

CITY OF TUCSON, ARIZONA
REPORT ON SINGLE AUDIT
JUNE 30, 2014



CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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 The City of Tucson, Arizona (the "City"), as of and for the year ended June 30, 2014, 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, 2014.

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 determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2014-001, 2014-002, and 2014-003.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

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

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 result 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Tucson, Arizona
December 19, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Tucson, Arizona's (the City's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-004, 2014-005, 2014-007, 2014-008, 2014-010, and 2014-011. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City'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 the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-009 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-006 and 2014-011 to be significant deficiencies.

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

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tucson, Arizona (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2014, 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 as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The Purpose of this report on the schedule of expenditures of federal awards is to identify the federal awards expenditures by federal grantor in compliance with OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.



CliftonLarsonAllen LLP

Tucson, Arizona

March 20, 2015, except for the Schedule of

Expenditures of Federal Awards which is dated December 19, 2014

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

Section I – Summary of Independent Auditors’ Results

Financial Statements

The type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Continued

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section I – Summary of Independent Auditors’ Results (Continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG Entitlement Grants Cluster
14.850	Public and Indian Housing
14.871, 14.879	Housing Voucher Cluster
16.710	Public Safety Partnership and Community Policing Grants
20.205	Highway Planning and Construction Cluster
20.500, 20.507, 20.526	Federal Transit Cluster
95.001	High Intensity Drug Trafficking Areas Program

Dollar threshold used to distinguish between type A and type B programs:

\$2,711,347

Auditee qualified as low-risk auditee?

yes no

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section II – Financial Statement Findings

Significant Deficiencies in Internal Control Over Financial Reporting

Finding 2014-001: Capital assets

Condition

There is no formal control established to ensure depreciable assets entered in the system are properly depreciated using the appropriate useful life and no control in place to ensure all construction in progress placed in service is properly depreciated on the date placed into service. An adjustment was proposed and recorded by management in the financial statements to properly record depreciation in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Criteria

COSO/Internal Control Framework defines control activities as “policies and procedures that help ensure management’s directives are carried out. Management review controls are defined as, “the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed and is an integral part of any internal control structure”.

Effect

Failure to perform adequate reviews can lead to misstatements in the financial reporting process.

Cause

This is a result of the limited resources of the City and the current lack of control procedures being performed.

Recommendation

We recommend management to review current procedures to ensure assets are depreciated using an appropriate useful life, capitalized in the correct period, and depreciated when assets are placed in service.

View of Responsible Officials and Corrective Action Plan

The fixed asset system has configuration tables that infer information, such as useful life, to reduce the need to manually input information and improve the accuracy of the input. These inference tables are reviewed periodically to ensure accuracy. We will review our process for consistency between the appropriate accountants to validate our process. Document work flow will be used during the training process. We will then create a report, to use on a quarterly basis, to review input based on a materiality basis. We will document the materiality level in our process.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section II – Financial Statement Findings (Continued)

Significant Deficiencies in Internal Control Over Financial Reporting (Continued)

Finding 2014-002: Navaline software

Condition

The Navaline software is unable to retroactively create a detail subsidiary ledger of outstanding accounts receivable as of year end. Detail subsidiary ledger statements can only be created as of the date the reports are created. This restricts the City's ability to provide detailed accounts receivable for verification and analysis periodically and as of year end.

Criteria

Detail subsidiary ledger statements should be available retroactively for verification and analysis purposes.

Effect

Failure to perform this process may result in loss of supporting account balances and could lead to misstatements in the financial supporting process.

Cause

Software restrictions prohibit the generation of retroactive detail subsidiary ledger statements.

Recommendation

We recommend management implement a control to ensure adequate documentation is maintained to support detail subsidiary ledger of account receivable balances as of year end.

View of Responsible Officials and Corrective Action Plan

The Naviline billing software vendor confirmed the system cannot retroactively create an accounts receivable aging. Each year the vendor sends an email stating balances must be run on the last day of the fiscal year after all processes have closed to get an accurate receivable balance. Tucson Water has always run a summary balance by receivable type per the vendors instructions, but a detail by customer was never run. The Business Services division of Tucson Water has modified its year-end procedures to also create an aging report by customer. The procedures are maintained by the Naviline billing support personnel. In addition Tucson Water performed a trial run to test the report at month end, October 31, 2014. The receivable balance from the Naviline detailed report was compared to the appropriate receivable balances on the City's October 31 financial ledger. The difference was immaterial. Because the Naviline report is run manually the morning after fiscal close, the Naviline report and the City's ledger will likely never agree to the penny. This is because of timing and the high volume of transactions processed on an hourly basis in Naviline.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section II – Financial Statement Findings (Continued)

Significant Deficiencies in Internal Control Over Financial Reporting (Continued)

Finding 2014-003: Time exception reporting

Condition

The Telestaff scheduling and time keeping system is an exception based reporting system that is designed to require time approval by the supervisor only if not working the normal shifts such as shift trading, etc. It is management's responsibility to approve all exceptions and ensure all time keeping is properly documented and reviewed. We noted that some shift trading exceptions were not appropriately reported in the Fire Department.

Criteria

Management should review and approve exceptions for individuals with exceptions to normally scheduled shifts.

Effect

Failure to perform this process can lead to improper shifts worked and improper payments made based on hours worked.

Cause

The City's Fire Department does not have proper controls over exception reporting.

Recommendation

We recommend management review the process in place to ensure all time and shift exceptions are reviewed, approved, and reported for all shifts in a timely manner.

View of Responsible Officials and Corrective Action Plan

The Fire Department has put into place new processes and controls including an approval process requiring all employee trades be approved by the District Management Team (DMT). The DMT consists of a chief officer and the appropriate captain. This new approval process was communicated to the department via department-wide bulletins: DB#17, dated January 1, 2014; DB#575, dated November 13, 2014; and DB#675, dated December 24, 2014. Changes to the labor agreement are also being considered to provide additional guidance.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section

Finding Reference: 2014-004

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
Compliance Requirement:	Reporting
Type of Finding:	Compliance - Other Matter
Federal Program:	14.218 - CDBG Entitlement Grants Cluster

Condition/Context

Line 35 of the Consolidated Annual Performance and Evaluation Report (CAPER) was calculated incorrectly.

Criteria

Reports submitted to HUD should be complete and accurate.

Effect

Reports submitted to HUD may contain inconsistencies or inaccuracies.

Cause

The department was not aware of the error.

Recommendation

We recommend the Department to evaluate its current review procedures to ensure the final CAPER report submitted to HUD is complete and accurate.

View of Responsible Officials and Corrective Action Plan

Line 35 of the PR26 CDBG Financial Summary Report was accidentally missed in the recalculation after the original down load, as formulas had been changed to hard coded numbers. To ensure this does not occur again, the preparer will have a financial reviewer review and sign off on report. Preparer and Reviewer/Approver signatures will be required on the report before final submission of CAPER.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-005

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Compliance - Other Matter
Federal Program:	14.850 – Public and Indian Housing

Condition/Context

For 1 of the 40 payrolls tested, wages were not allocated to the proper fund within the program based on the approved labor distribution profile.

Criteria

Wages are allocated to funds based on the labor distribution profile which is reviewed and approved by management.

Effect

Inaccurate payroll allocations results in non-compliance with the labor distribution policy.

Cause

The department was not aware of the error.

Recommendation

We recommend the Department evaluate its current review procedures to ensure the labor distribution are properly reviewed by a supervisor to ensure all time records are properly recorded in the general ledger.

View of Responsible Officials and Corrective Action Plan

A process has been established for review by Housing & Community Development (HCD) Department staff of the profile entry by Finance Department staff to verify accounts are entered as indicated on the profile form, where the profile form is scanned and held in a verification directory and not filed in the division directory until properly entered. If for some reason, the profile was not correctly entered, HCD staff will JV the charges to the correct account until the entry has been verified.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-006

Federal Agency:	U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Transportation
Compliance Requirement:	Program Income, Eligibility, Allowable Costs/Cost Principles, and Cash Management
Type of Finding:	Significant Deficiency in Internal Control
Federal Program:	14.850 – Public and Indian Housing (PIH), 14.871, 14.879 – Housing Voucher Cluster (HVC), 20.205 – Highway Planning and Construction Cluster (HPCC)

Condition/Context

Departments lack documentation of review processes for several programs as follows:

- PIH – Unable to verify who reviewed the annual reexamination packages for 2 of the 40 tested.
- HVC – Unable to verify who reviewed the enrollment packages for 6 of 40 packets tested.
- HVC – Evidence of a quality control review was not available for inspection for 16 of the 60 items tested.
- HPCC – Unable to verify the review and approval of several grant reimbursement requests for 3 of the 3 months tested.

