



**Report of Independent Certified Public Accountants in
Accordance with the Uniform Guidance**

City of Phoenix, Arizona

June 30, 2016

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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
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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, and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Phoenix, Arizona (the "City"), as of and for the year ended June 30, 2016, 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 19, 2016. The financial statements of the Phoenix Industrial Development Authority were audited by other auditors and were not audited in accordance with *Government Auditing Standards*. Accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Phoenix Industrial Development Authority.

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. 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. We did identify a deficiency in internal control, described under Finding 2016-001 in the accompanying schedule of findings and questioned costs, which we consider to be a significant deficiency in the City's internal control.

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*.

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 19, 2016



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

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Report on compliance for each major federal program

We have audited the compliance of City of Phoenix, Arizona (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. 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 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 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’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, 2016.

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 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 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 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

Phoenix, Arizona
December 19, 2016



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and our report thereon dated December 19, 2016 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 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 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 19, 2016

CITY OF PHOENIX, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2015-2016 Expenditures	Subrecipient's Share of Total Expenditures
DEPARTMENT OF TRANSPORTATION (D.O.T.)				
Federal Aviation Administration (F.A.A.)				
Sky Harbor - Rehabilitate Terminal 4 Apron Phase II	20.106		\$ 4,384,778	
Sky Harbor - Rehabilitate Terminal 4 Apron Phase III	20.106		48,515	
Sky Harbor - Rehabilitate Apron (East Hold Bay)	20.106		2,062,197	
Sky Harbor - Noise Compatibility Study-Update Exposure Maps	20.106		25,160	
Sky Harbor - PHX T4 eGSE Infrastructure Improvements	20.106		842,175	
Sky Harbor - PHX Land Redevelopment	20.106		8,397	
Goodyear - Rehabilitate Runway	20.106		3,296,213	
Deer Valley - DVT North Ramp Reconstruction - Phase I	20.106		4,832,609	
Deer Valley - Update Master Plan Study	20.106		5,675	
Deer Valley - Taxiway A6 and A8 Construction	20.106		15,959	
Total - F.A.A. - Airport Improvement Program			\$ 15,521,678	
Federal Transit Administration (F.T.A.)				
Urbanized Area Formula Program - Section 5307				
AZ-90-X074	20.507		\$ 25,336	\$ 25,336
AZ-90-X084	20.507		434,046	-
AZ-90-X096	20.507		344,526	-
AZ-90-X103	20.507		7,065,164	969,766
AZ-90-X109	20.507		293,481	-
AZ-90-X114	20.507		4,285,484	1,660,158
AZ-90-X124	20.507		13,541,419	3,675,131
AZ-90-X128	20.507		2,031,318	267,327
AZ-90-X131	20.507		9,804,156	3,823,475
AZ-90-X133	20.507		440,998	-
AZ-90-X136	20.507		8,097,254	1,941,648
AZ-95-X004	20.507		497,685	-
AZ-95-X006	20.507		6,154,511	104,587
AZ-95-X009	20.507		947,118	502,786
AZ-95-X015	20.507		4,140,232	2,483,836
AZ-95-X023	20.507		7,762,030	7,508,050
AZ-95-X027	20.507		1,219,303	811,323
AZ-95-X111	20.507		52,442	-
Total - F.T.A. Urbanized Area Formula Program			\$ 67,136,503	\$ 23,773,423
Transit Capital Investment Program - Section 5309				
AZ-03-0066	20.500		\$ 7,084,199	\$ 7,084,199
AZ-04-0005	20.500		10,823	10,823
AZ-04-0008	20.500		69	69
AZ-04-0015	20.500		164,903	-
AZ-04-0026	20.500		5,953,255	-
AZ-05-0203	20.500		793,630	73,506
AZ-05-0204	20.500		26,260	-
Total - Discretionary Capital Program			\$ 14,033,139	\$ 7,168,597
Enhanced Mobility - Section 5310				
AZ-16-X002	20.513		\$ 62,481	\$ 62,481
AZ-16-X003	20.513		507,515	438,928
AZ-16-X005	20.513		745,936	737,517
Total - Enhanced Mobility			\$ 1,315,932	\$ 1,238,926
Job Access and Reverse Commute Program - Section 5316				
AZ-37-X014	20.516		\$ 18,380	\$ 10,043
AZ-37-X017	20.516		14,545	14,545
AZ-37-X018	20.516		24,208	-
Total - Job Access and Reverse Commute Program			\$ 57,133	\$ 24,588
New Freedom - Section 5317				
AZ-57-X012	20.521		\$ 89,824	\$ 62,425
AZ-57-X013	20.521		116,064	8,986
AZ-57-X016	20.521		246,031	218,168
Total - New Freedom			\$ 451,919	\$ 289,579

