

**CITY OF TUCSON, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2011**

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SINGLE AUDIT REPORTING PACKAGE
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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



**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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tucson, Arizona as of and for the year ended June 30, 2011, which collectively comprise City of Tucson, Arizona's basic financial statements and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of City of Tucson, Arizona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Tucson, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tucson, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Tucson, Arizona's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tucson, Arizona's financial statements are free of 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 of Tucson, Arizona's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Tucson, Arizona's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 22, 2011



HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditors' Report

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

Compliance

We have audited City of Tucson, Arizona's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Tucson, Arizona's major federal programs for the year ended June 30, 2011. City of Tucson, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Tucson, Arizona's management. Our responsibility is to express an opinion on City of Tucson, Arizona's compliance based on our audit.

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 City of Tucson, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Tucson, Arizona's compliance with those requirements.

In our opinion, City of Tucson, Arizona complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of City of Tucson, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Tucson, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 City of Tucson, Arizona's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tucson, Arizona as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. Our audit was performed for the purpose of forming opinions on the financial statements taken 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

March 21, 2012

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Agriculture (USDA)							
	Forest Service						
		Subrecipient from Arizona Game and Fish Department Forestry Division					
		Cooperative Forestry Assistance *		10.664	CCG 09-001	13,000	6,021
				10.664	Total	13,000	6,021
Total Department of Agriculture (USDA)						13,000	6,021
Department of Energy (DOE)							
	Department of Energy (DOE)						
		ARRA Direct					
		(ARRA) Electricity Delivery and Energy Reliability, R&D		81.122	DE-OE0000395	300,000	27,413
				81.122	Total	300,000	27,413
		(ARRA) Energy Efficiency and Conservation Block Grant Program		81.128	DE-EE0000846	5,155,300	1,774,821
				81.128	Total	5,155,300	1,774,821
		Direct					
		Renewable Energy Research and Development *		81.087	DE-EE0002082	390,000	129,809
		Renewable Energy Research and Development *		81.087	DE-EE0003204	410,000	13,325
				81.087	Total	800,000	143,134
Total Department of Energy (DOE)						6,255,300	1,945,368
Department of Education (ED)							
	Department of Education (ED)						
		ARRA Subrecipient from Arizona Governors Office					
		(ARRA) State Fiscal Stabilization Fund (State AZ) *		84.397	OER-11-IGA-GS-74	173,080	173,080
				84.397	Total	173,080	173,080
Total Department of Education (ED)						173,080	173,080
Department of Health and Human Services (HHS)							
	Administration for Children and Families						
		Subrecipient - Agreement from Office of Community Services					
		Assets for Independence Demonstration Program (AFI)		93.602	90E10422/01	110,000	15,068
				93.602	Total	110,000	15,068
	Public Health Service						
		Subrecipient - Agreement from Pima Prevention Partnership					
		Block Grants for Prevention and Treatment of Substance Abuse		93.959	75-1362-0-1-550	7,074	773
				93.959	Total	7,074	773
Total Department of Health and Human Services (HHS)						117,074	15,841