Criteria

- PIH – The annual reexamination packages and monthly entries are reviewed and approved by the senior accountant or supervisor to ensure program income is complete and accurate.
- HVC - Enrollment packets are reviewed by an agent using a checklist to ensure the eligibility requirements are met.
- HVC – Housing Assistance Payment (HAP) invoices are created based on the most current approved contract. Quality Control approves the invoice to ensure completeness and accuracy of the HAP.
- HPCC – The staff assistant prepares the reimbursement requests and it is subsequently reviewed and approved by the transportation finance administrator prior to submission to Arizona Department of Transportation (ADOT) or Pima Association of Governments (PAG).

Effect

- PIH - Lack of review results in non-compliance with program income and internal control procedures.
- HVC - Not complying with the department review procedures over enrollment may result in ineligible individuals in the program.
- HVC – HAP invoices could be paid without appropriate approvals.
- HPCC – The reimbursed amount could be inaccurately charged to the program.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-006 (continued)

Federal Agency:	U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Transportation
Compliance Requirement:	Program Income, Eligibility, Allowable Costs/Cost Principles, and Cash Management
Type of Finding:	Significant Deficiencies in Internal Control
Federal Program:	14.850 – Public and Indian Housing (PIH), 14.871, 14.879 – Housing Voucher Cluster (HVC), 20.205 – Highway Planning and Construction Cluster (HPCC)

Cause

- PIH - The department was not aware of the error.
- HVC - The Department was aware of the lack of review procedures and has implemented a review control subsequently to the year end.
- HVC – The Department retains a copy of the invoice, however, most quality control documents were discarded during the fiscal year.
- HPCC – The Department was not aware of the error.

Recommendation

- PIH - We recommend the Department evaluate its current review procedures to ensure all program income is complete, accurate, and in accordance with the program compliance requirements.
- HVC - We recommend the Department review the processes and controls to ensure the appropriate documentation is maintained and ensure the enrollment packets are reviewed and approved.
- HVC – We recommend the Department retain supporting quality control documentation for the approval of HAP.
- HPCC – We recommend the Department review its review procedures and retain documentation for the approval process of the grant reimbursements.

View of Responsible Officials and Corrective Action Plan

- PIH - During the tenant file audit, two files did not have reviews on the annual reexamination. In order to address the potential for non-compliance, a peer-to-peer review process will be implemented. When a 50058 is completed, the final approval in the software will have to be completed by a different staff member on most actions. Typically this will be another Housing Services Agent. This individual will be responsible for reviewing the action for accuracy and completion of all necessary verifications and forms. They will also sign off on the file cover sheet. Residential Property Managers, who currently have the overview responsibility of all actions, will then complete random overviews of all files to ensure the peer-to-peer reviews are completed timely and appropriately. We anticipate implementation by mid-April 2015.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-006 (continued)

Federal Agency:	U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Transportation
Compliance Requirement:	Program Income, Eligibility, Allowable Costs/Cost Principles, and Cash Management
Type of Finding:	Significant Deficiencies in Internal Control
Federal Program:	14.850 – Public and Indian Housing (PIH), 14.871, 14.879 – Housing Voucher Cluster (HVC), 20.205 – Highway Planning and Construction Cluster (HPCC)

View of Responsible Officials and Corrective Action Plan (continued)

- HVC - The Housing Assistance Division will be reviewing all quality control procedures to assure compliance with HUD regulations. Eligibility packets will be reviewed by an agent using a checklist to ensure the eligibility requirements are met.
- HPCC - Effective Fiscal Year 2015, the department hired new finance staff and administration to replace staff attrition. New procedures were implemented to ensure compliance with the criteria, including securing the finance administrator's signature prior to submission to ADOT or Pima Association of Governments.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-007

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
Compliance Requirement:	Eligibility
Type of Finding:	Compliance - Other Matter
Federal Program:	14.871, 14.879 – Housing Voucher Cluster

Condition/Context

For 1 of the 40 tested participants, the income used to determine the tenant's rent did not include overtime wages. Verification of assets was not performed for 1 of 40 participants tested.

Criteria

Verification of reported income, value of assets, and expenses related to deductions from annual income is required at the time of acceptance into the program and at least once every twelve months.

Effect

The department may incorrectly calculate the housing assistance payment (HAP).

Cause

The department was not aware of the error.

Recommendation

We recommend the Department implement a review control or evaluate the review processes of eligibility to ensure the program is in compliance with eligibility compliance requirements.

View of Responsible Officials and Corrective Action Plan

The Housing Assistance Division will be reviewing all quality control procedures to assure compliance with HUD regulations. In order to assure compliance with verification of assets, we will have two agents assigned to Quality Control, who will review all 50058's in YARDI to verify accuracy and completeness prior to approving them.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-008

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
Compliance Requirement:	Special Tests and Provisions - Waiting List, Eligibility, Special Tests and Provisions – Depository Agreements
Type of Finding:	Compliance - Other Matter
Federal Program:	14.871, 14.879 – Housing Voucher Cluster (HVC), 14.850 – Public and Indian Housing (PIH)

Condition/Context

Department lack of documentation as follows:

- HVC - 1 of the 25 tested applicants did not have supporting documentation that applicant was properly selected from the waiting list.
- HVC - 1 of the 40 tested participants did not sign the voucher retained in the tenant file.
- HVC and PIH - There was no supporting documentation that a depository agreement was in place during the fiscal year.

Criteria

- HVC - OMB A-133 requires public housing authorities (PHA) to follow its selection policies when selecting applicants from the waiting list to become participants.
- HVC - Participants are to sign the voucher indicating their acceptance of the terms of the contract.
- HVC and PIH - PHA's are required to enter into depository agreements with their financial institutions in the form required by HUD. The agreements serve as safe-guards for Federal funds and provide third-party rights to HUD.

Effect

- HVC - Not complying with the department's required selection process of selecting participants to the program.
- HVC - The department may encounter difficulties enforcing the terms of the contract if not signed by tenants.
- HVC and PIH - The department may be out of compliance by not having a depository agreement.

Cause

- HVC - The department was not aware of the error.
- HVC - The department was not aware of the error.
- HVC and PIH - The department was not aware of the error.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-008 (continued)

Federal Agency:	U.S. Department of Housing and Urban Development (HUD)
Compliance Requirement:	Special Tests and Provisions - Waiting List, Eligibility, Special Tests and Provisions – Depository Agreements
Type of Finding:	Compliance - Other Matter
Federal Program:	14.871, 14.879 – Housing Voucher Cluster (HVC), 14.850 – Public and Indian Housing (PIH)

Recommendation

- HVC - We recommend the Department retain supporting documentation to ensure applicants are properly selected from the waiting list in accordance with policies and procedures.
- HVC - We recommend the Department implement a review control to ensure that all participants sign the voucher.
- HVC and PIH - We recommend the department obtain the required depository agreement with their financial institution as required by HUD.

View of Responsible Officials and Corrective Action Plan

The Housing Assistance Division will be reviewing all quality control procedures to assure compliance with HUD regulations. In order to assure compliance with applicants being properly selected from the waiting list, we will be hiring a Waiting List Coordinator, whose primary responsibility will be managing the waiting list. In order to assure compliance with vouchers being signed, we will have two agents assigned to Quality Control, who will review all 50058's in YARDI to verify accuracy and completeness prior to approving them.

HVC & PIH - A HUD 51999 General Depository Agreement has been signed by the bank and submitted to HUD in February 2015 for approval.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-009

Federal Agency:	U.S. Department of Transportation
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Material Weakness in Internal Control
Federal Program:	20.500, 20.507, 20.526 – Federal Transit Cluster

Condition/Context

We were unable to verify review and approval of exempt and non-exempt employee's time charged to the program for 29 of the 40 selected.

Criteria

All timecards or time logs should be reviewed by someone other than the employee compiling the information to ensure the time is being allocated to the appropriate federal program.

Effect

Time charged to federal programs may not be complete and accurate and in accordance with OMB A-133 requirements.