CITY OF PHOENIX, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2015-2016 Expenditures	Subrecipient's Share of Total Expenditures
Bus & Bus Facilities(TIGGER) - Section 5309				
AZ-88-0001	20.523		\$ 85,405	\$ 85,405
Total - TIGGER/Clean Fuels				
			\$ 85,405	\$ 85,405
State of Good Repair - Section 5337				
AZ-54-0001	20.525		\$ 346,951	\$ -
AZ-54-0002	20.525		90	90
AZ-54-0004	20.525		137,176	137,176
AZ-54-0005	20.525		646,511	-
AZ-54-0006	20.525		74,408	74,408
AZ-54-0007	20.525		972,095	-
Total - State of Good Repair				
			\$ 2,177,231	\$ 211,674
Bus & Bus Facilities - Section 5339				
AZ-34-0002	20.526		\$ 4,426,308	\$ -
AZ-34-0004	20.526		598,286	-
Total - Bus & Bus Facilities				
			\$ 5,024,594	\$ -
TIGER 6 (Discr) OST - 2015				
AZ-79-1001	20.933		\$ 430,885	\$ -
Total - TIGER 6 (Discr) OST - 2015				
			\$ 430,885	\$ -
Total - F.T.A.				
			\$ 90,712,741	\$ 32,792,192
Federal Pass-Thru: Federal Highway Administration (F.H.W.A.)				
Arizona Department of Transportation (A.D.O.T.)				
7th Ave & 7th St - DMS Deployment	20.205	CM PHX-0(285)D	\$ 86,283	
15th Ave N/O Lincoln UPRR Impr	20.205	STP PHX-0(248)A	16,084	
15th Ave S/O Madison BNSF RR Impr	20.205	STP PHX-0(250)A	9,430	
17th Ave: Roeser Rd to Broadway Rd	20.205	SRTS PHX-0(278)D	55,431	
30th St: Washington-Fillmore	20.205	SRS 999-A (316)A	11,114	
32nd St: Washington	20.205	CM PHX-0(246)D	7,926	
32nd St S/O Jackson St RR Crossing	20.205	STP PHX-0(251)A	84,627	
32nd St: Shea Blvd-Union Hills	20.205	CM PHX-0 (289)	436,799	
35th Ave n/o Harrison UPRR Imp	20.205	PHX-0(226)A	9,637	
40th St S/O Madison St RR Crossing	20.205	STP PHX-0(252)A	126,780	
2014 CMAQ Alley Dust Proofing	20.205	PHX-0(291)D	844,610	
2015 CMAQ Alley Dust Proofing	20.205	CM-PHX-0(287)D	23,544	
ARS Broadway - 17 Ave- 7 St - Design Phase 2	20.205	HPS-PHX-0(055)A	803,090	
ARS Broadway - 27 Ave- 17 Ave - Design Phase 2	20.205	HPS-PHX-0(055)A	1,060,455	
Bridge Inspection Cycle B FY14/15	20.205	STP PHX-0(299)	8,557	
CCTV On the Sevens, Bell Rd & Northern	20.205	CM PHX-0(286)D	1,431	
FOB Expan Phase B Sonoran Ring	20.205	CM PHX-0-(284)D	7,377	
Hatcher Rd: Central - 3rd St	20.205	CM-PHX-0(264)D	246,001	
HES-Dunlap @ 35th Ave	20.205	HISP-PHX-0(273)A	599,378	
ITS Fiber B-1 - North Ring	20.205	CM-PHX-0(262)D	596,792	
ITS FOB Phase B-2; I-10 & SR51	20.205	CM-PHX-0(258)A	61,481	
Nevitt Park and Western Canal Project	20.205	CM-PHX-0(290)D	233,080	
Rio Salado Pkwy Design Phase 2	20.205	HPS-PHX-0(055)D	6,266,545	
Roosevelt: Central to 4th Street	20.205	TEA PHX-0(269)	697,721	
Roosevelt St: 4th Street	20.205	CM PHX-0(288)D	355,136	
Yuma St: 31st Av - 2	20.205	SRS PHX-0(279)D	57,389	
Total - A.D.O.T			\$ 12,706,698	
Federal Pass-Thru: Maricopa Association of Governments				
Congestion Mitigation and Air Quality Improvement Funding				
Streetsweepers	20.205	N/A	\$ 441,872	
Total - M.A.G.			\$ 441,872	