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Homeland Security (DHS)							
Department of Homeland Security (DHS)							
Subrecipient from Arizona Department of Homeland Security							
			Assistance to Firefighters Grant	97.044	EMW-2009-FO-00851	296,627	(850)
				97.044	Total	296,627	(850)
			Homeland Security Grant Program *	97.067	08-AZDOHS-HSGP-444904-05	229,000	94,061
			Homeland Security Grant Program *		08-AZDOHS-OPSG-444414-05	230,150	122,959
			Homeland Security Grant Program *		333900-01	520,000	(7,722)
			Homeland Security Grant Program *		333900-06	60,000	(697)
			Homeland Security Grant Program *		444413-02	321,221	(225)
			Homeland Security Grant Program *		444414-03	22,258	(1,034)
			Homeland Security Grant Program *		444414-06	3,080	2,921
			Homeland Security Grant Program *		444425-03	19,000	8,529
			Homeland Security Grant Program *		444903-02	200,000	(405)
			Homeland Security Grant Program *		444904-03	808,000	518,671
			Homeland Security Grant Program *		444905-02	100,000	14,369
			Homeland Security Grant Program *		444911-01 (UASI08)	96,301	125,010
			Homeland Security Grant Program *		555208-02	88,649	83,113
			Homeland Security Grant Program *		555404-01	311,584	226,082
			Homeland Security Grant Program *		555404-03	55,600	19,858
			Homeland Security Grant Program *		555410-01	68,342	23,984
			Homeland Security Grant Program *		555410-03	28,220	7,254
			Homeland Security Grant Program *		555410-04	60,000	59,715
			Homeland Security Grant Program *		555410-05	77,000	5,905
			Homeland Security Grant Program *		555410-06	302,400	33,273
			Homeland Security Grant Program *		555410-07	431,070	27,382
			Homeland Security Grant Program *		555811-01	77,998	77,854
			Homeland Security Grant Program *		555906-01	390,000	338,684
			Homeland Security Grant Program *		555906-02	262,820	54,829
			Homeland Security Grant Program *		555906-03	494,100	51,207
			Homeland Security Grant Program *		555907-01	100,000	5,705
			Homeland Security Grant Program *		555907-02	12,500	8,187
			Homeland Security Grant Program *		555907-03	12,500	8,925
			Homeland Security Grant Program *		777415-02	78,000	12,879
			Homeland Security Grant Program *		777415-03	100,000	7,797
			Homeland Security Grant Program *		777415-04	100,000	30,730
			Homeland Security Grant Program *		777415-07	307,896	31,267
			Homeland Security Grant Program *		777416-03	336,000	128,547
			Homeland Security Grant Program *		777909-01	60,000	16,918
			Homeland Security Grant Program *		777909-02	100,000	99,139
			Homeland Security Grant Program *		777909-03	100,000	96,256
			Homeland Security Grant Program *		777909-05	40,000	84
			Homeland Security Grant Program *		777910-02	90,000	39,955
			Homeland Security Grant Program *		777910-03	100,000	21,544
			Homeland Security Grant Program *		777910-04	180,000	11,962
				97.067	Total	6,973,689	2,405,472
			Rail and Transit Security Grant Program	97.075	08-AZDOHS-TSGP-444425-01	468,531	142,514
				97.075	08-AZDOHS-TSGP-444425-02	88,411	82,808
				97.075	Total	556,942	225,322
Total Department of Homeland Security (DHS)						7,827,258	2,629,944

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Housing and Urban Development (HUD)							
Office of Community Planning and Development							
CDBG Entitlement Grants Cluster							
	Direct		CDBG Entitlement Grants	14.218	B-08-MC-040505	6,102,204	1,776,136
			CDBG Entitlement Grants		B-08-MN-08-0507	7,286,911	72,356
			CDBG Entitlement Grants		B-09-MC-040505	6,180,686	1,164,220
			CDBG Entitlement Grants		B-10-MC-040505	6,713,269	1,460,720
				14.218	Total	<u>26,283,070</u>	<u>4,473,432</u>
	ARRA Direct		(ARRA) CDBG Entitlement Grants	14.253	B-09-MY-040505	1,657,320	780,211
				14.253	Total	<u>1,657,320</u>	<u>780,211</u>
					Total CDBG Entitlement Grants Cluster	<u>27,940,390</u>	<u>5,253,643</u>
Office of Community Planning and Development							
Direct							
			(ARRA) Neighborhood Stabilization Program	14.256	02-70-T-142836-0410	4,710,207	1,951,370
				14.256	Total	<u>4,710,207</u>	<u>1,951,370</u>
			Emergency Shelter Grants Program	14.231	S09MC040505	271,691	3,472
					S10MC040505	271,483	252,231
				14.231	Total	<u>543,174</u>	<u>255,703</u>
			Historically Black Colleges and Universities Program	14.520	S09MY040505	2,534,340	1,269,406
				14.520	Total	<u>2,534,340</u>	<u>1,269,406</u>
			Home Investment Partnerships Program	14.239	M99/09-DC040229	22,336,813	2,971,161
				14.239	Total	<u>22,336,813</u>	<u>2,971,161</u>
			Housing Opportunities for Persons with AIDS	14.241	AZH-09-F002	420,497	17,426
			Housing Opportunities for Persons with AIDS		AZH-10-F002	453,391	413,321
				14.241	Total	<u>873,888</u>	<u>430,747</u>
			Supportive Housing Program	14.235	AZ0025B9T010801	741,272	(3,985)
			Supportive Housing Program		AZ0025B9T010802	741,272	744,044
			Supportive Housing Program		AZ0029B9T010802	60,385	60,385
			Supportive Housing Program		AZ0038B9T010801	91,037	(67)
			Supportive Housing Program		AZ0038B9T010802	91,037	62,361
			Supportive Housing Program		AZ0038B9T011003	91,037	17,123
			Supportive Housing Program		AZ0044C9T010801	727,932	(471)
			Supportive Housing Program		AZ0044C9T010802	798,324	669,849
			Supportive Housing Program		AZ0044C9T011003	830,916	83,217
			Supportive Housing Program		AZ0045C9T010801	289,248	(359)
			Supportive Housing Program		AZ0045C9T010802	317,160	254,379
			Supportive Housing Program		AZ0106C9T010901	309,900	189,411
				14.235	Total	<u>5,089,520</u>	<u>2,075,887</u>
Office of Lead-based Paint Abatement and Poisoning							
Direct							
			Lead-Based Paint Hazard Control Program	14.900	AZLHB037107	3,000,000	48,403
				14.900	Total	<u>3,000,000</u>	<u>48,403</u>
Office of Public and Indian Housing							
Section 8 Project - Based Cluster							
	Direct		Section 8 Moderate Rehabilitation Single Room Occupancy *	14.249	SF-527K(04)	61,566	61,566
				14.249	Total	<u>61,566</u>	<u>61,566</u>

