

**CITY OF MESA, ARIZONA**  
**SINGLE AUDIT ACT REPORTS**  
**YEAR ENDED JUNE 30, 2016**

**CITY OF MESA, ARIZONA  
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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**

The Honorable Mayor and Members of City Council  
City of Mesa, Arizona  
Mesa, 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 Mesa, Arizona (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2016.

**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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described as item 2016-001 in the accompanying schedule of findings and questioned costs, which we consider to be a significant deficiency.

The Honorable Mayor and Members of City Council  
City of Mesa, 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 of Mesa, Arizona's Responses to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response is not subjected to the auditing procedures applied in the audit of the 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 15, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and Members of City Council  
City of Mesa, Arizona  
Mesa, Arizona

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

We have audited the City of Mesa, Arizona (City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the City of Mesa, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

The Honorable Mayor and Members of City Council  
City of Mesa, Arizona

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesa, Arizona as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 15, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 15, 2016

**City of Mesa, Arizona**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***Financial Statements***

Type of auditor’s report issued: *Unmodified*

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 auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ 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

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no



**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2016-001: Segregation of Duties – Information Technology**

**Condition/Context:** The City’s software developers have the ability to promote code into the production environment by having update access in the production environment.

**Criteria:** Internal control procedures.

**Effect:** By allowing developers to make changes to source code and to promote the code into production there is an increased risk that a change will go undetected, untested and unapproved.

**Cause:** Lack of proper segregation of duties.

**Recommendation:** We recommend management establish controls that prohibit developers from promoting code into production by removing update access in the production environment. This activity should be performed by resources that are independent of the development process.

**View of Responsible Officials:** The City believes it has compensating controls that mitigate the risks and is currently finalizing its documentation of these controls.

**Contact Person:** Paul Poledna, IT Manager

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**2015-001: Material Audit Adjustments**

No instances of finding noted in the current year.

**2015-002: Capital Assets**

No instances of finding noted in the current year.

**2015-003: Accounts Receivable**

No instances of finding noted in the current year.

**2015-004: Segregation of Duties – Information Technology**

See current year finding 2016-001

**Reason for finding's recurrence:** The City believes it has compensating controls that mitigate the risks and is currently finalizing its documentation of these controls.

**City of Mesa, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Grantor (Note 3)</b>	<b>Federal Grant/ Pass-Through Number</b>	<b>Expenditures</b>	<b>Payments to Subrecipients</b>
<b>Department of Agriculture</b>					
Cooperative Forestry Assistance	10.664	ASFD	CCG 15-106	\$ 6,620	\$ -
<b>Total Department of Agriculture</b>				<u>6,620</u>	<u>-</u>
<b>Department of Defense</b>					
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	N/A	CL0903-14-03	<u>73,169</u>	<u>-</u>
<b>Total Department of Defense</b>				<u>73,169</u>	<u>-</u>
<b>Department of Housing and Urban Development</b>					
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-09-MC-04-0501	599	599
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-10-MC-04-0501	2,185	2,185
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-12-MC-04-0501	433,124	138,038
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-13-MC-04-0501	183,190	183,190
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-14-MC-04-0501	187,882	75,651
Community Development Block Grant/Entitlement Grants	14.218	N/A	B-15-MC-04-0501	1,723,259	388,139
Community Development Block Grant/Entitlement Grants (NSP1)			Program Income	6,601	-
Community Development Block Grant/Entitlement Grants (NSP3)			Program Income	754,066	-
<b>Total Community Development Block Grant Cluster</b>				<u>3,290,906</u>	<u>787,802</u>
Emergency Solutions Grant Program	14.231	N/A	E-11-MC-04-0501	10,494	10,494
Emergency Solutions Grant Program	14.231	N/A	E-12-MC-04-0501	3,396	3,396
Emergency Solutions Grant Program	14.231	N/A	E-13-MC-04-0501	29,382	29,382
Emergency Solutions Grant Program	14.231	N/A	E-14-MC-04-0501	2,917	2,810
Emergency Solutions Grant Program	14.231	N/A	E-15-MC-04-0501	230,269	215,629
<b>Total Emergency Solutions Grant Program</b>				<u>276,458</u>	<u>261,711</u>
Shelter Plus Care	14.238	N/A	AZ-502	<u>95,012</u>	<u>-</u>
HOME Investment Partnership Program	14.239	N/A	M-10-MC-04-0243	3,459	3,459
HOME Investment Partnership Program	14.239	N/A	M-11-MC-04-0243	24,219	24,219
HOME Investment Partnership Program	14.239	N/A	M-12-MC-04-0243	27,792	27,792
HOME Investment Partnership Program	14.239	N/A	M-13-MC-04-0243	37,680	37,680
HOME Investment Partnership Program	14.239	N/A	M-14-MC-04-0243	154,833	153,206
HOME Investment Partnership Program	14.239	N/A	M-15-MC-04-0243	251,173	-
<b>Total HOME Program</b>				<u>499,156</u>	<u>246,356</u>
Section 8 Housing Choice Vouchers	14.871	N/A	AZ-005-VO	10,749,318	-
Section 8 Housing Choice Vouchers	14.871	N/A	AZ-005-VO	156,081	-
Section 8 Housing Choice Vouchers (VASH)	14.871	N/A	AZ-005-VA-0001	194,786	-
Section 8 Housing Choice Vouchers (VASH)	14.871	N/A	AZ-005-VA-0001-34	140,523	-
Section 8 Housing Choice Vouchers (VASH)	14.871	N/A	AZ-005-VA-0001	293,441	-
Mainstream Vouchers	14.879	N/A	AZ-005-DV	565,815	-
<b>Total Housing Voucher Cluster</b>				<u>12,099,964</u>	<u>-</u>
<b>Total Department of Housing and Urban Development</b>				<u>16,261,496</u>	<u>1,295,869</u>
<b>Department of the Interior</b>					
Cultural and Paleontological Resources Management	15.224	N/A	L16AC00016	<u>1,685</u>	<u>-</u>
Water Conservation Field Services Program (WCFSP)	15.530	N/A	R14AP00029	<u>15,000</u>	<u>-</u>
Historic Preservation Fund Grants-In-Aid	15.904	N/A	441412	<u>5,850</u>	<u>-</u>
<b>Total Department of the Interior</b>				<u>22,535</u>	<u>-</u>