Cause

The Department was not aware of the requirement for exempt employees due to turnover in the Department.

Recommendation

We recommend the Department implement a review control to ensure all exempt employee's time is properly charged to the appropriate federal program.

View of Responsible Officials and Corrective Action Plan

Effective September 20, 2014, the General Services Department augmented their payroll policies to include supervisory review of staff payroll documents. Adherence to this corrective action plan will eliminate future findings. As an additional compliance measure, Transportation staff will obtain fiscal year 2015 timesheets from other department to ensure projects are charged correctly.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-010

Federal Agency:	U.S. Department of Transportation
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Compliance – Other Matter
Federal Program:	20.500, 20.507, 20.526 – Federal Transit Cluster

Condition/Context

Unallowable costs of \$3,019 were charged to the program.

Criteria

Only allowable costs should be charged to the program.

Effect

Not complying with OMB A-133 allowable costs/cost principles.

Cause

The Department was not aware of the error.

Recommendation

We recommend the department implement review controls to ensure all charges to the program are complete, accurate, and allowable in accordance with the program requirements.

View of Responsible Officials and Corrective Action Plan

This occurred from the Modern Streetcar Project using a blanket account number for travel expenses and the lack of proper oversight of associated pCard expenditures. To mitigate future allowable costs findings, projects involving multiple departments will not be assigned a generic account, but rather specific chart of account numbers and staff involved will be advised on eligible expenses.

Questioned Costs

None over \$10,000

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs Section (Continued)

Finding Reference: 2014-011

Federal Agency:	U.S. Department of Transportation
Compliance Requirement:	Earmarking
Type of Finding:	Significant Deficiency in Internal Control and Compliance – Other Matter
Federal Program:	20.500, 20.507, 20.526 – Federal Transit Cluster

Condition/Context

We were unable to obtain supporting documentation to test earmarking compliance.

Criteria

OMB A-133 compliance requirements note that one percent of 5307 program funds apportioned to urbanized areas with a population of at least 200,000 shall be expended for transit enhancement activities. One percent of 5307 program funds apportioned to urbanized areas with a population of at least 200,000 shall be expended for public transportation security projects, and for ARRA funds under the 5307 program, operating assistance is limited to 10% of the area's apportionment.

Effect

Not complying with OMB A-133 requirement.

Cause

Unable to obtain supporting documentation from the Department.

Recommendation

We recommend the Department to review its current procedures to ensure all federal funding with earmarking requirements are monitored and documentation maintained in accordance with the grant agreement and OMB A-133 requirements.

View of Responsible Officials and Corrective Action Plan

AS of mid-fiscal year 2015, the transportation Department's finance section consists of new staff targeted to complying with generally accepted accounting principles, federal and local agency reporting requirements and city policies. These changes will ensure compliance with appropriate regulations.

Questioned Costs

None

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs

Finding 2013-002 – Other Matters and Significant Deficiency

Public and Indian Housing (PIH) - CFDA 14.850

Section 8 Housing Vouchers Cluster (Section 8) - CFDA 14.871 and 14.879

Department of Housing and Urban Development

Condition

Department waiting list policies and procedures were not followed for two programs as follows:

- PIH - 1 of the 40 applicants tested was not properly placed on the waiting list in accordance with the Department's established policies and procedures.
- Section 8 - 2 of 40 tested applicants were removed from the waiting list without proper documentation retained for the reason removed from the waiting list. Therefore, no documentation was retained noting the applicants were provided the opportunity to participate in the program.

Criteria

- PIH - OMB A-133 requires management to follow their own policies and procedures when placing applicants on the waiting list.
- Section 8 - OMB A-133 requires PHA to follow its selection policies when selecting applicants from the waiting list to become participants.

Effect

- PIH – Applicant was placed higher on the waiting list.
- Section 8 - Applicants may be improperly removed from the waiting list.

Cause

- PIH and Section 8 - Management was not aware of the error.

Recommendation

- PIH - We recommend management implement a monitoring control to ensure applicants are properly placed on the waiting list in accordance with policies and procedures.
- Section 8 - We recommend the Department to retain the history of the applicants file to ensure the applicants were provided the opportunity to be admitted to the program in accordance with the Department's applicant selection policies.

View of Responsible Officials and Corrective Action Plan

- PIH – A data entry error by a couple minutes caused one applicant to be placed two positions below where they should have been on the waiting list. That applicant was pulled in the same batch that their waiting list position should have been, so there was no effect on the tenant. Applications are now being accepted electronically through a Yardi Portal, so data entry of receipt time is no longer an issue.
- Section 8 – Documentation of letters sent out to applicants are now being retained electronically, by uploading the letters in .pdf format.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-002 – Other Matters and Significant Deficiency (continued)

Public and Indian Housing (PIH) - CFDA 14.850

Section 8 Housing Vouchers Cluster (Section 8) - CFDA 14.871 and 14.879

Department of Housing and Urban Development

Questioned Costs

None

Current Status

Unresolved. See current year finding 2014-008.

CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-003 – Significant Deficiency

Section 8 Housing Vouchers Cluster (Section 8) - CFDA 14.871 and 14.879
Entitlement Grants Cluster (CDBG) - CFDA 14.218 and 14.253
Department of Housing and Urban Development

Condition

Department lack documentation of review processes for several programs as follows:

- Section 8 - Evidence of a quality control review was not available for inspection for 37 of the 40 items tested.
- CDBG - Unable to verify the review and approval procedure of the final rehabilitation inspected for 1 of the 6 selected.
- Section 8 - Unable to verify who reviewed the enrollment packets for 14 of 40 packets tested.

Criteria

- Section 8 - Housing Assistance Payment (HAP) invoices are created based on the most current approved contract. Quality Control approves the invoice to ensure completeness and accuracy of the HAP.
- CDBG - Final inspection certificates are to be signed and approved by a project coordinator.
- Section 8 - Enrollment packets are reviewed by an agent using a checklist to ensure the eligibility requirements are met.

Effect

- Section 8 - HAP invoices could be paid without appropriate approvals.
- CDBG - The rehabilitation work may not be properly completed.
- Section 8 - Not complying with the Department review procedures over enrollment may result in ineligible individuals in the program.

Cause

- Section 8 - The Department retains a copy of the invoice, however, most quality control approval documents were discarded during the fiscal year. The Department was unaware of the approval process documentation was needed to be retained.
- CDBG - Management was aware of the internal control to have all final inspections signed, this particular instance was an oversight.
- Section 8 - Management was not aware of the error.

Recommendation

- Section 8 - We recommend management retain supporting quality control documentation for the approval of HAP.
- CDBG - We recommend management implement a review control to ensure all final inspection certificates are properly documented.
- Section 8 - We recommend the Department review the processes and controls to ensure the appropriate documentation is maintain to ensure the enrollment packets are reviewed and approved.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-003 – Significant Deficiency (continued)

Section 8 Housing Vouchers Cluster (Section 8) - CFDA 14.871 and 14.879
Entitlement Grants Cluster (CDBG) - CFDA 14.218 and 14.253
Department of Housing and Urban Development

View of Responsible Officials and Corrective Action Plan

- CDBG – For the one selection where the final review and approval procedures could not be verified, the final inspection certificate was on file; however, it was missing the inspector's signature. That document has now been verified and signed. We will set in place an additional mechanism whereby all file documents will be rechecked for 'signatures' prior to closing our files.
- Section 8 - Quality control procedures were performed; however, documentation was only kept on file for six months. Effective January 13, 2014, new peer review procedures were established for 50058's #1, 2, 3, 6, and 10. These are the 50058's that affect payments or indicate that a client is eligible for the program. Prior to posting either the weekly or monthly postings, a report is run in YARDI to verify that a different staff member has approved the 50058 than the agent who created it. If the same staff member has both created and approved a 50058, the payment is not processed and a listing of all un-posted payments are distributed to all Section 8 staff, so that the proper approvals can be made. An electronic copy of the report from YARDI is kept to verify that this comparison is being performed, and will be retained for a 3 year period after the end of the fiscal year.

Questioned Costs

None

Current Status

Unresolved. See current year finding 2014-006.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-004 – Other Matters

Neighborhood Stabilization - CFDA 14.256
Department of Housing and Urban Development

Condition

Monthly and annual reports were not submitted to the appropriate agency.