CITY OF TUCSON, ARIZONA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total	
Department of Housing and Urban Development (HUD) (continued)								
Direct								
			Lower Income Housing Assistance - Section 8 Rehabilitation	14.856	SF-527K(01)	16,945	16,945	
			Lower Income Housing Assistance - Section 8 Rehabilitation		SF-527K(02)	149,799	149,799	
			Lower Income Housing Assistance - Section 8 Rehabilitation		SF-527K(03)	273,516	273,516	
				14.856	Total	<u>440,260</u>	<u>440,260</u>	
			Total Section 8 Project - Based Cluster			501,826	501,826	
			Demolition and Revitalization of Severely Distressed Public Housing	14.866	AZ20URD0041104	9,825,000	481,669	
				14.866	Total	<u>9,825,000</u>	<u>481,669</u>	
			Public and Indian Housing	14.850	AZ004-00004810D	833,876	589,272	
			Public and Indian Housing		AZ004-00004811D	1,183,029	532,363	
			Public and Indian Housing		AZ004-00005010D	232,743	164,472	
			Public and Indian Housing		AZ004-00005011D	347,814	156,516	
			Public and Indian Housing		AZ004-00005110D	185,367	104,951	
			Public and Indian Housing		AZ004-00005111D	243,652	109,643	
			Public and Indian Housing		AZ004-00006510D	49,837	35,217	
			Public and Indian Housing		AZ004-00006511D	73,955	33,280	
			Public and Indian Housing		AZ004-00604010D	93,108	67,064	
			Public and Indian Housing		AZ004-00604011D	130,453	58,704	
			Public and Indian Housing		AZ004-10011510D	82,028	56,699	
			Public and Indian Housing		AZ004-10011511D	117,456	52,855	
			Public and Indian Housing		AZ004-30011010D	316,079	223,363	
			Public and Indian Housing		AZ004-30011011D	501,750	225,788	
			Public and Indian Housing		AZ004-40011110D	482,145	358,264	
			Public and Indian Housing		AZ004-40011111D	686,924	292,300	
			Public and Indian Housing		AZ004-50011210D	583,208	412,132	
			Public and Indian Housing		AZ004-50011211D	869,215	391,147	
			Public and Indian Housing		AZ004-60011310D	511,912	361,750	
			Public and Indian Housing		AZ004-60011311D	596,153	344,826	
			Public and Indian Housing		AZ004-70012011D	152,038	99,626	
				14.850	Total	<u>8,272,742</u>	<u>4,670,232</u>	
			CFP Cluster					
		Direct	Public Housing Capital Fund	14.872	AZ20P004501-09	1,697,964	545,544	
			Public Housing Capital Fund		AZ20P004501-10	1,760,255	1,272,604	
				14.872	Total	<u>3,458,219</u>	<u>1,818,148</u>	
		Public Housing Capital Fund Competitive						
		Direct	(ARRA) Public Housing Capital Fund Competitive *	14.884	AZ20S004501-09	2,085,435	72,267	
				14.884	Total	<u>2,085,435</u>	<u>72,267</u>	
			Total CFP Cluster					5,543,654
								1,890,415
		Direct	Section 8 Housing Choice Vouchers	14.871	SF-526DV	243,987	243,987	
			Section 8 Housing Choice Vouchers		SF-526V	1,069	1,069	
			Section 8 Housing Choice Vouchers			858,165	858,165	
			Section 8 Housing Choice Vouchers			5,440,879	5,440,880	
			Section 8 Housing Choice Vouchers		SF-527V	5,983	5,983	
			Section 8 Housing Choice Vouchers			64,678	64,678	
			Section 8 Housing Choice Vouchers			261,058	261,058	
			Section 8 Housing Choice Vouchers			846,965	846,964	
			Section 8 Housing Choice Vouchers			28,301,995	28,301,995	
				14.871	Total	<u>36,024,779</u>	<u>36,024,779</u>	
		Resident Opportunity and Supportive Services						
		Direct	Public Housing Family Self-Sufficiency under Resident Opportunity	14.877	AZ004RFS011A008	68,000	47,360	
				14.877	Total	<u>68,000</u>	<u>47,360</u>	
		Total Department of Housing and Urban Development (HUD)					127,264,333	57,872,601

