



City of Tucson, Arizona
Single Audit Reporting Package
Year Ended June 30, 2017

**CITY OF TUCSON, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2017**

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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 Tucson, 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 Tucson, Arizona, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Tucson, Arizona's basic financial statements, and have issued our report thereon dated December 28, 2017. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 77.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tucson, 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 Tucson, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tucson, 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 Tucson, 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.
Tucson, Arizona
December 28, 2017

**Report on Compliance for Each Major Federal Program;
and 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 Tucson, Arizona

Report on Compliance for Each Major Federal Program

We have audited City of Tucson, 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 Tucson, Arizona's major federal programs for the year ended June 30, 2017. The City of Tucson, 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 the requirements of 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 Tucson, 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 Tucson, 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 Tucson, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Tucson, 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The City of Tucson, Arizona's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Tucson, Arizona's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Tucson, 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 Tucson, 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 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 City of Tucson, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 Tucson, Arizona as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Tucson, Arizona's basic financial statements. We issued our report thereon dated December 28, 2017, which contained unmodified opinions on those basic 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.
Tucson, Arizona

February 21, 2018, except for the Report on the Schedule of
Expenditures of Federal Awards which is dated December 28, 2017

**CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Fund	Type	CFDA	Agency	Office	Program Title	Pass Through Grantor	Award Number	Award	Current Expenditures	Pass-Through
Department Housing Urban Development										
025	Direct	14.218	HUD	Department Housing Urban Development	Community Development Block Grants/Entitlement		B-08-MN-04-0507	7,286,911.00	23,749.86	-
025	Direct	14.218	HUD	Department Housing Urban Development	Community Development Block Grants/Entitlement		B-11-MN-040507	2,083,771.00	16,722.50	-
025	Direct	14.218	HUD	Department Housing Urban Development	Community Development Block Grants/Entitlement		B-14-MC040505	5,113,873.00	904,451.79	889,925.58
025	Direct	14.218	HUD	Department Housing Urban Development	Community Development Block Grants/Entitlement		B-15-MC040505	5,118,094.00	512,120.80	411,594.45
025	Direct	14.218	HUD	Department Housing Urban Development	Community Development Block Grants/Entitlement		B-16-MC040505	5,031,253.00	2,318,525.03	1,588,093.36
14.218								24,633,902.00	3,775,569.98	2,889,613.39
Total CDBG - Entitlement Grants Cluster										
14.218								24,633,902.00	3,775,569.98	2,889,613.39
076	Direct	14.231	HUD	Department Housing Urban Development	Emergency Solutions Grants Program		E14MC040505	424,994.00	25,376.29	-
076	Direct	14.231	HUD	Department Housing Urban Development	Emergency Solutions Grants Program		E15MC040505	455,833.00	51,609.33	43,374.76
076	Direct	14.231	HUD	Department Housing Urban Development	Emergency Solutions Grants Program		E16MC040505	460,731.00	415,473.67	382,836.08
14.231								1,341,558.00	492,459.29	426,210.84
074	Direct	14.239	HUD	Department Housing Urban Development	Home Investment Partnerships Program		M13-DC040229	2,507,550.00	1,243,675.81	1,178,189.81
074	Direct	14.239	HUD	Department Housing Urban Development	Home Investment Partnerships Program		M15-DC040229	2,375,365.00	276,162.39	151,531.86
074	Direct	14.239	HUD	Department Housing Urban Development	Home Investment Partnerships Program		M16-DC040229	2,532,186.00	1,523,659.84	921,292.78
14.239								7,415,101.00	3,043,498.04	2,251,014.45
076	Direct	14.241	HUD	Department Housing Urban Development	Housing Opportunities for Persons with AIDS		AZH-14-F002	453,077.00	2,790.99	1,121.99
076	Direct	14.241	HUD	Department Housing Urban Development	Housing Opportunities for Persons with AIDS		AZH-15-F002	451,530.00	40,699.25	34,060.80
076	Direct	14.241	HUD	Department Housing Urban Development	Housing Opportunities for Persons with AIDS		AZH-16-F002	456,639.00	401,439.70	396,223.62
076	Subrecipient	14.241	HUD	Department Housing Urban Development	Housing Opportunities for Persons with AIDS	Pima County	01-39-T-160602-0602	234,326.03	3,626.71	-
14.241								1,595,572.03	448,556.65	431,406.41
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0161L9T011500	659,722.00	223,972.98	204,420.11
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0147L9T011501	61,535.00	46,344.85	44,331.85
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0147L9T011602	61,535.00	32,901.03	32,303.00
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0038L9T011508	129,561.00	129,519.54	126,604.00
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0038L9T011609	129,561.00	16,801.27	16,171.68
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0106L9T011507	682,239.00	681,068.74	660,355.00
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0044L9T011508	763,232.00	762,902.72	730,410.38
076	Direct	14.267	HUD	Department Housing Urban Development	Continuum of Care Program		AZ0044L9T011609	763,232.00	38,436.09	-
14.267								3,250,617.00	1,931,947.22	1,814,596.02
111	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-40011117D	396,624.00	341,780.00	-
111	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-40011116D	682,683.00	343,166.00	-
112	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-50011216D	826,691.00	415,555.00	-
112	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-50011217D	475,003.00	409,320.00	-
113	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-60011316D	730,893.00	367,400.00	-
113	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-60011317D	407,441.00	351,101.00	-
114	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00004816D	1,041,597.00	523,583.00	-
114	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00004817D	613,863.00	528,979.00	-
115	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-10011516D	115,039.00	57,827.00	-
115	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-10011517D	68,096.00	54,371.00	-
117	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00005116D	485,201.00	243,897.00	-
117	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00005117D	310,027.00	267,157.00	-
118	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00604016D	133,523.00	67,118.00	-
118	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00604017D	87,207.00	75,148.00	-
119	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00006516D	82,539.00	41,490.00	-
119	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-00006517D	48,836.00	42,083.00	-
120	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-70012016D	235,377.00	118,318.00	-
120	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-70012017D	132,071.00	113,809.00	-
110	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-30011016D	527,655.00	265,238.00	-
110	Direct	14.850	HUD	Department Housing Urban Development	Public and Indian Housing		AZ004-30011017D	298,915.00	257,581.00	-
14.850								7,699,281.00	4,884,921.00	-
073	Direct	14.856	HUD	Department Housing Urban Development	Lower Income Housing Assistance - Section 8		AZ004-MOD I	15,442.00	14,220.39	-
073	Direct	14.856	HUD	Department Housing Urban Development	Lower Income Housing Assistance - Section 8		AZ004-MOD II	167,099.00	178,090.53	-
073	Direct	14.856	HUD	Department Housing Urban Development	Lower Income Housing Assistance - Section 8		AZ004-MOD III	237,270.00	67,040.62	-
14.856								419,811.00	259,351.54	-
Total Section 8 Project Cluster								419,811.00	259,351.54	-

**CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Fund	Type	CFDA	Agency	Office	Program Title	Pass Through Grantor	Award Number	Award	Current Expenditures	Pass-Through
073	Direct	14.871	HUD	Department Housing Urban Development	Section 8 Housing Choice Vouchers		AZ004-TUC	29,322,406.36	30,725,671.89	-
073	Direct	14.871	HUD	Department Housing Urban Development	Section 8 Housing Choice Vouchers		AZ033-PIMA	5,363,629.96	5,263,235.51	-
						14.871		34,686,036.32	35,988,907.40	-
073	Direct	14.879	HUD	Department Housing Urban Development	Mainstream Vouchers		AZ033-MS	200,273.08	183,878.74	-
						14.879		200,273.08	183,878.74	-
					Total Housing Choice Voucher Cluster			34,886,309.40	36,172,786.14	-
076	Direct	14.870	HUD	Department Housing Urban Development	Resident Opportunity and Supportive Services		AZ004RPS102A013	240,000.00	133,729.20	-
						14.870		240,000.00	133,729.20	-
110-120	Direct	14.872	HUD	Department Housing Urban Development	Public Housing Capital Fund		AZ20P004501-14	1,294,901.00	75,386.29	-
110-120	Direct	14.872	HUD	Department Housing Urban Development	Public Housing Capital Fund		AZ20P004501-15	1,303,715.00	225,860.23	-
110-120	Direct	14.872	HUD	Department Housing Urban Development	Public Housing Capital Fund		AZ20P004501-16	1,358,705.00	464,689.63	-
						14.872		3,957,321.00	765,916.15	-
076	Direct	14.896	HUD	Department Housing Urban Development	Family Self-Sufficiency Program		AZ004FSH680A015	206,680.00	127,029.95	-
076	Direct	14.896	HUD	Department Housing Urban Development	Family Self-Sufficiency Program		AZ004FSH031A016	206,680.00	119,855.22	-
						14.896		413,360.00	246,885.17	-
122	Direct	14.900	HUD	Department Housing Urban Development	Lead-Based Paint Hazard Control in Privately-Owned		AZLHB061416	2,900,000.00	517,323.60	90,253.38
						14.900		2,900,000.00	517,323.60	-
					Total Department Housing Urban Development			88,752,832.43	52,672,943.98	7,903,094.49