(Continued)

**City of Mesa, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Grantor (Note 3)</b>	<b>Federal Grant/ Pass-Through Number</b>	<b>Expenditures</b>	<b>Payments to Subrecipients</b>
<b>Department of Justice</b>					
Missing Alzheimer's Disease Patient Assistance Program	16.015	UofILL	2012-06596-01	\$ 5,715	\$ -
Missing Alzheimer's Disease Patient Assistance Program	16.015	UofILL	2014-SJ-BX-K001	13,996	-
Total Missing Alzheimer's Disease Patient Assistance Program				<u>19,711</u>	<u>-</u>
Missing Children's Assistance	16.543	COP	2015-MC-FX-K027	5,849	-
Crime Victim Assistance	16.575	ADPS	2012-307	28,592	-
Crime Victim Assistance	16.575	ADPS	2014-120	26,751	-
Crime Victim Assistance	16.575	ADPS	2014-267	125,621	-
Crime Victim Assistance	16.575	ADPS	2015-252	165,872	-
Total Crime Victim Assistance				<u>346,836</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCMO	C-20-12-059-G-00	35,911	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCMO	C-95-16-003-M-00	70,940	-
Total JAG Program Cluster				<u>106,851</u>	<u>-</u>
DNA Backlog Reduction Program	16.741	N/A	2014-DN-BX-0007	102,720	-
DNA Backlog Reduction Program	16.741	N/A	2015-DN-BX-0036	8,974	-
Total DNA Backlog Reduction Program				<u>111,694</u>	<u>-</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV14-15-003	10,357	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV15-15-003	17,000	-
Total Paul Coverdell Forensic Sciences Improvement Grant Program				<u>27,357</u>	<u>-</u>
Equitable Sharing Program	16.922	N/A	AZ00717	123,889	-
<b>Total Department of Justice</b>				<u>742,187</u>	<u>-</u>
<b>Department of Transportation</b>					
Airport Improvement Program	20.106	N/A	AIP-03-04-0023-023-2013	2,016	-
Total Airport Improvement Program				<u>2,016</u>	<u>-</u>
Highway Planning and Construction	20.205	ADOT	CM-MES-0(214)D, MES08-603	731,081	-
Highway Planning and Construction	20.205	ADOT	CM MES-0 (225), SZ057 01C	1,544,327	-
Highway Planning and Construction	20.205	ADOT	CM-MES-0(227), SZ080 03D	40,942	-
Highway Planning and Construction	20.205	ADOT	SRS 999-A(325), H8280 01C	291,000	-
Highway Planning and Construction	20.205	ADOT	TAP 999-A(325), H8280 01C	1,046,946	-
Total Highway Planning and Construction				<u>3,654,296</u>	<u>-</u>
State and Community Highway Safety	20.600	GOHS	2015-PT-023	48,166	-
State and Community Highway Safety	20.600	GOHS	2016-AL-016	95,805	-
State and Community Highway Safety	20.600	GOHS	2016-AL-017	10,000	-
State and Community Highway Safety	20.600	GOHS	2016-PT-020	22,687	-
State and Community Highway Safety	20.600	GOHS	2016-CIOT-010	9,302	-
National Priority Safety Programs	20.616	GOHS	2015-405D-006	37,168	-
Total Highway Safety Cluster				<u>223,128</u>	<u>-</u>
<b>Total Department of Transportation</b>				<u>3,879,440</u>	<u>-</u>
<b>Department of the Treasury</b>					
Asset Forfeiture Program	21.000	N/A	AZ00717	247,578	-
<b>Total Department of the Treasury</b>				<u>247,578</u>	<u>-</u>
<b>National Endowment for the Arts</b>					
Promotion of the Arts_Grants to Organizations and Individuals	45.024	N/A	15-5100-7112	50,000	-
<b>Total National Endowment for the Arts</b>				<u>50,000</u>	<u>-</u>
<b>Institute of Museum and Library Services</b>					
Grants to States	45.310	N/A	2015-35026-18	16,000	-
<b>Total Institute of Museum and Library Services</b>				<u>16,000</u>	<u>-</u>

