

**CITY OF EL MIRAGE, ARIZONA**  
**SINGLE AUDIT ACT REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2019**

**CITY OF EL MIRAGE, 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  
City Council  
El Mirage, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of El Mirage, Arizona, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of El Mirage, AZ's basic financial statements and have issued our report thereon dated October 20, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of El Mirage, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of El Mirage, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of El Mirage, Arizona's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC  
Gilbert, Arizona  
October 20, 2019



**Independent Auditors' Report on Compliance for  
Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

Honorable Mayor & City Council  
City of El Mirage  
El Mirage, Arizona

**Report on Compliance for Each Major Program**

We have audited the City of El Mirage, Arizona's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City of El Mirage, Arizona's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 of El Mirage, Arizona'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 fiscal year ended June 30, 2019.

## 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.

## 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 the City of El Mirage, Arizona, as of and for the year ended June 30, 2019, and have issued our report thereon dated October 20, 2019, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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



HintonBurdick, PLLC  
Gilbert, Arizona  
October 20, 2019



**CITY OF EL MIRAGE, ARIZONA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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**Section I - Summary of Auditors' Results**

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Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:

- Material weakness (es) identified?  yes  no
- Significant deficiency (ies) identified that are not considered to be material weaknesses?  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 that are not considered to be material weaknesses?  yes  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  no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water

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

Auditee qualified as low-risk auditee?  yes  no

**CITY OF EL MIRAGE, ARIZONA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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**Section II - Financial Statement Findings**

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**Current Year Findings and Recommendations:**

**Material Weaknesses:**

None noted

**Significant Deficiencies:**

None noted

**Prior Year Findings and Recommendations, Reworded (if necessary) and Reissued:**

**Material Weaknesses**

None noted

**Significant Deficiencies:**

None noted

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**Section III - Federal Award Findings and Questioned Costs**

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No significant matters were noted.



**CITY OF EL MIRAGE, ARIZONA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing &amp; Urban Development</b>			
(Passed through Maracopa County Community Development)			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	C-22-19-005-3-00	\$ 388,856
Total U.S. Department of Housing & Urban Development			<u>388,856</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership	16.607		4,419
(Passed through Arizona Criminal Justice)			
National Criminal History Improvement Program (NCHIP)	16.554	NCP-18-20-010	10,743
(Passed through Arizona Department of Public Safety)			
Crime Victim Assistance	16.575	2016-VA-GX-0046	97,745
Total U.S. Department of Justice			<u>112,907</u>
<b>U.S. Department of Transportation:</b>			
(Passed through Governor's Office of Highway Safety)			
Highway Safety Cluster			
State & Community Highway Safety	20.600	2019 OP-006	6,034
State & Community Highway Safety	20.600	GOHS 2019-PB-002	1,034
State & Community Highway Safety	20.600	2018-PB-002	4,675
State & Community Highway Safety	20.600	2019 PTS-015	8,262
State & Community Highway Safety	20.600	2018-PTS-020	7,096
State & Community Highway Safety	20.600	2019-AI-002	1,590
State & Community Highway Safety	20.600	2018-AL-012	13,250
Total 20.600			<u>41,941</u>
National Priority Safety Programs	20.616	2019-CIOT-008	2,892
National Priority Safety Programs	20.616	2019 405d-011	20,967
Total 20.616			<u>23,859</u>
Total Highway Safety Cluster			<u>65,800</u>
Total U.S. Department of Transportation			<u>65,800</u>
<b>U.S. Department of Environmental Protection Agency:</b>			
(Passed through Water Infrastructure Funding Authority)			
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	920227-13	549,357
Total U.S. Department of Environmental Protection Agency			<u>549,357</u>
Total expenditures of federal awards			<u>\$ 1,116,920</u>

**CITY OF EL MIRAGE, ARIZONA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

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**Reporting Entity:**

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of the City of El Mirage, Arizona for the year ended June 30, 2019. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

**Basis of Accounting:**

This accompanying schedule of expenditures of federal awards has been prepared on the modified accrual basis of accounting. 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*.

**Subrecipients:**

There are no subrecipients.

**Indirect Cost Rate:**

The City did not elect to use the 10% de Minimis indirect cost rate for fiscal year 2019. There were no indirect cost allocations made to any of the federal grants as listed in the accompanying schedule of expenditures of federal awards.

**Federal Loans Outstanding:**

There are no outstanding balances for federal loan or loan guarantee programs at June 30, 2019.