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Justice (DOJ)							
	Arizona Governor's Community Policy Office						
	Subrecipient from Arizona Governor's Community Policy Office						
			Juvenile Accountability Block Grants *	16.523	JB-CSG-08-9273-11	30,098	933
			Juvenile Accountability Block Grants *		JB-CSG-11-1273-09	29,082	4,961
				16.523	Total	<u>59,180</u>	<u>5,894</u>
			JAG Program Cluster				
	Bureau of Justice Assistance						
	Direct						
			Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0403	203,286	42,478
			Edward Byrne Memorial Justice Assistance Grant Program		2010-DJ-BX-0932	619,078	252,113
			Edward Byrne Memorial Justice Assistance Grant Program		PL-08-060	350,838	350,838
			Edward Byrne Memorial Justice Assistance Grant Program		2006-DJ-BX-1015	361,396	37,610
			Edward Byrne Memorial Justice Assistance Grant Program		2007-DJ-BX-0361	586,338	25,271
				16.738	Total	<u>2,120,936</u>	<u>708,310</u>
	Arizona Criminal Justice Commission						
	ARRA Subrecipient from Arizona Criminal Justice Commission						
			(ARRA) Edward Byrne Memorial Justice Assistance Grant, (State AZ.)	16.803	2009-SB-B9-2988	3,100,651	1,298,077
			(ARRA) Edward Byrne Memorial Justice Assistance Grant, (State AZ.)		DC-10-024	1,633,952	816,976
			(ARRA) Edward Byrne Memorial Justice Assistance Grant, (State AZ.)		DC-10-020	95,040	47,520
				16.803	Total	<u>4,829,643</u>	<u>2,162,573</u>
			Total JAG Program Cluster			<u>6,950,579</u>	<u>2,870,883</u>
			Project Safe Neighborhoods	16.609	11-PHO-104-AFF	60,000	35,866
			Project Safe Neighborhoods		PSN-11-001	19,968	13,633
			Project Safe Neighborhoods		PSN-11-012	7,354	4,506
			Project Safe Neighborhoods	16.609	09-PHO-356-AFF	18,032	18,032
				16.609	Total	<u>105,354</u>	<u>72,037</u>
			Bulletproof Vest Partnership Program	16.607	1121-0235	101,019	1,001
				16.607	Total	<u>101,019</u>	<u>1,001</u>

