111003001-Amend 3	4,524,605	-
Workforce Investment Act - Dislocated Worker 2012-13	17.278	E111003001-Amend 8	1,241,029	-
<i>Total - Arizona Department of Economic Security - WIA</i>			\$ 12,001,269	\$ 2,543,601
<i>Total - WIA Cluster</i>			12,001,269	2,543,601
<i>Arizona Department of Economic Security - Other</i>				
Youthbuild	17.274	YB019135-09-060	\$ 451,018	\$ 341,670
<i>Total - Arizona Department of Economic Security - Other</i>			\$ 451,018	\$ 341,670
<i>Maricopa County</i>				
State Energy Sect Prog	ARRA 17.275	C-22-10-092-3-00	158,660	-
<b>TOTAL - DEPARTMENT OF LABOR</b>			\$ 12,610,947	\$ 2,885,271
<b>DEPARTMENT OF ENERGY (D.O.E.)</b>				
Energy Efficiency	ARRA 81.128		\$ 188,086	\$ -
Energy Efficiency	ARRA 81.128		10,739,073	1,227,883
<i>Total Direct Federal Awards</i>			\$ 10,927,159	\$ 1,227,883
<b>Federal Pass-Through (D.O.E.)</b>				
<i>Arizona Department of Energy</i>				
Weatherization - DOE	81.042	C051-09-06	\$ 8,492	\$ -
Weatherization - DOE	81.042	EW-ESA-12-2182-06Y2	43,981	-
Sustainable Energy Resources for Consumers (SERC)	81.042	C037-09-06 AM#3	83,663	-
<i>Total - Arizona Department of Energy</i>			\$ 136,136	\$ -

CITY OF PHOENIX, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2012/2013 Expenditures	Subrecipient's Share of Total Expenditures
<i>Arizona Department of Commerce</i>				
AZ Solar Rooftop	81.117	700014	\$ 79,376	\$ -
<b>TOTAL - DEPARTMENT OF ENERGY (D.O.E.)</b>				
			<b>\$ 11,142,671</b>	<b>\$ 1,227,883</b>
<i>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</i>				
<i>Federal Pass-Through (Library, Archives &amp; Public Records)</i>				
College Depot Expansion	45.310	2012-32032-19	36,887	-
<b>TOTAL - INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>				
			<b>\$ 36,887</b>	<b>\$ -</b>
<i>ENVIRONMENTAL PROTECTION AGENCY</i>				
Brownsfield Del Rio	66.814		21,410	-
<b>TOTAL - ENVIRONMENTAL PROTECTION AGENCY</b>				
			<b>\$ 21,410</b>	<b>\$ -</b>
<b>DEPARTMENT OF COMMERCE</b>				
<i>Federal Pass-Through</i>				
<i>AZ Department of Emergency Management</i>				
Public Safety Interoperable Communications (PSIC) 2007	11.555	333200-05	1,449	-
<b>TOTAL - DEPARTMENT OF COMMERCE</b>				
			<b>\$ 1,449</b>	<b>\$ -</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>				
High Intensity Drug Trafficking Area (HIDTA) 2010	95.001		20,835	-
HIDTA 2011	95.001		55,775	-
HIDTA 2012	95.001		1,063,790	-
HIDTA 2013	95.001		205,679	-
<b>TOTAL - EXECUTIVE OFFICE OF PRESIDENT</b>				
			<b>\$ 1,346,079</b>	<b>\$ -</b>
<b>GRAND TOTAL FEDERAL ASSISTANCE PROGRAMS</b>				
			<b>\$ 373,293,837</b>	<b>\$ 109,989,165</b>

See accompanying notes to schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

**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 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*. Because the Schedule presents only a portion of the operations of the City, it is not intended to and does not present the financial position, results of operations and cash flows of the City of Phoenix, Arizona.

Federal awards provided to sub recipients are treated as expenditures when paid to the sub recipient.

**2. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the Catalog of Federal Domestic Assistance.

**3. FEDERAL LOAN PROGRAM**

Loans issued to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing under the HOME Program are summarized in the federal expenditures column of the Schedule of Expenditures of Federal Awards. The City entered into various loan agreements with third parties related to its public housing programs that have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has either loaned money to nonprofit corporations or to single families providing affordable housing. The payments received from these loans are restricted by the Federal Government for public housing programs. Therefore the City records a trust liability within the Public Housing Special Revenue Funds for the outstanding balance of the notes.

Total amount of the notes outstanding under the HOME Program is \$16,786,919 as of June 30, 2013. The Schedule is a summary of total expenditures, including loans, made during the fiscal year ended June 30, 2013.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued:.....unqualified

Internal control over financial reporting:

- Material weakness identified?..... none reported
- Significant deficiencies identified that are not considered to be material weaknesses? ..... yes

Noncompliance material to financial statements noted? ..... none reported

**Federal Awards**

Internal control over major programs:

- Material weakness identified?..... none reported
- Significant deficiencies identified that are not considered to be material weaknesses? ..... none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ..... none reported