CITY OF PHOENIX, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2015-2016 Expenditures	Subrecipient's Share of Total Expenditures
Federal Pass-Thru: National Highway Traffic Safety Administration (N.H.T.S.A.)				
Governor's Office of Community and Highway Safety (G.O.H.S.)				
2015 Underage Party Crew Enforcement	20.600	2015-AL-009	\$ 17,698	
2015 Selective Traffic Enforce/Equipment	20.600	2015-PT-028	12,397	
2015 Selective Traffic Enforce/Educate	20.600	2015A-PT-068	40,000	
2015 Motorcycle Safety Enforce/Educate	20.600	2015A-MC-002	20,000	
2015 Occupant Protection Enforcement	20.600	2015-OP-006	12,799	
2015 DUI Enforcement/Equipment	20.600	2015-AL-008	1,854	
2015 Pedestrian & Bicycle Enforcement	20.600	2015-PS-003	16,291	
2015A Pedestrian & Bicycle Enforcement	20.600	2015A-PS-010	9,128	
2016 Buckle Up Arizona (CIOT)	20.600	2016-CIOT-0012	15,000	
2016 DUI/Underage Alcohol Enforce	20.600	2016-AL-025	18,357	
2016 DUI/Impaired Driving Enforce	20.600	2016-AL-026	26,181	
2016 DUI/Underage Party Crew	20.600	2016-AL-027	29,104	
2016 Occupant Protection Enforcement	20.600	2016-OP-004	29,835	
2016 Pedestrian Safety	20.600	2016-PS-002	53,901	
2016 Selective Traffic Enforce	20.600	2016-PT-025	47,945	
2016 Motorcycle Safety Enforce	20.600	2016-MC-003	10,777	
GOHS - TSRP Transportation Safety Resource Prosecutor 14-15	20.601	2015-405D-028	24,228	
GOHS - TSRP Transportation Safety Resource Prosecutor 15-16	20.601	2016-405D-010	85,360	
2015 DUI/Impaired (Underage) Enforcement	20.616	2015-405d-013	24,139	
2016 Traffic Records Equipment	20.616	2016-405c-001	269,994	
Total - G.O.H.S.			\$ 764,988	
Total - N.H.T.S.A.			\$ 764,988	
TOTAL - DEPARTMENT OF TRANSPORTATION			\$ 120,147,977	\$ 32,792,192
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (H.U.D.)				
Community Development Block Grants (C.D.B.G.)				
2010 Entitlement Program	14.218		\$ 8,428	\$ -
2011 Entitlement Program	14.218		7,979	7,979
2012 Entitlement Program	14.218		461,678	16,220
2013 Entitlement Program	14.218		193,089	20,428
2014 Entitlement Program	14.218		3,451,742	693,570
2015 Entitlement Program	14.218		12,942,787	633,150
Total - C.D.B.G.			\$ 17,065,703	\$ 1,371,347
Neighborhood Stabilization Program 1 - HERA	14.218		\$ 39,411	
Neighborhood Stabilization Program 3 - Dodd-Frank Wall Street	14.218		270,214	
ARRA09 Neighborhood Stabilization Program 2	14.256		2,635,587	
Total - Neighborhood Stabilization Program			\$ 2,945,212	
Lower Income Housing Assistance				
Housing Opportunities for Persons with Aids (HOPWA)	14.241		\$ 2,385,175	
Public Housing	14.850		8,635,371	
Resident Opportunities & Self-Sufficiency (ROSS)	14.870		161,637	
Total - Lower Income Housing Assistance			\$ 11,182,183	
Section 8 Housing Assistance				
Section 8 Sunnyslope Manor	14.195		\$ 577,223	
Section 8 Fillmore Gardens	14.195		800,705	
Section 8 Mod Rehab Single Room Occupancy (SRO) VIII	14.249		238,302	
Section 8 Modernization Rehabilitation SRO IX	14.249		105,237	
Section 8 Modernization Rehabilitation SRO X	14.249		78,419	
Section 8 Modernization Rehabilitation III	14.856		40,846	
Section 8 Vouchers	14.871		50,717,128	
Section 8 Vouchers - VASH	14.871		4,332,352	
Section 8 Vouchers 5-Year Mainstream	14.879		568,695	
Section 8 Vouchers - Family Unification Program (FUP)	14.880		616,312	
Total - Section 8 Housing Assistance			\$ 58,075,219	