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Justice (DOJ) (continued)							
			Edward Byrne Memorial Formula Grant Program	16.579	2009-DJ-BX-1239	704,762	241,917
				16.579	Total	<u>704,762</u>	<u>241,917</u>
		ARRA Subrecipient from State of Arizona Bureau of Justice Assistance	Edward Byrne Memorial State and Local Law Enforcement Discretionary Grants (State AZ)	16.580	2010-DD-BX-0564	400,000	53,138
				16.580	Total	<u>400,000</u>	<u>53,138</u>
	Community Capacity Development Office	Direct	Community Capacity Development Office	16.595	2008-WS-QX-0068	150,000	22,647
			Community Capacity Development Office		2008-WS-QX-0070	150,000	26,375
			Community Capacity Development Office		2009-WS-QX-0002	142,000	107,926
				16.595	Total	<u>442,000</u>	<u>156,948</u>
	Drug Enforcement Administration	Subrecipient - Agreement	Drug Enforcement Administration Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	DEA Tucson Task Force	16,903	5,593
				16.004	Total	<u>16,903</u>	<u>5,593</u>
	National Criminal History Improvement Program	Direct	National Criminal History Improvement Program *	16.554	NCP10-11-001	36,990	20,289
				16.554	Total	<u>36,990</u>	<u>20,289</u>
	National Institute of Justice Research	Direct	National Institute of Justice Research, Evaluation - Development Grants	16.560	2007-DN-BX-K138	449,727	51,861
				16.560	Total	<u>449,727</u>	<u>51,861</u>
	Subrecipient from Arizona Criminal Justice Commission		Forensic DNA Backlog Reduction Program *	16.741	CV-10-006	20,708	5,269
			Forensic DNA Backlog Reduction Program *		DNB-09-003	138,872	101,041
			Forensic DNA Backlog Reduction Program *		DNB-10-004	195,591	30,000
			Forensic DNA Backlog Reduction Program *		DNB-11-004	192,990	39,019
				16.741	Total	<u>548,161</u>	<u>175,329</u>
			Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	VC-11-008	28,996	19,271
				16.742	Total	<u>28,996</u>	<u>19,271</u>
	Subrecipient from Arizona Criminal Justice Commission		Anti-Gang Initiative *	16.744	Anit-Gang 09-003	50,000	12,709
				16.744	Total	<u>50,000</u>	<u>12,709</u>
	Office Juvenile Justice - Delinquency Prevention (AZ alloc.)	Subrecipient from AZ Governor's Office of Highway Safety	Enforcing Underage Drinking Laws Program	16.727	2010-OJJDP-001-2007	21,140	(7,491)
			Enforcing Underage Drinking Laws Program		2010-OJJDP-017-2009	25,670	29,947
				16.727	Total	<u>46,810</u>	<u>22,456</u>

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Justice (DOJ) (continued)							
			Missing Children's Assistance	16.543	2009-MC-CX-K013	14,321	14,394
				16.543	Total	14,321	14,394
	Office of Community Oriented Policing Services	ARRA Subrecipient	(ARRA) Public Safety Partnership and Community Policing Grants	16.710	2008-CK-WX-0327	257,208	7,208
					2009-CK-WX-0490	500,000	172,513
					2010CSWX0005	385,492	36,304
				16.710	Total	1,142,700	216,025
	Office of Violence Against Women	Subrecipient - Agreement	DEA Organized Crime Task Force	16.012	SW-AZ-0529	9,000	3,832
			Alcohol, Tobacco, and Firearms Training Assistant	16.012	Total	9,000	3,832
Total Department of Justice (DOJ)						11,106,501	3,943,577
Department of the Interior (DOI)							
	National Park Service	Subrecipient - Agreement from Arizona State Historic Preservation Office	Historic Preservation Fund Grants-In-Aid	15.904	04-09-21707	10,000	9,057
			Historic Preservation Fund Grants-In-Aid		441024/AZ-10-024	10,000	20,000
				15.904	Total	20,000	29,057
			Outdoor Recreation Acquisition, Development and Planning	15.916	04-00737	161,405	36,182
			Outdoor Recreation Acquisition, Development and Planning		04-00738	147,663	14,767
				15.916	Total	309,068	50,949
Total Department of the Interior (DOI)						329,068	80,006
Department of Transportation (DOT)							
	Federal Highway Administration	ARRA Subrecipient from Governor's Office of Highway Safety	(ARRA) Highway Planning and Construction	20.205	ARRA TUC 0 (231)A	7,203,178	6,407,954
			(ARRA) Highway Planning and Construction		ARRA TUC 0 (239)A	2,720,000	25,009
			(ARRA) Highway Planning and Construction		ARRA-TEA-TUC-0(067)A	800,000	41,500
			(ARRA) Highway Planning and Construction		ARRA-TUC-0(051)A	514,000	79,245
			(ARRA) Highway Planning and Construction		ARRA-TUC-0(073)A	276,000	147,345
			(ARRA) Highway Planning and Construction		ARRA-TUC-0(215)A	295,000	260,764
			(ARRA) Highway Planning and Construction		ARRA-TUC-0(232)A	3,482,051	680,878
			(ARRA) Highway Planning and Construction		HPP-TUC-0(201)A	325,698	200,856
			(ARRA) Highway Planning and Construction		HPP-TUC-0(238)	1,216,097	522,301
			(ARRA) Highway Planning and Construction		HPS-TUC-0(205)A	235,488	3,815
	ARRA Subrecipient from Pima Association of Governments and ADOT		(ARRA) Highway Planning and Construction		PAG OWP	126,000	98,820
			(ARRA) Highway Planning and Construction			215,000	(2,159)
			(ARRA) Highway Planning and Construction			253,000	319,468
			(ARRA) Highway Planning and Construction		PAG OWP - N/A	135,000	85,349
	Pass through from Arizona Department of Transportation (ADOT)		(ARRA) Highway Planning and Construction		STP-TUC 0(067)	150,000	44,908
			(ARRA) Highway Planning and Construction		STP-TUC-0(042)A	1,400,219	1,550
			(ARRA) Highway Planning and Construction		STP-TUC-0(046)A	14,353,000	1,674
			(ARRA) Highway Planning and Construction		STP-TUC-0(058)A	12,740,398	81,164
			(ARRA) Highway Planning and Construction		STP-TUC-0(071)A	116,279	470
			(ARRA) Highway Planning and Construction		STP-TUC-0(204)X	3,015,537	2,485
			(ARRA) Highway Planning and Construction		STP-TUC-0(213)	425,000	147,244
			(ARRA) Highway Planning and Construction		STP-TUC-0(226)	250,000	22,743
			(ARRA) Highway Planning and Construction		STP-TUC-0(227)A	94,300	50,863
			(ARRA) Highway Planning and Construction		STP-TUC-0(228) SS776 03D	100,090	69
			(ARRA) Highway Planning and Construction		TCSP-TUC-0(241)	861,300	78,540
			(ARRA) Highway Planning and Construction		TEA-TUC-0(054)A	113,499	7,315
			(ARRA) Highway Planning and Construction		TEA-TUC-0(075)	466,785	354,851
				20.205	Total	51,882,919	9,665,021