Criteria

Monthly performance reports, monthly obligation and expenditure reports, monthly production timeline reports, and an annual performance report are required to be submitted to Pima County.

Effect

Not in compliance with the grant agreement.

Cause

The principal accountant and project coordinator were unaware of any monthly or annual reporting requirements.

Recommendation

We recommend that management review the grant agreement for all reporting compliance requirements and file all required reports in a timely manner.

View of Responsible Officials and Corrective Action Plan

All Neighborhood Stabilization Program grant agreements with Pima County are currently being amended with a high focus on reporting obligations. Amended contracts will be carefully reviewed to ensure accurate reports are being submitted to Pima County in a timely manner.

Questioned Costs

None

Current Status

Corrected

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-005 – Other Matters

Neighborhood Stabilization (NS) - CFDA 14.256
CDBG - Entitlement Grants Cluster (CDBG) - CFDA 14.218 and 14.253
Home Investment Partnership Program (HOME) - CFDA 14.239
Public and Indian Housing (PIH) - CFDA 14.850
Department of Housing and Urban Development

Condition

There is no formal review process for required programs and financial reports. Reports were submitted after the due date, or no documentation was retained to support timely submission as follows:

- NS and CDBG - There is no formal review process of the quarterly performance reports. For reports submitted to Pima County under the Neighborhood Stabilization Program we were unable to determine if the report was timely submitted before or on the due date.
- HOME, PIH, and CDBG - The annual HUD 60002 Section 3 Summary Reports and the December 2012 quarterly FFR report for the Home Investment Partnership Program were submitted after the due date.

Criteria

- NS and CDBG - All reports should be reviewed by someone other than the person compiling the information to ensure the reports are complete, accurate, and in accordance with the program compliance requirements.
- HOME, PIH, and CDBG - The annual HUD 6002, Section 3 Summary Report is due by January 10 and the FFR is due 30 days after the end of the reporting period.

Effect

- NS, HOME, PIH, and CDBG - The reports submitted to the appropriate agencies may not be complete and accurate.

Cause

- NS and CDBG - The department was not aware of the requirement set by OMB A-133, and does not have a formal review policy or control in place.
- HOME, PIH, and CDBG - Lack of staff in the housing department during that period resulted in missing the deadline.

Recommendation

We recommend management implement a review control to ensure reports are accurately submitted to appropriate agencies in a timely manner.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-005 – Other Matters (continued)

Neighborhood Stabilization (NS) - CFDA 14.256
CDBG - Entitlement Grants Cluster (CDBG) - CFDA 14.218 and 14.253
Home Investment Partnership Program (HOME) - CFDA 14.239
Public and Indian Housing (PIH) - CFDA 14.850
Department of Housing and Urban Development

View of Responsible Officials and Corrective Action Plan

- NS and CDBG - Pima County's request for NSP Quarterly Performance Report (QPR) data was by email. At the time we didn't believe that our informal response in an email would be considered to be incorrect, so long as Pima County received the required information requested. Pima County was satisfied to receive our information in a timely manner. Unfortunately, not all email communications were kept to show proof of timely submission. New processes on reviewing, submitting and archiving are in the works now.
- HOME, PIH, and CDBG - With regards to the HUD 60002, Section 3 Summary Reports, reporting has been late as our staff has worked hard to get the most accurate complete reports. Timely information from contractors has been an issue, and we will continue to emphasize the importance in our procurement processes.

The department will develop a centralized, formal reporting and approval system. The goal of the system will be to document the informal review and approval processes currently in place, alleviate gaps when staffing changes, and provide a wider, more transparent access to the status of our required reporting. The system will be implemented by the end of FY 2014.

Questioned Costs

None

Current Status

Corrected

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-006 – Other Matters and Significant Deficiency

CDBG - Entitlement Grants Cluster - CFDA 14.218 and 14.253
Home Investment Partnership Program - CFDA 14.239
Department of Housing and Urban Development

Condition

For 2 of the 7 subrecipients tested, management received financial statement audits as part of the monitoring process, however, there was no follow up with the recipients to determine whether an OMB A-133 audit was performed. There was one instance in which the OMB A-133 audit was submitted late. In addition, there was no monitoring performed under the Home Investment Partnership Program.

Criteria

Monitoring of subrecipients should be properly performed by management in accordance with federal award requirements.

Effect

Non-compliance with federal award requirements.

Cause

Management was not aware of the error.

Recommendation

We recommend management implement a review control to ensure all subrecipient awards are properly monitored in accordance with federal award agreements.

View of Responsible Officials and Corrective Action Plan

New processes are being implemented to ensure that sub-recipients are having A-133 performed. We were unable to complete on-site HOME monitoring due to change over of staff. Only one Project Coordinator was assigned to the HOME program, NSP1, NSP2 and NSP3 grants making the scheduling time for monitoring very difficult. Monitoring procedures are being reviewed and an additional staff member in this area is now on board, so that on-site monitoring will be able to resume.

Questioned Costs

None

Current Status

Corrected

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-007 – Significant Deficiency

Capitalization Grants for Drinking Water State Revolving Funds - CFDA 66.468
Environmental Protection Agency

Surface Transportation - Discretionary Grants for Capital Investment (TIGER) - CFDA 20.932
Federal Transit Cluster - CFDA 20.500 and 20.507
Department of Transportation

CDBG - Entitlement Grants Cluster - CFDA 14.218 and 14.253
Home Investment Partnership Program - CFDA 14.239
Department of Housing and Urban Development

Condition

For 16 of 60 certified payrolls tested, we noted no evidence of review by the Department Compliance Officer. For 1 of the 60 certified payrolls tested we were unable to verify if the payrolls were submitted timely.

Criteria

Department procedures require the certified payrolls be date stamped when received and reviewed by the compliance officer for compliance with the approved local wage decision issued by the Department of Labor.

Effect

Contractors may not be paying workers the appropriate wages required by the local wage decision and payments to contractors may be improperly released.

Cause

The department was not aware of the error.

Recommendation

We recommend the department review internal control policies and procedures to ensure that appropriate documentation is obtained for timely submittals and that review procedures be documented.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-007 – Significant Deficiency (continued)

Capitalization Grants for Drinking Water State Revolving Funds - CFDA 66.468
Environmental Protection Agency

Surface Transportation - Discretionary Grants for Capital Investment (TIGER) - CFDA 20.932
Federal Transit Cluster - CFDA 20.500 and 20.507
Department of Transportation

CDBG - Entitlement Grants Cluster - CFDA 14.218 and 14.253
Home Investment Partnership Program - CFDA 14.239
Department of Housing and Urban Development

View of Responsible Officials and Corrective Action Plan

The City's Department of Procurement recognizes the importance of the Davis Bacon contract compliance role on federally funded projects and is dedicated to ensuring all the required documents are received and reviewed in a timely manner. Since September 2012, the City's Department of Procurement has had four Davis Bacon contract compliance officers. During this period, there have been times with no coverage in the compliance area while the City located a qualified temporary employee and/or followed a recruitment processes to hire a permanent individual for the position. Prior to September 2012, the City's Davis Bacon compliance officer had been in that role for over 20 years and ensured the DBRA requirements were always met. Due to his unexpected leave of absence and ultimate retirement, the City realized that we were lacking documented policies and procedures and internal controls regarding the Davis Bacon and Related Acts (DBRA) compliance activities. The payrolls identified in the audit findings as deficient were those received during the transition of the contract compliance officers.

In 2013, the Department of Procurement developed a Contract Compliance Officer Standard Operating Procedure Manual. This manual addresses activities of the contract compliance officer, the departmental project managers and the contractors. Additionally, we began tracking all federal projects using an excel spreadsheet to track the receipt and review process for each certified payroll by project and contractor.