CITY OF PHOENIX, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2015-2016 Expenditures	Subrecipient's Share of Total Expenditures
Public Housing - Capital Improvement Programs				
Capital Fund Program	14.872		3,419,799	
Total - Capital Improvement Programs			\$ 3,419,799	
HOME Program				
Home Investment Partnerships (HOME)	14.239		3,945,355	
Total - HOME Program			\$ 3,945,355	
HUD Emergency Shelter Grant Program	14.231		\$ 55,862	\$ 17,400
HUD Emergency Shelter Grant Program	14.231		1,172,976	478,177
Subtotal CFDA #14.231			\$ 1,228,838	\$ 495,577
Lead Based Paint Hazard Control	14.900		\$ 1,032,722	151,992
			\$ 1,032,722	\$ 151,992
Family Self-Sufficiency Program	14.896		\$ 212,529	-
Fair Housing Assistance Program (FHAP)				
HUD - FHAP 11-12	14.401		\$ 49,998	-
HUD - FHAP 12-13	14.401		116,387	-
HUD - FHAP PI 13 Funds	14.401		42,297	-
Total - F.H.A.P.			\$ 208,682	\$ -
Other Grant Programs				
Hope VI - Frank Luke Addition	14.866		\$ 8,316,997	-
Total - Other Grant Programs			\$ 8,316,997	\$ -
Total - Federal Direct Programs			\$ 107,633,239	\$ 2,018,916
TOTAL - DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (H.U.D.)			\$ 107,633,239	\$ 2,018,916
DEPARTMENT OF HOMELAND SECURITY				
Federal Emergency Management Agency (FEMA)				
2014 Urban Research and Rescue (USAR) Grant	97.025		\$ 461,827	
2015 Urban Research and Rescue (USAR) Grant	97.025		552,894	
Hurricane Joaquin	97.025		18,445	
AFG -FP Technology	97.044		32,419	
2014 AFG ISOS Training	97.044		536,564	
2014 AFG Chest Compressor	97.044		272,736	
2013 FEMA SAFER	97.083		2,930,376	
Total - Federal Emergency Management Agency			\$ 4,805,261	
Transportation Security Administration (TSA)				
Law Enforcement Officer Reimbursement Program	None		\$ 609,490	
Checked Baggage Recapitalization and Optimization-Construction	97.100		9,019,951	
TSA National Explosives Detection Canine Team Program-AIRPORT	None		67,255	
TSA National Explosives Detection Canine Team Program-TRANSIT	None		5,853	
Total - Transportation Security Administration			9,702,549	
Total - Federal Direct Programs			\$ 14,507,810	