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Transportation (DOT) (continued)							
Federal Motor Carrier Safety Administration							
Direct							
			Border Enforcement Grants	20.233	BE-09-04-3	107,591	9,067
			Border Enforcement Grants		FM-BEG-00006-11-01-00	57,500	2,825
				20.233	Total	<u>165,091</u>	<u>11,892</u>
Federal Transit Administration							
Federal Transit Cluster							
ARRA Direct							
			(ARRA) Federal Transit Capital Investment Grants	20.500	AZ-03-0044	6,639,832	153,301
			(ARRA) Federal Transit Capital Investment Grants		AZ-03-0047	6,893,201	113,173
			(ARRA) Federal Transit Capital Investment Grants		AZ-03-0063	4,000,000	2,956,571
			(ARRA) Federal Transit Capital Investment Grants		AZ-04-0009	3,980,000	(488,853)
				20.500	Total	<u>21,513,033</u>	<u>2,734,192</u>
Direct							
			Federal Transit Formula Grants *	20.507	AZ-90-X071	9,873,309	81,686
			Federal Transit Formula Grants *		AZ-90-X073	10,596,159	76,688
			Federal Transit Formula Grants *		AZ-90-X078	9,737,468	166,490
			Federal Transit Formula Grants *		AZ-90-X085	10,230,078	377,903
			Federal Transit Formula Grants *		AZ-90-X100	11,241,976	1,803,011
			Federal Transit Formula Grants *		AZ-90-X113	12,104,359	7,294,390
			Federal Transit Formula Grants *		AZ-95-X012	2,997,000	767
			Federal Transit Formula Grants *		AZ-95-X014	9,700,000	10,369
			Federal Transit Formula Grants *		AZ-96-X001	16,022,390	10,925,189
				20.507	Total	<u>92,502,739</u>	<u>20,736,493</u>
Total Federal Transit Cluster						<u>114,015,772</u>	<u>23,470,685</u>
Transit Services Programs Cluster							
			Job access Reverse Commute *	20.516	AZ-37-X009	441,408	117,470
			Job access Reverse Commute *		AZ-37-X012	465,290	131,897
				20.516	Total	<u>906,698</u>	<u>249,367</u>
			New Freedom Program *	20.521	AZ-57-X004	196,373	19,360
				20.521	Total	<u>196,373</u>	<u>19,360</u>
Total Transit Services Programs Cluster						<u>1,103,071</u>	<u>268,727</u>
National Highway Traffic Safety Administration							
Subrecipient from Governors Office of Highway Safety							
Highway Safety Cluster							
			State and Community Highway Safety	20.600	01-04-T-138151-0606	255,645	10,883
			State and Community Highway Safety		2007-K8-007	133,292	6,898
			State and Community Highway Safety		2010-HFR-014	174,240	98,473
			State and Community Highway Safety		2010-OP-011	59,500	14,067
			State and Community Highway Safety		2010-PS-007	44,625	44,625
			State and Community Highway Safety		2010-PS-008	50,000	50,000
			State and Community Highway Safety		2010-PT-070	39,690	70
			State and Community Highway Safety		2010-PT-073	33,225	8,665
			State and Community Highway Safety		2011-OP-022	46,564	38,902
			State and Community Highway Safety		2011-OP-047	20,000	18,585
			State and Community Highway Safety		2011-PS-006	34,548	24,445
			State and Community Highway Safety		2011-PT-060	57,579	47,420
				20.600	Total	<u>948,908</u>	<u>363,033</u>
			Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	2011-410-014	168,949	106,742
				20.601	Total	<u>168,949</u>	<u>106,742</u>
			Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Person	20.605	2010-163-015	50,000	20,522
				20.605	Total	<u>50,000</u>	<u>20,522</u>
Total Highway Safety Cluster						<u>1,167,857</u>	<u>490,297</u>