Department of the Interior

092	Subrecipient	15.904	DOI	Department of the Interior	Historic Preservation Fund Grants-In-Aid	Arizona State Parks Board	AZ-15-015	20,000.00	19,935.00	-
						15.904		20,000.00	19,935.00	-
					Total Department of the Interior			20,000.00	19,935.00	-

Department of Justice

092	Direct	16.021	DOJ	Department of Justice	Justice Systems Response to Families		2015-FJ-AX-0008	497,062.00	213,842.83	-
						16.021		497,062.00	213,842.83	-
092	Direct	16.320	DOJ	Department of Justice	Services for Trafficking Victims		2015-VT BX K048	743,212.00	152,998.27	-
						16.320		743,212.00	152,998.27	-
092	Subrecipient	16.543	DOJ	Department of Justice	Missing Children's Assistance	Arizona Internet Crimes Against Children Task Force	21WT FY17	7,095.00	4,460.39	-
092	Subrecipient	16.543	DOJ	Department of Justice	Missing Children's Assistance	Arizona Internet Crimes Against Children Task Force	2015-MC-FX-K027	8,500.00	672.62	-
						16.543		15,595.00	5,133.01	-
092	Subrecipient	16.738	DOJ	Department of Justice	Edward Byrne Memorial Justice Assistance	Arizona Criminal Justice Commission (ACJC)	DC-13-033	201,819.00	191,537.84	-
092	Subrecipient	16.738	DOJ	Department of Justice	Edward Byrne Memorial Justice Assistance	Arizona Criminal Justice Commission (ACJC)	2013-DJ-BX-1165	349,799.00	82,139.30	-
092	Subrecipient	16.738	DOJ	Department of Justice	Edward Byrne Memorial Justice Assistance	Arizona Criminal Justice Commission (ACJC)	2014-DJ-BX-1126	385,004.00	256,623.54	-
092	Subrecipient	16.738	DOJ	Department of Justice	Edward Byrne Memorial Justice Assistance	Arizona Criminal Justice Commission (ACJC)	DC-17-071	38,500.00	23,468.38	-
092	Direct	16.738	DOJ	Department of Justice	Edward Byrne Memorial Justice Assistance		2016-DJ-BX-0809	373,058.00	64,620.42	-
092	Subrecipient	16.738	DOJ	Department of Justice	Edward Byrne Memorial Justice Assistance	Arizona Criminal Justice Commission (ACJC)	DC-17-013	539,304.00	315,978.59	-
092	Subrecipient	16.738	DOJ	Department of Justice	Edward Byrne Memorial Justice Assistance	Arizona Criminal Justice Commission (ACJC)	2015-DJ-BX-0945	339,277.00	115,380.85	-
						16.738		2,226,761.00	1,049,748.92	-
092	Direct	16.741	DOJ	Department of Justice	DNA Backlog Reduction Program		2014 DN BX 0005	228,366.00	94,529.45	-
092	Direct	16.741	DOJ	Department of Justice	DNA Backlog Reduction Program		2015-DN BX 0070	246,564.00	61,895.57	-
						16.741		474,930.00	156,425.02	-
					Total Department of Justice			3,957,560.00	1,578,148.05	-

Department of Transportation (DOT)

Highway Planning and Construction Cluster										
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP-TUC-0(225)	50,000.00	600.04	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP-TUC-0(259)D	1,074,673.00	569,229.51	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	Pima Association of Governments	PAG OWP	450,000.00	275,217.62	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP-TUC-0(227)A	132,677.00	85,052.71	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	TEA-TUC 0 (234) A	75,000.00	45,701.27	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	TAP TUC-0(237)D	75,000.00	374,322.51	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP-TUC-0(250)	1,775,715.00	292,903.46	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	TEA-TUC-0(218)D	247,315.00	12,206.28	-

**CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Fund	Type	CFDA	Agency	Office	Program Title	Pass Through Grantor	Award Number	Award	Current Expenditures	Pass-Through
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	TEA TUC 0(219)	498,908.00	204,068.61	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP TUC-0 (228)	166,911.00	4,361.42	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	HSP-TUC 0(247)	70,725.00	27,984.17	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP-TUC-0(228)A	293,765.00	68,778.33	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP-TUC-0(204)X	3,015,537.00	42,461.51	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	SRS-TUC-0(251)	94,180.00	40,107.39	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	SRTS TUC-0 (245)	89,000.00	3,080.98	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	SRS 999-A(347)	293,275.00	312,993.81	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	SRS TUC-0(248)	59,200.00	2,473.55	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP TUC-0 (256)	99,958.00	57,076.09	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	STP TUC-0 (261)D	250,000.00	74,257.85	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	HPP TUC-0(201)A	13,307,576.00	2,632,964.24	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	T CSP-TUC-0(241)	861,300.00	8,090.72	-
091	Subrecipient	20.205	DOT	Department of Transportation	Highway Planning and Construction	AZ Department of Transportation	TUC-0(264)D	50,000.00	10,484.34	-
20.205								23,030,715.00	5,144,416.41	-
Total Highway Planning and Construction Cluster								23,030,715.00	5,144,416.41	-
095	Direct	20.500	DOT	Department of Transportation	Federal Transit Capital Investment Grants		AZ-03-0047	6,893,201.00	153,285.20	-
20.500								6,893,201.00	153,285.20	-
095	Direct	20.507	DOT	Department of Transportation	Federal Transit Formula Grants		AZ-90-X100	11,241,976.00	42,707.02	-
095	Direct	20.507	DOT	Department of Transportation	Federal Transit Formula Grants		AZ-90-X116	10,183,953.00	26,498.21	-
095	Direct	20.507	DOT	Department of Transportation	Federal Transit Formula Grants		AZ-90-X119	11,654,940.00	106,066.09	-
095	Direct	20.507	DOT	Department of Transportation	Federal Transit Formula Grants		AZ-90-X130	8,961,921.00	662,982.91	-
095	Direct	20.507	DOT	Department of Transportation	Federal Transit Formula Grants		AZ-90-X134	13,662,475.00	338,886.96	-
095	Direct	20.507	DOT	Department of Transportation	Federal Transit Formula Grants		AZ-90-X140	10,944,000.00	457,521.65	-
095	Direct	20.507	DOT	Department of Transportation	Federal Transit Formula Grants		1667-2016-1	23,847,426.00	6,879,624.33	-
20.507								90,496,691.00	8,514,287.17	-
Total Federal Transit Cluster								97,389,892.00	8,667,572.37	-
095	Direct	20.516	DOT	Department of Transportation	Job Access And Reverse Commute Program		AZ-37-X020	591,641.00	33,342.47	-
095	Direct	20.516	DOT	Department of Transportation	Job Access And Reverse Commute Program		AZ-37-X021	565,678.00	14,142.00	-
095	Direct	20.516	DOT	Department of Transportation	Job Access And Reverse Commute Program		AZ-37-X023	1,135,051.00	218,231.00	-
20.516								2,292,370.00	265,715.47	-
095	Direct	20.521	DOT	Department of Transportation	New Freedom Program		AZ-57-X004	196,373.00	19,360.00	-
095	Direct	20.521	DOT	Department of Transportation	New Freedom Program		AZ-57-X011	241,262.00	6,032.00	-
095	Direct	20.521	DOT	Department of Transportation	New Freedom Program		AZ-57-X015	278,098.00	6,953.00	-
095	Direct	20.521	DOT	Department of Transportation	New Freedom Program		AZ-57-X017	547,282.00	5,960.48	-
095	Direct	20.521	DOT	Department of Transportation	New Freedom Program		AZ-57-X019	277,535.00	13,877.96	-
20.521								1,540,550.00	52,183.44	-
Total Transit Services Programs Cluster								3,832,920.00	317,898.91	-
091	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Department of Transportation	STP-TUC-0(260)D	600,000.00	136,518.24	-
091	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Department of Transportation	SRS 999-M(91)	257,439.00	165,410.46	-
091	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Department of Transportation	TAP-TUC-0(252)D	99,958.00	9,440.74	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2017-AI-008	8,740.00	8,740.00	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2017-AI-004	21,640.00	10,797.53	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2017-OP-018	27,923.00	20,071.06	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2017-PT-060	75,000.00	56,652.86	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2017-PT-071	58,000.00	233.33	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2016-AL-049	120,000.00	11,460.76	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2016-OP-022	4,378.00	135.00	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2016-PT-044	75,000.00	2,928.56	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2016-PS-004	30,000.00	5,156.99	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2016-OP-007	40,000.00	13,636.63	-
092	Subrecipient	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2017-AI-007	14,990.00	4,104.95	-
092	Direct	20.600	DOT	Department of Transportation	State and Community Highway Safety	AZ Governor's Office of Highway Safety	2017-CIOT-022	12,000.00	11,734.23	-
20.600								1,445,068.00	457,021.34	-
092	Subrecipient	20.616	DOT	Department of Transportation	National Priority Safety Programs	AZ Governor's Office of Highway Safety	2017-405H-003	25,000.00	15,932.24	-
092	Subrecipient	20.616	DOT	Department of Transportation	National Priority Safety Programs	AZ Governor's Office of Highway Safety	2017-405d-036	95,000.00	36,026.29	-
20.616								120,000.00	51,958.53	-
Total Highway Safety Cluster								1,565,068.00	508,979.87	-

**CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Fund	Type	CFDA	Agency	Office	Program Title	Pass Through Grantor	Award Number	Award	Current Expenditures	Pass-Through
Total Department of Transportation (DOT)								125,818,595.00	14,638,867.56	-
Environmental Protection Agency										
002	Direct	66.818	EPA	Environmental Protection Agency	Brownfields Assessment and Cleanup Coop		BF-99T19401-G900NY00	200,000.00	7,983.51	-
002	Direct	66.818	EPA	Environmental Protection Agency	Brownfields Assessment and Cleanup Coop		BF-99T19401-G900OR00	200,000.00	11,008.04	-
						66.818		400,000.00	18,991.55	-
Total Environmental Protection Agency								400,000.00	18,991.55	-
Department of Education										
092	Subrecipient	84.033	ED	Department of Education	Federal Work Study Program	University of Arizona	21VL	7,300.00	2,039.28	-
						84.033		7,300.00	2,039.28	-
Total Department of Education								7,300.00	2,039.28	-
Department of Health and Human Services (HHS)										
092	Direct	93.243	HHS	Department of Health and Human Services	Substance Abuse and Mental Health Services		5H79TI024220-03	250,000.00	995.79	-
092	Direct	93.243	HHS	Department of Health and Human Services	Substance Abuse and Mental Health Services		1H79SM061702-01	342,320.00	350,253.10	-
092	Direct	93.243	HHS	Department of Health and Human Services	Substance Abuse and Mental Health Services		1H79TI025026-01	319,902.00	342,431.60	-
						93.243		912,222.00	693,680.49	-
Total Department of Health and Human Services (HHS)								912,222.00	693,680.49	-
Corporation for National and Community Service										
092	Direct	94.025	CNCS	Corporation for National and Community Service	Operation Americorps		15ACHAZ10010001	164,760.00	161,867.63	161,867.63
						94.025		164,760.00	161,867.63	161,867.63
Total Corporation for National and Community Service								164,760.00	161,867.63	161,867.63
Executive Office of the President										
160	Direct	95.001	EOP	Executive Office of the President	High Intensity Drug Trafficking Area HIDTA	ONDCP	G12SA0007A	4,760,326.78	36.00	-
160	Direct	95.001	EOP	Executive Office of the President	High Intensity Drug Trafficking Area HIDTA	ONDCP	G14SA0007A	6,043,137.50	1,414,362.34	-
160	Direct	95.001	EOP	Executive Office of the President	High Intensity Drug Trafficking Area HIDTA	ONDCP	G15SA0007A	5,942,119.47	2,677,429.95	903,197.15
160	Direct	95.001	EOP	Executive Office of the President	High Intensity Drug Trafficking Area HIDTA	ONDCP	G16SA0007A	6,627,260.00	3,420,833.13	1,725,530.10
						95.001		23,372,843.75	7,512,661.42	2,628,727.25
Total Executive Office of the President								23,372,843.75	7,512,661.42	2,628,727.25
Department of Homeland Security (DHS)										
092	Subrecipient	97.044	DHS	Department of Homeland Security	Assistance to Firefighters Grant	University of Arizona	EMW-2015-FP-00200	64,348.00	24,561.58	-
092	Direct	97.044	DHS	Department of Homeland Security	Assistance to Firefighters Grant		EMW-2015-FP-00481	300,067.00	137,827.77	-
						97.044		364,415.00	162,389.35	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	160407-03	520,000.00	257,825.30	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	150408-01	19,750.00	4,954.28	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	150408-02	74,300.00	14,609.31	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	160406-01	91,000.00	50,177.83	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	160406-02	11,400.00	8,367.43	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	160406-03	9,600.00	9,290.86	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	150409-02	586,894.00	332,177.14	-
092	Subrecipient	97.067	DHS	Department of Homeland Security	Homeland Security Grant Program	Arizona Department of Homeland Security	150409-03	68,940.00	1,609.92	-

**CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Fund	Type	CFDA	Agency	Office	Program Title	Pass Through Grantor	Award Number	Award	Current Expenditures	Pass-Through
								1,381,884.00	679,012.07	-
092	Direct	97.083	DHS	Department of Homeland Security	Staffing for Adequate Fire and Emergency Response		EMW-2014-FH-00471	8,582,760.00	4,808,646.97	-
								8,582,760.00	4,808,646.97	-
Total Department of Homeland Security (DHS)								10,329,059.00	5,650,048.39	-
GRAND TOTAL FEDERAL								253,735,172.18	82,949,183.35	10,693,689.37

The accompanying notes are an integral part of this schedule.

**CITY OF TUCSON, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Tucson, Arizona under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the applicable Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

NOTE 4 – INDIRECT COST RATE

The City has not elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

NOTE 5 – PASS-THROUGH

Represents amounts received from direct or subrecipient (indirect) awards passed through the City of Tucson to an external entity.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

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: Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG – Entitlement Grants Cluster
14.871, 14.879	Housing Voucher Cluster
95.001	High Intensity Drug Trafficking Areas Program

Dollar threshold used to distinguish between Type A and Type B programs: \$2,488,475

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: Yes

Summary Schedule of Prior Audit Findings required to be reported: Yes

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2017-001

Repeat Finding: No

Program Name/CFDA Title: High Intensity Drug Trafficking Areas Program

CFDA Number: 95.001

Federal Agency: Executive Office of the President

Federal Award Nos.: G12SA0007A, G14SA0007A, G15SA0007A, G16SA0007A

Pass-Through Agency: N/A

Questioned Costs: N/A

Type of Finding: Noncompliance

Compliance Requirement: M. Subrecipient Monitoring

CRITERIA

As outlined in 2 CFR 200.331(a)(1)(xi), the City must identify federal award information to subrecipients.

CONDITION

Subaward grant agreements did not include the CFDA number.

CAUSE

The Program Director was not aware of the requirement.

EFFECT

The City was not in compliance with federal regulations and guidelines.

CONTEXT

For 30 of 30 subawards reviewed, the grant agreement did not include the CFDA number and was not communicated to the subrecipient.

RECOMMENDATION

The City should ensure all sub award information is communicated to subrecipients.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.



CITY OF TUCSON

FINANCE DEPARTMENT
ADMINISTRATION

February 21, 2018

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Lynn Erbe, Finance Manager
Business Services
Police Satellite Office

**CITY OF TUCSON, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017**

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2017-001

Program Name/CFDA Title: High Intensity Drug Trafficking Areas Program

CFDA Number: 95.001

Contact Persons: Lynn Erbe; Minnette Powell

Anticipated Completion Date: Immediate; submission of the 2019 HIDTA Awards and any amendments to prior awards.

Planned Corrective Action: CFDA number will be added to new and amended HIDTA award documents per the requirement.

**CITY OF TUCSON, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: 2016-001
Status: Corrected.

Finding Number: 2016-002
Status: Corrected.

Status of Findings and Questioned Costs Related to Federal Awards

Finding Number: 2016-003
Program Name/CFDA Title: Public and Indian Housing
CFDA Number: 14.850
Status: Corrected.

Finding Number: 2016-004
Program Name/CFDA Title: Highway Planning and Construction
CFDA Number: 20.205
Status: Corrected.

Finding Number: 2016-005
Program Name/CFDA Title: Housing Voucher Cluster
CFDA Number: 14.871, 14.879
Status: Corrected.

Finding Number: 2016-006
Program Name/CFDA Title: Housing Voucher Cluster
CFDA Number: 14.871, 14.879
Status: Corrected.

Finding Number: 2016-007
Program Name/CFDA Title: Staffing for Adequate Fire and Emergency Response
CFDA Number: 97.083
Status: Corrected.

Finding Number: 2016-008
Program Name/CFDA Title: Staffing for Adequate Fire and Emergency Response
CFDA Number: 97.083
Status: Corrected.