



**City of Scottsdale, Arizona**  
**Single Audit Reporting Package**  
Year Ended June 30, 2016

**CITY OF SCOTTSDALE, ARIZONA  
SINGLE AUDIT REPORTING PACKAGE  
FOR THE YEAR ENDED JUNE 30, 2016**

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**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***

Independent Auditor's Report

Honorable Mayor and Members of the City Council  
City of Scottsdale, 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 Scottsdale, Arizona, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Scottsdale, Arizona's basic financial statements, and have issued our report thereon dated October 27, 2016. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 72.

Internal Control Over Financial Reporting

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

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
October 27, 2016

**Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

Independent Auditor's Report

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

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

We have audited City of Scottsdale, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Scottsdale, Arizona's major federal programs for the year ended June 30, 2016. City of Scottsdale, Arizona'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 City of Scottsdale, Arizona'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 City of Scottsdale, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Scottsdale, Arizona's compliance.

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

In our opinion, City of Scottsdale, Arizona 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 City of Scottsdale, Arizona 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 City of Scottsdale, Arizona'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 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 City of Scottsdale, Arizona'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.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Scottsdale, Arizona as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Scottsdale, Arizona's basic financial statements. We issued our report thereon dated October 27, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
October 27, 2016

CITY OF SCOTTSDALE, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Federal Grantor Agency/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor	Federal Grant /Pass- Through Number	FY 15/16 Expenditures	Payments to Subrecipients	Total FY 15/16 Expenditures
<b>Department of Housing and Urban Development</b>						
Office of Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-10-MC-04-0503	141,011	-	141,011
Office of Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-11-MC-04-0503	267,059	-	267,059
Office of Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-13-MC-04-0503	1,072	-	1,072
Office of Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-14-MC-04-0503	498,252	312,695	810,947
Office of Community Planning and Development: Community Development Block Grants/Entitlement Grants	14.218	N/A	B-15-MC-04-0503	143,851	-	143,851
				1,051,245	312,695	1,363,940
Office of Community Planning and Development: Home Investment Partnerships Program	14.239	MCHC	M-13-DC-04-0227	679	-	679
				679	-	679
Office of Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032FSF	80,318		80,318
Office of Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032AF	301,102		301,102
Office of Public and Indian Housing: Section 8 Housing Choice Vouchers	14.871	N/A	AZ032VO	4,668,837		4,668,837
				5,050,257	-	5,050,257
<b>Total Department of Housing and Urban Development</b>				<b>\$ 6,102,181</b>	<b>\$ 312,695</b>	<b>\$ 6,414,876</b>
<b>Department of Justice</b>						
Office of Juvenile Justice and Delinquency Prevention: Juvenile Accountability Block Grants	16.523	GOCYF	JB-CSG-14-4365-09Y2	4,963	-	4,963
Office of Juvenile Justice and Delinquency Prevention: Missing Children's Assistance	16.543	COP	2015-MC-FX-K027	1,876	-	1,876
Bureau of Justice Assistance: Edward Byrne Memorial Justice Assistance Grant Program	16.738	MARICOPA	2014-H1867-AZ-DJ	23,956	-	23,956
National Institute of Justice: Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV15-15-005	9,163	-	9,163
Criminal Division: Equitable Sharing Program	16.922	MCACAAR	N/A	1,579,324	-	1,579,324
<b>Total Department of Justice</b>				<b>\$ 1,619,282</b>	<b>\$ -</b>	<b>\$ 1,619,282</b>
<b>Department of Transportation</b>						
Federal Aviation Administration: Airport Improvement Program	20.106	N/A	3-04-0032-031-2014	3,286,666	-	3,286,666
Federal Aviation Administration: Airport Improvement Program	20.106	N/A	3-04-0032-032-2015	2,249,165	-	2,249,165
				5,535,831	-	5,535,831
Federal Highway Administration: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ADOT	CM-SCT-0(218)D	248,506	-	248,506
Federal Highway Administration: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ADOT	CM-SCT-0(219)D	7,495	-	7,495
Federal Highway Administration: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ADOT	CM-SCT-0(223)D	443,076	-	443,076
Federal Highway Administration: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ADOT	HSIP-SCT-0(225)D	23,361	-	23,361
Federal Highway Administration: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	MAG	999A(429)	201,444	-	201,444
				923,882	-	923,882
Federal Transit Administration: Federal Transit Formula Grants (Urbanized Area Formula Grants)	20.507	COP	AZ-04-0005	12,538	-	12,538
Federal Transit Administration: Federal Transit Formula Grants (Urbanized Area Formula Grants)	20.507	COP	AZ-04-0008	16,383	-	16,383
Federal Transit Administration: Federal Transit Formula Grants (Urbanized Area Formula Grants)	20.507	COP	AZ-90-X074	103,079	-	103,079
Federal Transit Administration: Federal Transit Formula Grants (Urbanized Area Formula Grants)	20.507	COP	AZ-90-X088	38,737	-	38,737
Federal Transit Administration: Federal Transit Formula Grants (Urbanized Area Formula Grants)	20.507	COP	AZ-90-X131	285,307	-	285,307
Federal Transit Administration: Federal Transit Formula Grants (Urbanized Area Formula Grants)	20.507	COP	AZ-90-X136	168,560	-	168,560
				624,604	-	624,604
<b>Transit Services Programs Cluster:</b>						
Federal Transit Administration: Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	COP	AZ-16-X005	125,000	-	125,000
Federal Transit Administration: New Freedom Program	20.521	RPTA	AZ-16-X003	60,000	-	60,000
				185,000	-	185,000