CITY OF TUCSON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2011

Federal Agency	Office	Direct, Subrecipient or ARRA	Program Title	CFDA	Award Number	Program or Award Amount	Expenditure Total
Department of Transportation (DOT) (continued)							
			NHTSA Discretionary Safety Grants	20.614	2009-NG-028	33,000	15,536
				20.614	Total	<u>33,000</u>	<u>15,536</u>
	Office of the Secretary	ARRA Direct	(ARRA) Surface Transportation Discretionary - Capital Investment *	20.932	AZ-78-0001	63,000,000	298,654
				20.932	Total	<u>63,000,000</u>	<u>298,654</u>
Total Department of Transportation (DOT)						<u>231,367,710</u>	<u>34,220,812</u>
Environmental Protection Agency (EPA)							
	Office of Solid Waste and Emergency Response	ARRA Direct	(ARRA) Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00T25901-0	200,000	20,958
			(ARRA) Brownfields Assessment and Cleanup Cooperative Agreements		BF-00T50201-0 G900NY00	200,000	8,200
			(ARRA) Brownfields Assessment and Cleanup Cooperative Agreements		BF-00T50201-0 G900OR00	200,000	3,750
			(ARRA) Brownfields Assessment and Cleanup Cooperative Agreements		BF-99919101-0	191,451	24,508
				66.818	Total	<u>791,451</u>	<u>57,416</u>
	Office of Water	ARRA Direct	(ARRA) Capitalization Grants for Drinking Water State Revolving Funds	66.468	920197-10	2,750,000	1,373,651
				66.468	Total	<u>2,750,000</u>	<u>1,373,651</u>
	Direct		Congressionally Mandated Projects	66.202	XP 96993701	430,200	63,849
				66.202	Total	<u>430,200</u>	<u>63,849</u>
Total Environmental Protection Agency (EPA)						<u>3,971,651</u>	<u>1,494,916</u>
Executive Office of the President (EOP)							
	Executive Office of the President	Direct	High Intensity Drug Trafficking Areas Program	95.001	I8PSAP007Z	23,045	23,045
			High Intensity Drug Trafficking Areas Program	95.001	G09SA0007A	4,452,931	3,419,569
			High Intensity Drug Trafficking Areas Program	95.001	G10SA0007A	4,691,852	1,833,747
	Subrecipient from Arizona Criminal Justice Commission (ACJC)		High Intensity Drug Trafficking Area HIDTA	95.001	HIDTA Investigative Task Force	17,205	15,301
				95.001	Total	<u>9,185,033</u>	<u>5,291,662</u>
Total Executive Office of the President (EOP)						<u>9,185,033</u>	<u>5,291,662</u>
TOTAL ALL AGENCIES						<u>397,610,008</u>	<u>107,673,828</u>

CITY OF TUCSON, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Tucson, presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133. Audits of States, Local Governments and Non-Profit organizations. Expenditures related to non-federal awards were excluded in accordance with the OMB Circular A-133 Compliance Supplement (A-133).