On November 1, 2013, the City hired Joshua Garcia as the permanent contract compliance officer. Mr. Garcia has extensive experience in the construction field and previously owned a metal works company that performed work on federally funded projects. With that he brings a unique perspective to the position. In addition to his vast knowledge of the DBRA, he has practical experience submitting certified payrolls and easily is able to work closely with our internal customers and the contractors. He is able to speak the right language to the appropriate audience.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-007 – Significant Deficiency (continued)

Capitalization Grants for Drinking Water State Revolving Funds - CFDA 66.468
Environmental Protection Agency

Surface Transportation - Discretionary Grants for Capital Investment (TIGER) - CFDA 20.932
Federal Transit Cluster - CFDA 20.500 and 20.507
Department of Transportation

CDBG - Entitlement Grants Cluster - CFDA 14.218 and 14.253
Home Investment Partnership Program - CFDA 14.239
Department of Housing and Urban Development

View of Responsible Officials and Corrective Action Plan (continued)

Since his arrival, Mr. Garcia has focused on ensuring our current and previous projects are in compliance. He is not one to accept the status quo and has worked very hard to understand the processes recently created and improve upon them. He has created standardized forms and specific instruction for DBRA certified payroll review. The standardized forms will be utilized by our contractor's when working on federally funded City projects and will streamline the review process for our compliance officer. The DBRA certified payroll review instructions will allow the City's contracting staff or others to assist in reviewing certified payrolls if our contract compliance officer is out for a period of time thus ensuring the City continues to be in compliance with the federal requirements.

To ensure payrolls are being received timely, Mr. Garcia has created a reporting feature linked to our existing Excel spreadsheet which offers real time status if a certified payroll is "current" or "late". This will allow our department to run a weekly report, identify any late payrolls and notify the prime contractor and/or subcontractor of the missing payrolls.

Based upon the process improvements made, the City's Department of Procurement feels confident that future payroll audits will result in no findings in these areas.

Questioned Costs

None

Current Status

Corrected

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Section IV – Prior Year Federal Award Findings and Questioned Costs (Continued)

Finding 2013-008 – Other Matters

Public Safety Partnership and Community Grants – CFDA 16.710
Department of Justice

Condition

The Federal Financial Reports (FFR) for March 2013 grant number 2010-UL-WX-0027 did not agree to the general ledger by \$37,176. Therefore, the quarterly drawdown was overstated.

Criteria

The FFR balances should agree or be reconciled to the general ledger and supporting documentation.

Effect

Inaccurate report was filed and the quarterly drawdown for March 2013 was overstated.

Cause

Management was not aware of the error.

Recommendation

We recommend management implement a review control to ensure all FFRs are properly supported and reconciled to the general ledger.

View of Responsible Officials and Corrective Action Plan

City Finance and Police Department staffs will review the current process and make necessary revisions to ensure all FFRs are reconciled to the general ledger and have the proper supporting documents

Questioned Costs

None

Current Status

Corrected

City of Tucson, Arizona
SEFA Expense by CFDA
for Fiscal Year Ending June 30, 2014

Fund	Type	CFDA	Agency	Program Title	Grantor	Award Number	Award	Current Expenditures	Pass-Through
US Department of Agriculture									
092	Subrecipient	10.664	USDA	Cooperative Forestry Assistance	Arizona State Forestry	CCG 13-1305	11,000.00	2,845.87	-
					10.664		11,000.00	2,845.87	-
Total US Department of Agriculture							11,000.00	2,845.87	-
Department Housing Urban Development									
076	Direct	14.231	HUD	Emergency Solutions Grants Program		E11MC040505	424,973.00	35,904.52	35,904.52
076	Direct	14.231	HUD	Emergency Solutions Grants Program		E12MC040505	484,731.00	277,181.67	248,854.60
076	Direct	14.231	HUD	Emergency Solutions Grants Program		E13MC040505	372,387.00	286,737.43	286,737.43
					14.231		1,282,091.00	599,823.62	571,496.55
076	Direct	14.235	HUD	Supportive Housing Program		AZ0025L9T011205	755,391.00	753,250.39	586,534.02
076	Direct	14.235	HUD	Supportive Housing Program		AZ0025L9T011306	657,190.00	92.42	-
076	Direct	14.235	HUD	Supportive Housing Program		AZ0029L9T011205	61,535.00	61,535.00	59,522.00
076	Direct	14.235	HUD	Supportive Housing Program		AZ0038L9T011205	130,905.00	98,827.86	96,454.75
076	Direct	14.235	HUD	Supportive Housing Program		AZ0038L9T011306	127,449.00	295.92	-
076	Subrecipient	14.235	HUD	Supportive Housing Program	From Southern AZ Aids Foundation PHOP	AZ01B001001	93,593.34	151,035.37	-
					14.235		1,826,063.34	1,065,036.96	742,510.77
076	Direct	14.238	HUD	Shelter Plus Care		AZ0106L9T011204	687,916.00	686,702.62	665,414.00
076	Direct	14.238	HUD	Shelter Plus Care		AZ0106L9T011305	669,015.00	117.27	-
076	Direct	14.238	HUD	Shelter Plus Care		AZ0044C9T011004	842,328.00	43,296.58	43,296.58
076	Direct	14.238	HUD	Shelter Plus Care		AZ0044L9T011205	882,108.00	720,688.57	704,606.21
076	Direct	14.238	HUD	Shelter Plus Care		AZ0044L9T011306	750,716.00	1,222.60	-
					14.238		3,832,083.00	1,452,027.64	1,413,316.79
074	Direct	14.239	HUD	Home Investment Partnerships Program		M10-DC040229	4,422,522.00	678,985.14	678,985.14
074	Direct	14.239	HUD	Home Investment Partnerships Program		M11-DC040229	3,912,311.00	929,551.22	929,485.00
074	Direct	14.239	HUD	Home Investment Partnerships Program		M12-DC040229	2,494,633.00	106,043.34	106,043.34
074	Direct	14.239	HUD	Home Investment Partnerships Program		M13-DC040229	2,507,550.00	21,306.50	21,306.50
074	Direct	14.239	HUD	Home Investment Partnerships Program		EL Portal OP	-	198,071.73	-
074	Direct	14.239	HUD	Home Investment Partnerships Program		HOME PI Spent	-	433,025.50	32,262.11
					14.239		13,337,016.00	2,366,983.43	1,768,082.09
076	Direct	14.241	HUD	Housing Opportunities for Persons with AIDS		AZH-12-F002	459,084.00	45,159.85	44,622.43
076	Direct	14.241	HUD	Housing Opportunities for Persons with AIDS		AZH-13-F002	433,227.00	328,357.42	317,076.55
076	Subrecipient	14.241	HUD	Housing Opportunities for Persons with AIDS	From Pima County HOPWA	01-39-T-160602-0602	234,326.03	254,766.77	-
					14.241		1,126,637.03	628,284.04	361,698.98
025	Subrecipient	14.256	HUD	(ARRA) Neighborhood Stabilization Program	Pima County	02-70-T-142836-0410	4,789,589.61	1,152.56	1,152.56
025	Subrecipient	14.256	HUD	(ARRA) Neighborhood Stabilization Program	Pima County	EL Portal OP	-	67,471.07	-
					14.256		4,789,589.61	68,623.63	1,152.56
110	Direct	14.850	HUD	Public and Indian Housing		AZ004-30011012D	501,355.00	374.00	-
110	Direct	14.850	HUD	Public and Indian Housing		AZ004-30011013D	424,450.00	208,997.50	-
110	Direct	14.850	HUD	Public and Indian Housing		AZ004-30011014D	475,634.00	238,367.14	-
111	Direct	14.850	HUD	Public and Indian Housing		AZ004-40011112D	673,395.00	502.00	-
111	Direct	14.850	HUD	Public and Indian Housing		AZ004-40011113D	534,936.00	263,400.75	-