CITY OF PHOENIX, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2015-2016 Expenditures	Subrecipient's Share of Total Expenditures
Federal Pass-Through				
Arizona Department of Emergency Management				
Urban Area Security Initiative (UASI) 2013	97.067	130821-08, 130821-09	\$ 12,990	
Urban Area Security Initiative (UASI) 2014	97.067	140809-01, 140809-02, 140809-03, 140809-04, 140808-01, 140809-05	153,441	
Urban Area Security Initiative (UASI) 2015	97.067	150816-02, 150818-01, 150818-02, 150818-03, 150818-04, 150818-05	334,669	
State Homeland Security Grant Program (SHSGP) 2014	97.067	140207-01, 140207-03, 140207-04	40,421	
State Homeland Security Grant Program (SHSGP) 2015	97.067	150208-01, 150208-02	236,732	
Total - Arizona Department of Emergency Management			\$ 778,253	
Arizona Department of Homeland Security				
2013 UASI Planning	97.067	130820-01	99,723	
2014 UASI Planning	97.067	140822-01	264,913	
2015 UASI Planning	97.067	150817-01	4,733	
2015 SHSGP - Tank Farm	97.067	150207-04	41,232	
2015 SHSGP - AHIMT	97.067	150207-01	31,755	
2015 SHSGP - CERT	97.067	150207-02	24,144	
2014 UASI RRTF	97.067	140808-04	347,745	
2014 SHSGP - CERT	97.067	140206-03	5,530	
2014 SHSGP - Rev 911	97.067	140206-04	7,484	
2014 SHSGP - RRTF	97.067	140206-05	347,745	
2014 SHSGP - Tank Farm	97.067	140206-06	4,766	
2015 UASI-CERT Resp	97.067	150816-01	16,073	
2015 UASI - TLO	97.067	150816-02	33,815	
2015 UASI - RRTF	97.067	150816-04	189,360	
2015 UASI-9-1-1	97.067	150816-06	55,280	
2014 UASI - TLO	97.067	140808-01	55,178	
2014 UASI - RRT Sustainment	97.067	140808-02	124,358	
2014 UASI - VRC	97.067	140808-03	7,014	
2014 UASI R EOC PA	97.067	140808-07	8,746	
2014 UASI RRTF Reall	97.067	140808-08	41,837	
2013 UASI CER Reallocation	97.067	130819-09	11,311	
2013 UASI -Reallocation HSEEP	97.067	130819-10	6,304	
2013 UASI -Reallocation CERT-2	97.067	130819-11	11,641	
Total - Arizona Department of Homeland Security			\$ 1,740,687	
TOTAL - DEPARTMENT OF HOMELAND SECURITY			\$ 17,026,750	\$ -
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Headstart Year 49	93.600		\$ 21,569	\$ -
Headstart Year 49/EHS/CC	93.600		4,739,225	-
Headstart Year 2	93.600		27,216,884	15,055,769
Subtotal CFDA #93.600			\$ 31,977,678	\$ 15,055,769
Total - H.H.S. - Federal Direct			\$ 31,977,678	\$ 15,055,769
Federal Pass-Through				
AZ Governor's Office of Energy Policy				
Weatherization - LIHEAP	93.568	G043-10-06	\$ 471,011	\$ -
Total - AZ Governor's Office of Energy Policy			\$ 471,011	\$ -
Arizona Department of Economic Security				
Temporary Assistance for Needy Families (TANF)	93.558	ADES15-089118	\$ 1,012,131	\$ -
Community Service Block Grant	93.569	ADES15-089118	1,352,221	-
Social Services Block Grant	93.667	ADES15-089118	574,714	-
Low Income Home Energy Assistance Program (LIHEAP)	93.568	ADES15-089118	4,891,391	-
FREED LIHEAP	93.568	Various	40,160	-
Total - Arizona Department of Economic Security			\$ 7,870,617	\$ -
Area Agency on Aging (AAA)				
Title IIC2	93.045	2016-32-PHX	\$ 1,034,441	\$ -
Nutrition Services Incentive Program	93.053	2016-32-PHX	169,833	-
Social Services Block Grant	93.667	2016-32-PHX	277,909	-
Total Area Agency on Aging (AAA)			\$ 1,482,183	\$ -
TOTAL - DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 41,801,489	\$ 15,055,769