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.500 and 20.507	Federal Transit Cluster
20.600 and 20.601	Highway Safety Cluster
14.871, 14.879 and 14.880	Housing Voucher Cluster
14.872, ARRA 14.884	Capital Fund Program Cluster
ARRA 14.256	Neighborhood Stabilization Program 2
16.922	Equitable Sharing Program
16.738 and ARRA 16.804	JAG Program Cluster
ARRA 81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)
93.600	Head Start Cluster
93.667	Social Services Block Grant
95.001	High Intensity Drug Trafficking Areas Program
97.025	National Urban Search and Rescue (US&R) Response System
97.090	Law Enforcement Officer (LEO) Reimbursement Agreement Program

Dollar threshold used to distinguish between type A and type B programs: ..... \$3,000,000

Auditee qualified as low-risk auditee? ..... no

City of Phoenix, Arizona

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

**Finding 2013-1**  
**Significant Deficiency**

*Criteria*

The City of Phoenix (“City”) is required to have internal controls in place to ensure that the financial statements are accurately and comprehensively reported.

*Condition/Effect*

New accounting guidance, Government Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities*, was adopted by the City in the current year. This guidance called for several reclassifications of data, including deferred inflows and outflows of resources and debt issuance costs. While the City accurately reflected deferred inflows and outflows of resources, debt issuance costs relative to the Downtown Phoenix Hotel Corporation component unit were not written off as required by the guidance.

While this issue was corrected and did not result in misstatement in the financial statements, the statements, as initially prepared, were not accurate as a result of the above.

*Cause*

In previous years, the accounting treatment for debt issuance costs was different for the Downtown Phoenix Hotel Corporation than from the rest of the City. As a result, these amounts were overlooked when adopting the new guidance.

*Recommendation*

The City should establish controls to ensure that all departments, funds, and component units are evaluated when adopting new accounting guidance.

*Views of responsible officials and planned corrective action:*

Management will implement procedures that ensure component units are reviewed individually for new accounting guidance as accounting policies at the component units may differ from the primary government creating different implementation needs.

City of Phoenix, Arizona

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

**Finding 2012-02**

Capital Fund Program Cluster (CFP), CFDA 14.872, ARRA 14.884 & ARRA 14.885.  
Department of Housing and Urban Development, Award year 2012

Energy Efficiency and Conservation Block Grant Program (EECBG), CFDA ARRA 81.128.  
Department of Energy, Award year 2012

*Criteria*

OMB Circular A-133, section 300 requires that, as a condition of receiving Federal awards, non-Federal entities agree to maintain internal control over Federal programs to provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements. Grant drawdown requests should be reviewed to ensure that they are for allowable expenditures under the grant.

*Condition/Effect*

It was noted that with respect to cash drawdowns, that review controls are not in place and operating effectively in all cases. In those circumstances, a review was not performed prior to the submission of the drawdown requests for the Energy Efficiency Block grant, CFDA 81.128. Although we understand that this was identified in the fiscal year 2011 single audit and was addressed midway through fiscal year 2012 by management, so while the drawdowns early in the year were not reviewed, later requests were corrected and properly reviewed and corrected as necessary. Of the four drawdown requests that were selected for testing during the 2012 audit, one of the requests, from early in the year, did not have proper expenditure support and review. With respect to the Capital Fund Program Cluster, CFDA #'s 14.872, 14.884 & 14.885, four cash drawdowns were judgmentally selected for testing and none had any evidence of review.

While these issues did not result in over-expenditures or noncompliance with any program requirements, proper controls must be in place.

*Questioned Costs*

None

*Cause*

All of the drawdown requests were not reviewed for accuracy to ensure that all expenditures were accurate and complete.

City of Phoenix, Arizona

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

*Recommendation*

The City should consider implementing/enforcing procedures to ensure that drawdown requests are reviewed prior to submission. Additionally, the City should also consider implementing/enforcing segregation of duties controls to ensure that receipt of funds and drawdown requests are not initiated/recorded by the same individuals.

*Views of responsible officials and planned corrective action:*

*The City of Phoenix Housing Department concurs with this observation.*

**Corrective Action:** *The department now has appropriate controls in place to ensure segregation between preparation and review/approval of all cash draws.*

*The City of Phoenix Public Works Department concurs with this observation.*

*Corrective Action: Prior to December 2011, the Accountant III would generate an expense report and draw down funds through ASAP using this report. There was not a review or approval process from the Department Budget Supervisor or any other staff member to verify expenses.*

*After January 23, 2012, several staffing changes occurred, which included a new Department Budget Supervisor, an Accountant III, and a Budget Analyst II. Immediately, the new staff addressed the process for reviewing and approving drawdown requests from the ASAP system and new internal controls were implemented. The current drawdown process includes having the responsibility of drawing down funds assigned to the Budget Analyst II and having the responsibility of reviewing and approving the drawdown of funds assigned to the Department Budget Supervisor. Step by step procedures of how to verify valid expenditures and how to request funds from ASAP were also created.*

*All drawdown requests as of January 2012 are in compliance as they have been reviewed and approved by the Budget Supervisor.*

*Status:*

*The City resolved this issue by implementing and enforcing procedures to ensure that drawdown requests were reviewed prior to submission. The City has now assigned the review function to the Department Budget Supervisors who review the draw down requests before they are submitted. Additionally, the City has also implemented and enforced segregation of duties controls to ensure that receipt of funds and drawdown requests are not initiated/recorded by the same individuals.*