Fund	Type	CFDA	Agency	Program Title	Grantor	Award Number	Award	Current Expenditures	Pass-Through			
111	Direct	14.850	HUD	Public and Indian Housing		- AZ004-40011114D	600,822.00	301,106.57	-			
112	Direct	14.850	HUD	Public and Indian Housing		- AZ004-50011212D	837,841.00	625.00	-			
112	Direct	14.850	HUD	Public and Indian Housing		- AZ004-50011213D	695,000.00	342,215.75	-			
112	Direct	14.850	HUD	Public and Indian Housing		- AZ004-50011214D	726,106.00	363,893.14	-			
113	Direct	14.850	HUD	Public and Indian Housing		- AZ004-60011312D	779,468.00	581.00	-			
113	Direct	14.850	HUD	Public and Indian Housing		- AZ004-60011313D	637,625.00	313,964.75	-			
113	Direct	14.850	HUD	Public and Indian Housing		- AZ004-60011314D	610,974.00	306,443.14	-			
114	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00004812D	1,230,156.00	918.00	-			
114	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00004813D	1,083,516.00	533,520.00	-			
114	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00004814D	1,153,310.00	578,416.29	-			
115	Direct	14.850	HUD	Public and Indian Housing		- AZ004-10011512D	122,260.00	91.00	-			
115	Direct	14.850	HUD	Public and Indian Housing		- AZ004-10011513D	105,007.00	51,704.50	-			
115	Direct	14.850	HUD	Public and Indian Housing		- AZ004-10011514D	104,925.00	52,633.71	-			
116, 117	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00005012D	337,896.00	251.00	-			
117	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00005112D	233,297.00	174.00	-			
117	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00005113D	461,716.00	227,347.00	-			
117	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00005114D	537,954.00	269,599.71	-			
118	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00604012D	152,424.00	114.00	-			
118	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00604013D	129,377.00	63,704.75	-			
118	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00604014D	125,712.00	63,001.71	-			
119	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00006512D	73,482.00	55.00	-			
119	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00006513D	70,968.00	34,944.00	-			
119	Direct	14.850	HUD	Public and Indian Housing		- AZ004-00006514D	77,032.00	38,605.71	-			
120	Direct	14.850	HUD	Public and Indian Housing		- AZ004-70012012D	188,871.00	141.00	-			
120	Direct	14.850	HUD	Public and Indian Housing		- AZ004-70012013D	213,629.00	105,190.25	-			
120	Direct	14.850	HUD	Public and Indian Housing		- AZ004-70012014D	232,027.00	116,353.71	-			
				14.850			14,131,165.00	4,477,236.08	-			
076	Direct	14.870	HUD	Resident Opportunity and Supportive Services		- AZ004RPS048A010	240,000.00	126,398.56	-			
				14.870			240,000.00	126,398.56	-			
076	Direct	14.877	HUD	Public Housing Family Self-Sufficiency Resident		- AZ004RFS071A012	68,680.00	51,192.67	-			
076	Direct	14.877	HUD	Public Housing Family Self-Sufficiency Resident		AZ004RFS017A013	68,680.00	24,505.11	-			
				14.877			137,360.00	75,697.78	-			
122	Direct	14.900	HUD	Lead-Based Paint Hazard Control in Privately-Owned		- AZLHB051612	2,480,000.00	773,327.18	57,230.67			
				14.900			2,480,000.00	773,327.18	57,230.67			
				CDBG - Entitlement Grants Cluster								
025	Direct	14.218	HUD	(HERA) Neighborhood Stabilization Program Grant		- EI Portal OP	-	43,164.83	-			
025	Direct	14.218	HUD	(HERA) Neighborhood Stabilization Program Grant		- NSP1 PI Spent	-	1,255,229.54	201,439.03			
025	ARRA Direct	14.218	HUD	(HERA) Neighborhood Stabilization Program Grant		- B11-MN-04-0507	2,083,771.00	270,804.97	102,537.42			
025	Direct	14.218	HUD	(HERA) Neighborhood Stabilization Program Grant		- EL Portal OP	-	14,703.47	-			
025	Direct	14.218	HUD	(HERA) Neighborhood Stabilization Program Grant		- NSP3 PI Spent	-	179,243.90	178,654.62			
025	Direct	14.218	HUD	Community Development Block Grants/Entitlement		- B-12-MC-040505	5,104,483.00	3,544,978.39	1,705,575.67			
025	Direct	14.218	HUD	Community Development Block Grants/Entitlement		- B-13-MC-040505	5,231,416.00	921,822.10	74,973.98			
025	Direct	14.218	HUD	Community Development Block Grants/Entitlement		- CDBG PI Spent	-	138,694.08	-			
025	Subrecipient	14.218	HUD	(HERA) Neighborhood Stabilization Program	Pima County	EL Portal OP	-	64,799.95	-			
				14.218			12,419,670.00	6,433,441.23	2,263,180.72			
				Total CDBG - Entitlement Grants Cluster						12,419,670.00	6,433,441.23	2,263,180.72
				Section 8 Project Cluster								
073	Direct	14.856	HUD	Lower Income Housing Assistance - Section 8		- AZ004-MOD I	14,787.00	15,077.00	-			
073	Direct	14.856	HUD	Lower Income Housing Assistance - Section 8		- AZ004-MOD II	167,955.00	151,625.00	-			
073	Direct	14.856	HUD	Lower Income Housing Assistance - Section 8		- AZ004-MOD III	258,056.00	256,350.00	-			

Fund	Type	CFDA	Agency	Program Title	Grantor	Award Number	Award	Current Expenditures	Pass-Through
							440,798.00	423,052.00	-
Total Section 8 Project Cluster							440,798.00	423,052.00	-
Housing Voucher Cluster									
073	Direct	14.871	HUD	Section 8 Housing Choice Vouchers		AZ004-TUC	29,812,137.00	30,250,589.64	-
073	Direct	14.871	HUD	Section 8 Housing Choice Vouchers		AZ004-FSS	136,839.00	139,429.38	-
073	Direct	14.871	HUD	Section 8 Housing Choice Vouchers		AZ033-PIMA	5,113,995.00	5,698,166.10	-
							35,062,971.00	36,088,185.12	-
073	Direct	14.871	HUD	Mainstream Vouchers		AZ033-MS	316,223.00	330,861.00	-
							316,223.00	330,861.00	-
Total Housing Voucher Cluster							35,379,194.00	36,419,046.12	-
CFP Cluster									
110-120	Direct	14.872	HUD	Public Housing Capital Fund		AZ20P004501-12	1,351,498.00	589,309.37	-
110-120	Direct	14.872	HUD	Public Housing Capital Fund		AZ20P004501-13	1,374,842.00	809,064.46	-
							2,726,340.00	1,398,373.83	-
Total CFP Cluster							2,726,340.00	1,398,373.83	-
Total Department Housing Urban Development							94,148,006.98	56,307,352.10	7,178,669.13

Department of the Interior

092	Subrecipient	15.615	DOI	Cooperative Endangered Species Conservation Fund	Arizona Game and Fish	P0012008005133	173,750.00	44,666.44	-
							173,750.00	44,666.44	-
092	Subrecipient	15.904	DOI	Historic Preservation Fund Grants-In-Aid	Arizona State Parks Board	P13AF00142	20,000.00	12,050.00	-
092	Subrecipient	15.904	DOI	Historic Preservation Fund Grants-In-Aid	Arizona State Parks Board	04-12-21707/AZ-12-012	10,000.00	6,640.00	-
092	Subrecipient	15.904	DOI	Historic Preservation Fund Grants-In-Aid	Arizona State Parks Board	04-12-21707/AZ-12-024	42,750.00	10,000.00	-
							72,750.00	28,690.00	-
Total Department of the Interior							246,500.00	73,356.44	-

Department of Justice

092	Direct	16.013	DOJ	Violence Against Women Court Training/Improvement		2012-WC-AX-0006	430,899.00	142,678.71	-
							430,899.00	142,678.71	-
092	Subrecipient	16.523	DOJ	Juvenile Accountability Block Grants	From AZ Governor's Office Children, Youth & Famil	JB-CSG-13-3365-08	31,389.00	15,870.30	-
092	Subrecipient	16.523	DOJ	Juvenile Accountability Block Grants	Governors Office for Children, Youth, Fam	JB-CSG-14-4365-10	40,838.00	25,008.78	-
							72,227.00	40,879.08	-
092	Subrecipient	16.543	DOJ	Missing Children's Assistance	Internet Crimes Against Children	ICAC -21QW	14,632.00	14,632.00	-
							14,632.00	14,632.00	-
092	Direct	16.580	DOJ	BJA CNA Title 3		2010-DD-BX-0564	400,000.00	36,018.50	-
							400,000.00	36,018.50	-
092	Subrecipient	16.609	DOJ	Project Safe Neighborhoods	From Arizona Criminal Justice Commission	PSN-12-008	16,086.00	1,431.37	-
							16,086.00	1,431.37	-
090	Direct	16.710	DOJ	Public Safety Partnership/Community Policing		2010-UL-WX-0027	12,375,850.00	4,015,951.02	-
092	Direct	16.710	DOJ	Public Safety Partnership/Community Policing		2011-UL-WX-0001	6,187,850.00	1,997,645.26	-
092	Direct	16.710	DOJ	Public Safety Partnership/Community Policing		2009-CK-WX-0136	200,000.00	9.17	-
092	Direct	16.710	DOJ	Public Safety Partnership/Community Policing		2009-CK-WX-0490	500,000.00	46,013.27	-
092	Direct	16.710	DOJ	Public Safety Partnership/Community Policing		21PZ08DH-10	17,202.25	10,179.67	-
092	Direct	16.710	DOJ	Public Safety Partnership/Community Policing		AZ DEA 21QA	17,202.25	14,442.62	-