CITY OF PHOENIX, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2015-2016 Expenditures	Subrecipient's Share of Total Expenditures
DEPARTMENT OF JUSTICE				
Office of Justice Programs				
G.R.E.A.T - Southwestern Regional Program 2013-2014	16.541		\$ 116,250	\$ -
Internet Crimes Against Children 2012	16.543		99,361	37,177
Internet Crimes Against Children 2015	16.543		240,388	36,941
Subtotal - Office of Justice Programs			\$ 455,999	\$ 74,118
COPS Hiring Program 2013				
COPS Hiring Program 2013	16.710		\$ 638,697	\$ -
COPS Micro Grant 2013 - B.E.S.T.	16.710		15,738	-
COPS 2015 Hiring Grant	16.710		327,255	-
Subtotal - CFDA #16.710			\$ 981,690	\$ -
Solving Cold Cases with DNA FY14				
Solving Cold Cases with DNA FY14	16.560		\$ 156,464	\$ -
DNA Backlog Reduction FY13	16.741		29,911	-
DNA Backlog Reduction FY14	16.741		379,995	-
DNA Backlog Reduction FY15	16.741		17,802	-
Coverdell Discretionary FY14	16.742		96,058	-
Intellectual Property Enforcement FY15	16.752		58,010	-
Court Awards Federal (RICO)	16.922		1,101,993	-
Cannabis Eradication Program	None		17,077	-
Subtotal - Other Federal Direct Programs			\$ 1,857,310	\$ -
Total - Federal Direct Programs			\$ 3,294,999	\$ 74,118
Federal Pass-Through				
Arizona Criminal Justice Commission (A.C.J.C)				
ACJC Crime Victim's Assistance 2015-16	16.582	VA-16-039	\$ 31,127	
National Forensic Sciences Formula 2015	16.742	CV-14-15-004	11,498	
National Forensic Sciences Formula 2016	16.742	CV-15-15-004	14,474	
Total - A.C.J.C.			\$ 57,099	
Arizona Department of Public Safety (A.D.P.S.)				
DPS Victims of Crime Assistance 14/15	16.575	2014-125	80,138	
DPS Victims of Crime Assistance 15/16	16.575	2014-VA-GX-0018	215,709	
DPS Victims of Crime Assistance 15/16	16.575	2014-258	88,296	
VOCA Advocacy Services 2014-2015	16.582	2013-237	25,967	
VOCA Advocacy Services 2015-2016	16.582	2015-215	80,312	
VOCA Advocate for Victims 50 Years & Older 2014-2015	16.582	2013-237	18,251	
VOCA Advocate for Victims 50 Years & Older 2015-2016	16.582	2015-216	68,216	
Total - A.D.P.S.			\$ 576,889	
Maricopa County				
Byrne Justice Assistance Grant (JAG) 2012	16.738	2012-DJ-BX-1182	\$ 20,927	
Byrne Justice Assistance Grant (JAG) 2013	16.738	2013-DJ-BX-1164	44,303	
Byrne Justice Assistance Grant (JAG) 2014	16.738	2014-DJ-BX-1197	142,213	
Byrne Justice Assistance Grant (JAG) 2015	16.738	2015-DJ-BX-0227	279,279	
			\$ 486,722	
TOTAL - DEPARTMENT OF JUSTICE			\$ 4,415,709	\$ 74,118

CITY OF PHOENIX, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Agency/Program/Grant Title	Federal CFDA Number	Federal Grant/ State Pass-Through Number	2015-2016 Expenditures	Subrecipient's Share of Total Expenditures
DEPARTMENT OF LABOR				
Business Center Building Rent Program Income	17.259		\$ 295	\$ -
Youthbuild - Fund 1469	17.274		316,809	216,223
Youthbuild - Fund 1487	17.274		128,221	62,606
Total - Department of Labor (Federal Direct)			\$ 445,325	\$ 278,829
Federal Pass-Through				
Arizona Department of Economic Security - WIOA				
Workforce Innovation & Opportunity Act - Adult PY2014/FY2015	17.258	ADES14-052744-1	\$ 146,406	\$ 190,374
Workforce Innovation & Opportunity Act - Adult PY2015/FY2016	17.258	D116-002127-1	3,159,121	520,271
Workforce Innovation & Opportunity Act - Youth PY2014	17.259	ADES14-052744-1	1,582,487	359,358
Workforce Innovation & Opportunity Act - Youth PY2015	17.259	D116-002127	2,355,128	2,029,542
Workforce Innovation & Opportunity Act - Dislocated Worker/Rapid Response PY2014	17.278	ADES14-052744-1	2,150,373	-
Workforce Innovation & Opportunity Act - Dislocated Worker/Rapid Response PY2015	17.278	D116-002127	1,406,820	-
Total - Arizona Department of Economic Security - WIOA			\$ 10,800,335	\$ 3,099,545
TOTAL - DEPARTMENT OF LABOR			\$ 11,245,660	\$ 3,378,374
U.S. DEPARTMENT OF AGRICULTURE (U.S.D.A.)				
Federal Pass-Through				
AZ Department of Health Services				
Arizona Nutrition Network - Maricopa County	10.551	C-86-13-037-3-02	\$ 109,535	\$ -
Arizona Nutrition Network - University of Arizona	10.556	ADHS-12-030676	65,657	-
TOTAL - U.S. DEPARTMENT OF AGRICULTURE (U.S.D.A.)			\$ 175,192	\$ -
DEPARTMENT OF ENERGY (D.O.E.)				
Federal Pass-Through (D.O.E.)				
Governor's Office of Energy Policy				
Weatherization - DOE	81.042	C051-09-06	\$ 120,882	\$ -
Total - Arizona Department of Energy			\$ 120,882	\$ -
TOTAL - DEPARTMENT OF ENERGY (D.O.E.)			\$ 120,882	\$ -
ENVIRONMENTAL PROTECTION AGENCY				
Brownsfields - Petro	66.814		\$ 30,092	\$ -
Brownsfields - HazSub	66.814		22,971	-
TOTAL - ENVIRONMENTAL PROTECTION AGENCY			\$ 53,063	\$ -
EXECUTIVE OFFICE OF THE PRESIDENT				
High Intensity Drug Trafficking Area (HIDTA) 2014	95.001		\$ 55,148	\$ -
High Intensity Drug Trafficking Area (HIDTA) 2015	95.001		1,254,098	-
High Intensity Drug Trafficking Area (HIDTA) 2016	95.001		111,725	-
TOTAL - EXECUTIVE OFFICE OF PRESIDENT			\$ 1,420,971	\$ -
NATIONAL ENDOWMENT FOR THE ARTS				
Story Days 15-16	45.024		\$ 24,500	\$ -
Arts Build	45.024		30,287	-
TOTAL - NATIONAL ENDOWMENT FOR THE ARTS			\$ 54,787	\$ -
GRAND TOTAL FEDERAL ASSISTANCE PROGRAMS			\$ 304,095,719	\$ 53,319,369