NOTE 2 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and Catalog of Federal Domestic Assistance (CFDA) numbers were obtained from the CFDA website, when available.

NOTE 3 – NEGATIVE AMOUNTS

Prior year grant over expenditure of \$488,853 was returned to the Department of Transportation (DOT), for Federal Transit Administration (FTA), ARRA funded Federal Transit Capital Investment Grants program 20.500. All other negative amounts presented in the Schedule of Federal Awards grants arose from adjustments of cumulative totals of prior year expenditures to the related grant awards.

NOTE 4 – BUILD AMERICA BOND PROGRAM

The City Water Department issued \$38,510,000 Series 2010 A Water Revenue Direct Pay Build America Bonds (BAB's). BAB's are taxable municipal bonds that carry special tax credits and federal subsidies; these bonds were created under the American Recovery Reinvestment Act 2009. The purpose of the Build America Bonds is to reduce the cost of borrowing for state and local issuers and governmental agencies. Since the bonds issued were Water Revenue Direct Pay BABs, the City received a federal subsidy of 35% of the interest paid on the bonds of \$796,871. In fiscal year 2011 the interest on the bonds was \$2,276,755. The interest on the bonds are payable over 20 fiscal years beginning fiscal year 2011 and principal on the bonds are payable over 16 fiscal years beginning fiscal year 2015. In fiscal year 2011, the City spent \$31,854,916 of proceeds with remaining \$3,708,730. This assistance is not considered Federal awards in accordance with OMB Circular A-133, therefore, are not included in this schedule.

**CITY OF TUCSON, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

NOTE 5 – HIGH INTENSITY DRUG TRAFFICKING AREA (HIDTA)

The Southwest Border High Intensity Drug Trafficking Area (HIDTA) Arizona Partnership, comprised of counties designated in 1990 as part of the Southwest Border HIDTA, consists of seven Arizona counties: Cochise, Maricopa, Mohave, Pima, Pinal, Santa Cruz, and Yuma. The City of Tucson is the direct recipient of multiple awards and then passed through to subrecipients. The subrecipients consist of agencies and initiatives that partner to facilitate federal, state and local multi-agency task forces. Amounts were combined and reported based on the subrecipient not the related task force or subrecipient award number. Disbursements passed through to subawards of \$4,087,083 were included in the HIDTA expenditure total.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unqualified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
16.738, 16.803	JAG Program Cluster
20.205	Highway Planning and Construction
20.500, 20.507	Federal Transit Cluster
81.128	Energy Efficiency and Conservation Block Grant Program (EEBG) (Recovery Act Funded)
95.001	High Intensity Drug Trafficking Area (HIDTA)

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

Auditee qualified as low-risk auditee? X yes no

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Reference Number: 2011-1

Type of Finding: Significant deficiency

Description: Internal Controls over Capital Asset Reporting

CRITERIA

The City is responsible for implementing and maintaining a system of effective internal controls over financial reporting of capital assets.

CONDITION/CONTEXT

The City's electronic GIS database system was not updated for fiscal year 2011 right-of-way acquisitions. This system is utilized as the valuation source for right-of-way amounts included in the land capital asset category. We determined the information needed to accurately record the addition was not prepared.

EFFECT

The City did not recognize an addition to capital assets for right-of-way acquisitions for fiscal year 2011. The possible amount was determined to not be material to the financial statements, however; if corrective action is not implemented the amount could be material to future financial reporting periods.

CAUSE

Due to a lack of time and resources, City staff was unable to complete the necessary procedures to update the system during the fiscal year.

RECOMMENDATION

The City should implement controls and provide appropriate resources to ensure right-of-way acquisitions are properly captured for financial reporting.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The application that supported this function is obsolete and no longer functional. Information Technology, Finance, and Transportation Department representatives will meet to design and implement a new process to obtain the right-of-way information.

Contact Person: Michael Mason, City of Tucson Finance Department
Accounting Administrator

Anticipated Completion Date: Fiscal year 2012.

**CITY OF TUCSON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**CITY OF TUCSON, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

Status of Federal Award Findings and Questioned Costs

Reference Number: 2010-2

Program Name: Recovery Act – Edward Byrne Memorial Justice Grant (JAG) Program/Grants
to States and Territories

CFDA No.: 16.803

Status: Corrected.