Fund	Type	CFDA	Agency	Program Title	Grantor	Award Number	Award	Current Expenditures	Pass-Through	
					16.710		19,298,104.50	6,084,241.01	-	
092	Subrecipient	16.741	DOJ	DNA Backlog Reduction Program	From AZ Criminal Justice Commission	DNB-12-004	190,525.00	60,186.65	-	
092	Subrecipient	16.741	DOJ	DNA Backlog Reduction Program	From Arizona Criminal Justice Commission	FCL-13-003	112,000.00	34,327.34	-	
092	Subrecipient	16.741	DOJ	DNA Backlog Reduction Program	From Arizona Criminal Justice Commission	DNB-13-004	148,133.00	56,277.80	-	
092	Direct	16.741	DOJ	DNA Backlog Reduction Program	-	2013-DN-BX-0119	199,799.00	21,209.97	-	
					16.741		650,457.00	172,001.76	-	
				JAG Program Cluster						
092	Subrecipient	16.738	DOJ	Edward Byrne Memorial Justice Assistance	From Arizona Criminal Justice Commission	DC-14-001	59,471.00	48,434.27	-	
092	Subrecipient	16.738	DOJ	Edward Byrne Memorial Justice Assistance	From Arizona Criminal Justice Commission	2013-DJ-BX-1165	349,799.00	3,844.62	-	
092	Subrecipient	16.738	DOJ	Edward Byrne Memorial Justice Assistance	Arizona Criminal Justice Commission (ACJC)	DC-13-034	315,018.00	253,882.00	-	
092	Direct	16.738	DOJ	Edward Byrne Memorial Justice Assistance	-	2010-DJ-BX-0932	619,078.00	112,686.19	-	
092	Subrecipient	16.738	DOJ	Edward Byrne Memorial Justice Assistance	From Pima County	2011-JD-BX-3033	473,547.00	68,399.41	-	
092	Subrecipient	16.738	DOJ	Edward Byrne Memorial Justice Assistance	From Arizona Criminal Justice Commission	2012-DJ-BX-0877	377,901.00	48,823.53	-	
092	Subrecipient	16.738	DOJ	Edward Byrne Memorial Justice Assistance	From Arizona Criminal Justice Commission	DC-14-023	762,162.00	686,573.50	-	
					16.738		2,956,976.00	1,222,643.52	-	
				Total JAG Program Cluster						
							2,956,976.00	1,222,643.52	-	

Total Department of Justice							23,839,381.50	7,714,525.95	-
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Department of Transportation (DOT)

092	Subrecipient	20.608	DOT	Minimun Penalties for Repeat Offenders for DWI	Governor's Office of Highway Safety	2014-164-026	49,000.00	43,874.55	-
092	Subrecipient	20.608	DOT	Minimun Penalties for Repeat Offenders for DWI	Governor's Office of Highway Safety	2014-164-021	17,750.00	15,209.30	-
092	Subrecipient	20.608	DOT	Minimun Penalties for Repeat Offenders for DWI	Governor's Office of Highway Safety	2014-164-018	200,000.00	148,951.67	-
092	Subrecipient	20.608	DOT	Minimun Penalties for Repeat Offenders for DWI	From AZ Governor's Office of Highway Safety	2014-164-020	145,000.00	145,000.00	-
092	Subrecipient	20.608	DOT	Minimun Penalties for Repeat Offenders for DWI	From AZ Governor's Office of Highway Safety	2014-164-018	25,000.00	334.87	-
					20.608		436,750.00	353,370.39	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	STP-TUC-0(225)	50,000.00	37,321.03	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	HSIP-TUC-0(243)	800,000.00	568,080.87	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	AZ Department of Transportation	STP-TUC-0(260)D	75,000.00	42.76	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	PAG OWP	450,000.00	287,327.00	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From Pima Association of Governments	PAG OWP - N/A	150,000.00	57,749.73	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From Pima County	STP-TUC-0(227)A	132,677.00	8,416.32	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	TEA-TUC-0(054)A	113,499.00	5,153.83	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	STP-TUC-0(226)	250,000.00	15,128.25	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	STP-TUC-0(250)	300,000.00	34,186.98	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	HPP-TUC-0(238)	1,266,380.00	22,376.09	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	TEA-TUC-0(219)D	131,631.00	98,199.47	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	HSIP-TUC 0(247)	70,725.00	18,340.37	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	HPS-TUC-0(205)A	351,612.36	54,744.01	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	STP-TUC-0(228)A	277,020.00	5,354.44	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	STP-TUC-0(204)X	3,015,537.00	1,133,895.27	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	TEA-SRS TUC-0(251)	97,000.00	139.95	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	SRTS TUC-0 (245)	89,000.00	10,892.99	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	SRS 999-A(347)	55,355.00	8,677.37	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	SRS TUC-0(248)	59,200.00	2,944.25	-
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	HPP TUC-0(201)A	1,466,698.00	515,796.52	-

Fund	Type	CFDA	Agency	Program Title	Grantor	Award Number	Award	Current Expenditures	Pass-Through
091	Subrecipient	20.205	DOT	Highway Planning and Construction	From AZ Department of Transportation	TCSP-TUC-0(241)	651,846.83	175,690.62	-
				20.205			9,853,181.19	3,060,458.12	-
				Total Highway Planning and Construction Cluster			9,853,181.19	3,060,458.12	-
095	Direct	20.500	DOT	Federal Transit Capital Investment Grants	-	AZ-04-0023	5,617,650.00	3,405,297.44	-
095	Direct	20.500	DOT	Federal Transit Capital Investment Grants	-	AZ-03-0044	6,639,832.00	172,268.34	-
095	Direct	20.500	DOT	Federal Transit Capital Investment Grants	-	AZ-03-0047	6,893,201.00	221,009.66	-
				20.500			19,150,683.00	3,798,575.44	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-95-X014	9,700,000.00	250,897.53	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-95-X022	4,012,440.00	464,046.13	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-90-X078	9,737,468.00	133,004.74	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-90-X100	11,241,976.00	95,918.34	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-90-X113	12,104,359.00	660,442.33	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-90-X116	10,183,953.00	75,352.32	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-90-X119	11,654,940.00	397,972.37	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-90-X126	7,403,600.00	1,337,165.62	-
095	Direct	20.507	DOT	Federal Transit Formula Grants	-	AZ-90-X130	8,961,921.00	6,918,879.20	-
				20.507			85,000,657.00	10,333,678.58	-
095	Direct	20.526	DOT	Bus and Bus Facilities Formula Program	-	AZ-34-0001	1,449,798.00	8,516.52	-
				20.526			1,449,798.00	8,516.52	-
				Total Federal Transit Cluster			105,601,138.00	14,140,770.54	-
095	Direct	20.513	DOT	Enhanced Mobility - Seniors/Disabilities	-	AZ-16-X001	1,722,755.00	256,386.00	-
				20.513			1,722,755.00	256,386.00	-
095	Direct	20.516	DOT	Job Access And Reverse Commute Program	-	AZ-37-X009	441,408.00	22,214.00	-
095	Direct	20.516	DOT	Job Access And Reverse Commute Program	-	AZ-37-X016	504,066.00	101,349.00	-
095	Direct	20.516	DOT	Job Access And Reverse Commute Program	-	AZ-37-X020	591,641.00	70,688.67	-
095	Direct	20.516	DOT	Job Access And Reverse Commute Program	-	AZ-37-X021	565,678.00	417,338.00	-
095	Direct	20.516	DOT	Job Access And Reverse Commute Program	-	AZ-37-X023	1,135,051.00	114,055.00	-
095	Direct	20.516	DOT	Job Access And Reverse Commute Program	-	AZ-37-X012	465,290.00	3,857.99	-
				20.516			3,703,134.00	729,502.66	-
095	Direct	20.521	DOT	New Freedom Program	-	AZ-57-X004	196,373.00	14,080.00	-
095	Direct	20.521	DOT	New Freedom Program	-	AZ-57-X015	278,098.00	12,554.64	-
095	Direct	20.521	DOT	New Freedom Program	-	AZ-57-X017	547,282.00	62,079.26	-
095	Direct	20.521	DOT	New Freedom Program	-	AZ-57-X019	277,535.00	170,502.00	-
				20.521			1,299,288.00	259,215.90	-
				Total Transit Services Programs Cluster			6,725,177.00	1,245,104.56	-
091	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Department of Transportation	STP-TUC-0(260)D	400,000.00	23,232.49	-
091	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Department of Transportation	STP-TUC-0(213)	425,000.00	40,524.10	-
091	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Department of Transportation	SRS-TUC-0(255)D	201,000.00	149,382.94	-
091	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Department of Transportation	TAP-TUC-0(253)D	257,439.00	11,787.11	-
091	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Department of Transportation	TAP-TUC-0(252)D	99,958.00	26,622.96	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2013-PS-004	20,000.00	14,743.13	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2013-PT011	38,238.00	14,337.57	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2013-OP-004	26,600.00	8,652.31	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2014-PS-003	32,000.00	8,576.29	-