See accompanying notes to schedule.

City of Phoenix, Arizona

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2016

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The City has not made the election to use the 10% de minimis cost rate as covered in Uniform Guidance Section 200.414 Indirect (F&A) costs.

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 Fund for the outstanding balance of the notes.

Total amount of the notes outstanding under the HOME Program is \$70,589,119 as of June 30, 2016. The Schedule is a summary of total expenditures, including loans, made during the fiscal year ended June 30, 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? no
- Significant deficiencies identified that are not considered to be material weaknesses?.....yes

Noncompliance material to financial statements noted?..... no

Federal Awards

Internal control over major programs:

- Material weakness identified? no
- Significant deficiencies identified that are not considered to be material weaknesses?.....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)?..... no

City of Phoenix, Arizona

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.866	Demolition and Revitalization of Severely Distressed Public Housing (Hope VI)
14.872	Public Housing Capital Fund (CFP)
14.850	Public and Indian Housing
20.500, 20.507, 20.525, 20.526	Federal Transit Cluster
20.513, 20.516, 20.521	Transit Services Programs
97.083	Staffing for Adequate Fire and Emergency Response
93.600	Head Start
14.871, 14.879	Housing Voucher Cluster

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, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding # 2016-001

Grants Receivable

Type of Finding: Internal Control over Financial Reporting (Significant Deficiency)

Criteria:

The City does not have sufficient controls in place to ensure that adjustments at year end to convert account balances from a budgetary basis to accrual basis, for purposes of preparing annual financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP), are recorded properly.

Condition/Context:

In preparing the year-end adjustments, amounts encumbered are treated as expenditures for budgetary purposes. When the encumbrances are for amounts that will be reimbursed under a federal program, a receivable is recorded. As of June 30, 2016, the receivables recorded for US GAAP purposes included amounts to be reimbursed for encumbrances for the purchase of equipment that had been ordered but not yet received. As such, while the encumbrance was appropriate, the amount has not yet been expended, and thus is not a valid receivable under US GAAP.

Cause/Effect:

During this adjustment process, the encumbrances are not consistently reviewed to ensure that they meet the criteria for accrual, and represent valid payables and receivables at year end. These receivable balances were corrected prior to issuance of the annual financial statements.

Recommendation:

We recommend a complete review of amounts included in appropriations be performed as the amounts are converted at year-end to ensure they meet the criteria for recognition under US GAAP.

Views of responsible officials:

The City will implement year end reviews to ensure that receivables recorded for outstanding encumbrances on a budgetary basis are not included in the receivables recorded for US GAAP purposes.

City of Phoenix, Arizona

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

City of Phoenix, Arizona

STATUS OF PRIOR YEAR FINDINGS

June 30, 2016

Finding #: 2015-002

Staffing for Adequate Fire and Emergency Response (SAFER), CFDA 97.083

Federal Award Number: EMW-2013-FH-33070, EMW-2012-FH-00605, and EMW-2011-FH-00578

U.S. Department of Homeland Security, Award year 2014

Type of Finding: Material Weakness

Criteria:

OMB Circular A-133 requires sufficient internal controls around each applicable compliance requirement, including Eligibility.