(Continued)

See Notes to Schedule of Expenditures of Federal Awards

**City of Mesa, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Grantor (Note 3)</b>	<b>Federal Grant/ Pass-Through Number</b>	<b>Expenditures</b>	<b>Payments to Subrecipients</b>
<b>Environmental Protection Agency</b>					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	BF-00T67801-0	\$ 38,564	\$ -
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	99T20501	13,007	-
<b>Total Environmental Protection Agency</b>				<u>51,571</u>	<u>-</u>
<b>Department of Health and Human Services</b>					
Immunization Cooperative Agreements	93.268	ADHS	ADHS13-045491	18,083	-
Health Care Innovation Awards (HCIA)	93.610	N/A	1C1CMS331318-01-00	4,034,961	-
<b>Total Department of Health and Human Services</b>				<u>4,053,044</u>	<u>-</u>
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Areas Program	95.001	COT	HT-15-2532	40,000	-
<b>Total Executive Office of the President</b>				<u>40,000</u>	<u>-</u>
<b>Department of Homeland Security</b>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	ADEMA	EMA-4203-DR-AZ-013-27400-00	400,300	-
Homeland Security Grant Program	97.067	ADOHS	13-AZDOHS-HSGP-130815-03	15,708	-
Homeland Security Grant Program	97.067	ADOHS	13-AZDOHS-HSGP-130816-05	17,660	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140204-01	4,711	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140205-01	26,266	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140806-01	8,064	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140806-02	1,347	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140807-01	7,068	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140807-02	172,455	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140807-04	17,244	-
Homeland Security Grant Program	97.067	ADOHS	14-AZDOHS-HSGP-140807-05	2,936	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150205-01	4,744	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150205-02	6,938	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150206-01	103,488	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150812-01	7,965	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150812-02	57,290	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150812-03	6,000	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150812-04	197,700	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150813-01	81,737	-
Homeland Security Grant Program	97.067	ADOHS	15-AZDOHS-HSGP-150813-02	108,729	-
<b>Total Homeland Security Grant Program</b>				<u>848,050</u>	<u>-</u>
<b>Total Department of Homeland Security</b>				<u>1,248,350</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 26,691,990</u>	<u>\$ 1,295,869</u>

See Notes to Schedule of Expenditures of Federal Awards

**NOTE 1 BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mesa, Arizona as of and for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal awards received directly from Federal agencies, as well as federal financial assistance passed through other entities, are included on the Schedule of Expenditures of Federal Awards and are presented on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on currently available financial resources.

Federal awards provided to sub-recipients are treated as expenditures at the point payments are made to the sub-recipient.

**NOTE 2 THE REPORTING ENTITY**

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

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

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

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

**Pass-Through Grantors:**

<b>Abbrev on SEFA</b>	<b>Name</b>
ACJC	Arizona Criminal Justice Commission
ADEMA	Arizona Department of Emergency and Military Affairs
ADHS	Arizona Department of Health Services
ADOHS	Arizona Department of Homeland Security
ADOT	Arizona Department of Transportation
ADPS	Arizona Department of Public Safety
ASFD	Arizona State Forestry Division
COP	City of Phoenix
COT	City of Tucson
GOHS	Governor's Office of Highway Safety
UofILL	University of Illinois

**City of Mesa, Arizona**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

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**NOTE 4    INDIRECT COST RATE**

The City of Mesa, Arizona did not elect to use the 10 percent de minimis indirect cost rate as established in 2 CFR 200.414.

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