Fund	Type	CFDA	Agency	Program Title	Grantor	Award Number	Award	Current Expenditures	Pass-Through
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2014-AI-003	5,095.00	5,095.00	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2014-AI-006 21QH	5,490.00	1,842.82	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2014-PT-002	70,000.00	70,000.00	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2014-OP-002	35,000.00	27,702.32	-
092	Subrecipient	20.600	DOT	State and Community Highway Safety	From AZ Governor's Office of Highway Safety	2014-CIOT-018	15,000.00	15,000.00	-
				20.600			1,630,820.00	417,499.04	-
092	Subrecipient	20.601	DOT	Alcohol Impaired Driving Countermeasures Incentive	From AZ Governor's Office of Highway Safety	2013-410-012	163,437.00	9,110.33	-
092	Subrecipient	20.601	DOT	Alcohol Impaired Driving Countermeasures Incentive	From AZ Governor's Office of Highway Safety	2014-410-006	143,000.00	128,705.23	-
				20.601			306,437.00	137,815.56	-
Total Highway Safety Cluster							1,937,257.00	555,314.60	-
Total Department of Transportation (DOT)							124,553,503.19	19,355,018.21	-
Environmental Protection Agency									
002	Direct	66.818	EPA	Brownfields Assessment and Cleanup Coop		- BF-00T25901-01-G9870L00	200,000.00	6,083.59	-
002	Direct	66.818	EPA	Brownfields Assessment and Cleanup Coop		- BF-00T50201-1 G900NY00	200,000.00	44,409.98	-
002	Direct	66.818	EPA	Brownfields Assessment and Cleanup Coop		- BF-00T50201-1 G9000R00	200,000.00	24,921.67	-
				66.818			600,000.00	75,415.24	-
Total Environmental Protection Agency							600,000.00	75,415.24	-
Department of Energy (DOE)									
090	ARRA Direct	81.128	DOE	(ARRA) Energy Efficiency Conservation Block Grant		- DE-EE0000846	5,155,300.00	229,583.51	-
				81.128			5,155,300.00	229,583.51	-
Total Department of Energy (DOE)							5,155,300.00	229,583.51	-
Department of Health and Human Services (HHS)									
092	Direct	93.234	HHS	Traumatic Brain Injury State Demonstration		- 1H79T1024220-01	750,000.00	269,976.19	-
				93.234			750,000.00	269,976.19	-
092	Subrecipient	93.262	HHS	Occupational Safety and Health Program	From University of Arizona	1R01OH009469-01	18,600.00	18,394.96	-
092	Subrecipient	93.262	HHS	Occupational Safety and Health Program	University of Arizona	120658	6,588.00	2,215.09	-
				93.262			25,188.00	20,610.05	-
092	Direct	93.546	HHS	Early Retiree Reinsurance Program		- ERRP / 1018100052	1,894,738.31	947,368.31	-
				93.546			1,894,738.31	947,368.31	-
Total Department of Health and Human Services (HHS)							2,669,926.31	1,237,954.55	-
Executive Office of the President									
160	Direct	95.001	EOP	HIDTA 21	ONDCP	G11SA0007A	5,042,496.33	400,343.95	5,332.71
160	Direct	95.001	EOP	HIDTA 22	ONDCP	G12SA0007A	4,769,326.78	1,962,465.46	979,043.96
160	Direct	95.001	EOP	HIDTA 23	ONDCP	G13SA0007A	4,245,956.00	2,312,877.42	1,717,497.28
				95.001			14,057,779.11	4,675,686.83	2,701,873.95
Total Executive Office of the President							14,057,779.11	4,675,686.83	2,701,873.95

Fund	Type	CFDA	Agency	Program Title	Grantor	Award Number	Award	Current Expenditures	Pass-Through
Department of Homeland Security (DHS)									
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	From AZ Governor's Office of Highway Safety	888418-01	136,108.00	30,079.91	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	From AZ Department of Homeland Security	999416-01	48,000.00	47,856.00	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	From AZ Department of Homeland Security	999428-01	252,000.00	158,924.45	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	888418-04	21,848.97	21,819.49	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	777910-10	15,890.00	1,240.16	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	888418-05	37,000.00	36,998.87	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	888418-06	10,000.00	6,607.54	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	130409-02	37,496.00	19,829.92	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	130409-03	359,872.00	210,091.60	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	From AZ Department of Homeland Security	999415-01	65,000.00	22,159.04	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	From AZ Department of Homeland Security	888417-03	42,000.00	18,951.18	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	888417-04	14,121.00	14,121.00	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	130408-1	65,879.00	65,878.45	-
092	Subrecipient	97.067	DHS	Homeland Security Grant Program	AZ Department of Homeland Security	130408-3	50,400.00	30,756.25	-
				97.067			1,155,614.97	685,313.86	-
092	Direct	97.075	DHS	Rail and Transit Security Grant Program		- EMW-2011-RA-K00079-S01	306,264.00	21,166.23	-
				97.075			306,264.00	21,166.23	-
Total Department of Homeland Security (DHS)							1,461,878.97	706,480.09	-
GRAND TOTAL FEDERAL								90,378,218.79	9,880,543.08

This schedule should only be read in connection with the accompanying notes to the schedule.

**CITY OF TUCSON, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS)
YEAR ENDED JUNE 30, 2014**

NOTE 1 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a portion of the operations of the City, it is not intended to and does not present the financial position, results of operations and cash flows of the City of Tucson, Arizona.

NOTE 2 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

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

NOTE 3 TAXABLE CERTIFICATES OF PARTICIPATION, BUILD AMERICA BOND PROGRAM AND QUALIFIED ENERGY CONSERVATION BONDS

The City of Tucson Taxable Certificates of Participation Series 2010-A has a Build America Bonds (BAB's) subsidy and a QECB subsidy. The purpose of the Build America Bonds is to reduce the cost of borrowing for state and local issuers and governmental agencies. BAB's are taxable municipal bonds which carry special tax credits and federal subsidies. They are not considered federal awards in accordance with OMB Circular A-133, therefore, not included in the schedule. In fiscal year 2014 total interest expense for the Series 2010-A was \$2,909,457.50. BAB's subsidy received was \$827,883.50 towards the total interest paid. The Qualified Energy Conservation Bonds (QECB) subsidy received was \$196,451.38. Total interest subsidy received on the Series 2010-A was \$1,024,335, net interest paid on Series 2010-A after subsidy's was \$1,882,123.

The City of Tucson Taxable Certificates of Participation Series 2011 includes a QECB subsidy. The Energy Improvement and Extension Act of 2008, authorized the issuance of Qualified Energy Conservation Bonds (QECBs) that may be used to finance certain types of energy projects. In 2014 total interest expense for Series 2011 was \$76,062. The City received a QECB interest subsidy from the Department of the Treasury in the amount of \$47,683 towards the \$76,062 total interest paid.

NOTE 4 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

ARRA economic stimulus package was enacted in 2009. ARRA funds require an increased level of data reporting with the stated goal of improving transparency and accountability at all levels of government. ARRA funds are identified on the main schedule.

**CITY OF TUCSON, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS)
YEAR ENDED JUNE 30, 2014**

NOTE 5 PASS – THROUGH

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