Condition/Context:

Per the SAFER grant application, one of the eligibility requirements is to ensure that “all Phoenix firefighter candidates are given a physical exam that exceeds the NFPA 1582 standard.” We noted that quality control checklists used in evaluating eligibility of all applicants did not include this requirement.

Questioned Costs:

None

Cause/Effect:

Quality control checklists are not compared to grant applications to ensure all eligibility requirements are included. An incomplete checklist could result in noncompliance, thus affecting the City’s ability to obtain more federal funding and the risk of repayment.

Recommendation:

We recommend creating a comprehensive quality control checklist, which includes all eligibility requirements for applicants under SAFER, for use in the recruiting process. We also recommend maintaining copies of every certification obtained for each eligibility requirement.

View of Responsible Officials and Planned Corrective Actions:

Create a comprehensive quality control checklist, which includes all eligibility requirements for future applicants under SAFER, for use in the recruiting process. Maintain copies of every certification obtained for eligibility requirement.

Brian Parks, Fire Battalion Chief Deputy, 602-262-7575

Target completion date:

January 16, 2016 – Completed.

Status: Corrective action has been implemented.

City of Phoenix, Arizona

STATUS OF PRIOR YEAR FINDINGS

June 30, 2016

Finding #: 2015-003

Staffing for Adequate Fire and Emergency Response, CFDA 97.083

Federal Award Number: EMW-2013-FH-33070, EMW-2012-FH-00605, and EMW-2011-FH-00578

U.S. Department of Homeland Security, Award year 2014

Type of Finding: Significant Deficiency

Criteria:

OMB Circular A-133 requires sufficient internal controls around each applicable compliance requirement, including Reporting.

Condition/Context:

We noted an independent review over performance reports submitted to the Federal Emergency Management Agency (FEMA) is not in-place. The report preparer will self-review the "Hiring Performance Report" prior to submittal. As this process is quarterly, two selections were tested; both selections lacked an independent review.

Questioned Costs:

None

Cause/Effect:

Policies and procedures around federal performance reporting did not address the threat of self-review as an internal control deficiency. Improper review processes can lead to errors in reporting.

Recommendation:

We recommend implementing a process over performance reporting in which the reviewer is always a separate individual from the preparer.

View of Responsible Officials and Planned Corrective Actions:

The Fire Department will assign a reviewer for the quarterly performance reports.

Cheryl Griemsmann, Admin Assistant II, 602-256-4274

Target completion date:

January 11, 2016 – Completed.

Status: Corrective action has been implemented.

City of Phoenix, Arizona

STATUS OF PRIOR YEAR FINDINGS

June 30, 2016

Finding #: 2015-004

Federal Transit Cluster and Transit Services Program, CFDA 20.500, 20.507, 20.525, 20.526 and CFDA 20.513, 20.516, 20.521

Federal Award Number: AZ-90-X114, AZ-90-X131

U.S. Department of Transportation, Award year 2015

Type of Finding: Material Weakness

Criteria:

OMB Circular A-133 requires subrecipients to go through suspension and debarment procedures to mitigate the risk of an excluded party obtaining federal funds.

Condition/Context:

The City does not subject subrecipients to suspension and debarment procedures prior to awarding subcontracts. Due to the limited population size, seven subrecipients were selected for testing; all seven selections were not subjected to suspension and debarment procedures.

Questioned Costs:

None

Cause/Effect:

As subrecipient contracts were not run through standard procurement procedures, a search on the excluded party listing was not done. Without performing such procedures, an excluded entity could be awarded federal funds through the City, which would result in noncompliance.

Recommendation:

We recommend performing SAM.gov searches on every potential sub-recipient prior to signing the sub award agreement. The City should also maintain copies of the search, which should include the date the search was performed. In addition, we recommend that The City include clauses within the sub-recipient agreements related to suspension and debarment.

View of Responsible Officials and Planned Corrective Actions:

Public Transit staff will modify our grant procedures to ensure all sub-recipients are registered in SAM.gov prior to awarding of funds.

Wendy Miller, Management Assistant II, (602) 262-4077

Target completion date:

January 30, 2016 – Completed.

Status: Corrective action has been implemented.