CITY OF SCOTTSDALE, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Federal Grantor Agency/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor	Federal Grant /Pass- Through Number	FY 15/16 Expenditures	Payments to Subrecipients	Total FY 15/16 Expenditures
Highway Safety Cluster:						
National Highway Traffic Safety Administration: State and Community Highway Safety	20.600	GOHS	2015-AL-012	27,005	-	27,005
National Highway Traffic Safety Administration: State and Community Highway Safety	20.600	GOHS	2016-AL-039	100,000	-	100,000
National Highway Traffic Safety Administration: State and Community Highway Safety	20.600	GOHS	2016-CIOT-016	10,000	-	10,000
National Highway Traffic Safety Administration: State and Community Highway Safety	20.600	GOHS	2016-PT-072	24,100	-	24,100
National Highway Traffic Safety Administration: Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	GOHS	2015-HV-500	83,150	-	83,150
				244,255	-	244,255
<b>Total Department of Transportation</b>				<b>\$ 7,513,572</b>	<b>\$ -</b>	<b>\$ 7,513,572</b>
<b>Institute of Museum and Library Services</b>						
Grants to States	45.310	ASLAPR	2015-35026-26	61,306	-	61,306
Grants to States	45.310	ASLAPR	N/A	9,234	-	9,234
Grants to States	45.310	ASLAPR	N/A	5,481	-	5,481
<b>Total Institute of Museum and Library Services</b>				<b>\$ 76,021</b>	<b>\$ -</b>	<b>\$ 76,021</b>
<b>Department of Homeland Security</b>						
Homeland Security Grant Program	97.067	AZDOHS	140823-01	12,460	-	12,460
Homeland Security Grant Program	97.067	AZDOHS	140823-02	3,658	-	3,658
Homeland Security Grant Program	97.067	AZDOHS	140824-02	134	-	134
Homeland Security Grant Program	97.067	AZDOHS	150209-01	5,647	-	5,647
Homeland Security Grant Program	97.067	AZDOHS	150819-01	46,214	-	46,214
Homeland Security Grant Program	97.067	AZDOHS	150819-02	60,226	-	60,226
Homeland Security Grant Program	97.067	AZDOHS	150820-01	8,099	-	8,099
Homeland Security Grant Program	97.067	AZDOHS	150820-02	32,929	-	32,929
<b>Total Department of Homeland Security</b>				<b>\$ 169,367</b>	<b>\$ -</b>	<b>\$ 169,367</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 15,480,423</b>	<b>\$ 312,695</b>	<b>\$ 15,793,118</b>

(See Notes to Schedule of Expenditures of Federal Awards)

**CITY OF SCOTTSDALE, ARIZONA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

**1. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Scottsdale, Arizona (City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of Title 2 of the U.S. Code of Federal Regulations - Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards provided to sub-recipients are treated as expenditures when paid to the sub-recipient.

**2. THE REPORTING ENTITY**

The City, for purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by Government Accounting Standards Board (GASB).

The City administers certain federal financial assistance programs through sub-recipients. Those sub-recipients are not considered part of the City reporting entity.

**3. PASS-THROUGH GRANTOR'S REFERENCE**

The City receives certain federal awards from the following non-Federal agencies. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards.

ACJC Arizona Criminal Justice Commission  
ADOT Arizona Department of Transportation  
ASLAPR Arizona State Library, Archives and Public Records  
AZDOHS Arizona Department of Homeland Security  
COP City of Phoenix  
GOHS Governor's Office of Highway Safety  
GOCYF Governor's Office for Children, Youth, and Families  
MAG Maricopa Association of Governments  
MARICOPA Maricopa County  
MCACAAR Maricopa County Arizona, County Attorney's Asset Recovery  
MCHC Maricopa County Home Consortium  
RPTA Regional Public Transit Authority

**4. INDIRECT COST RATE**

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**5. NONCASH AWARDS**

The amount of \$83,150 reported on the Schedule of Expenditures of Federal Awards under CFDA# 20.601, is the value of a mobile Driving Under the Influence (DUI) processing van donated to the City by the Arizona Governor's Office of Highway Safety (GOHS) during the current fiscal year.

**CITY OF SCOTTSDALE, ARIZONA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

**6. PRIOR YEAR NUMBERS**

A balance disclosed in the Schedule of Expenditures of Federal Awards (Schedule) as of June 30, 2016, includes activity from the prior fiscal year that was not previously reported.

As of June 30, 2015, the Schedule understated expenditures for CFDA 20.205 by \$23,361. Therefore, the Schedule as of June 30, 2016, includes the activity in this program for the prior year understatement.

**CITY OF SCOTTSDALE, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**Summary of Auditor's Results:**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

*Federal Awards*

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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 §200.516 of Uniform Guidance: No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/ Entitlement Grants
14.871	Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee: No

**Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No**

**Findings and Questioned Costs Related to Federal Awards: No**

**Summary Schedule of Prior Audit Findings required to be reported: No**