

CITY OF EL MIRAGE, ARIZONA
SINGLE AUDIT ACT REPORT
FISCAL YEAR ENDED JUNE 30, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the City of El Mirage, Arizona's basic financial statements and have issued our report thereon dated October 14, 2021.

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) as a basis for designing 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 financial statements. 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 14, 2021



HINTONBURDICK
CPAs & ADVISORS

**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, 2021. 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, 2021.

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.

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 El Mirage, Arizona, as of and for the year ended June 30, 2021, and have issued our report thereon dated October 14, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted 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 schedule of expenditures of federal awards 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 14, 2021

CITY OF EL MIRAGE, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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 that are not considered to be material weaknesses? _____ yes X 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 that are not considered to be material weaknesses? _____ 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.

CFDA Number(s) Name of Federal Program or Cluster

21.019 Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? X yes _____ no

CITY OF EL MIRAGE, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

No significant matters were noted.

CITY OF EL MIRAGE, ARIZONA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development:			
(Passed through Maricopa County, Arizona)			
Community Development Block Grant	14.218	C-22-19-005-3-00	\$ 422,633
Total U.S. Department of Housing and Urban Development			<u>422,633</u>
U.S. Department of Justice:			
Corrections Training and Staff Development	16.601		24,948
Bulletproof Vest Partnership	16.607		1,541
(Passed through Arizona Criminal Justice)			
National Criminal History Improvement Program (NCHIP)	16.554	NCP-18-20-010	13,587
(Passed through Arizona Department of Public Safety)			
Crime Victim Assistance	16.575	2016-VA-GX-0046	103,854
Total U.S. Department of Justice			<u>143,930</u>
U.S. Department of Transportation:			
(Passed through Governor's Office of Highway Safety)			
Highway Safety Cluster:			
State & Community Highway Safety	20.600	2021 OP-008	4,705
State & Community Highway Safety	20.600	2020 OP-007	1,764
State & Community Highway Safety	20.600	2021-PTS-019	9,980
Total 20.600			<u>16,449</u>
National Priority Safety Programs	20.616	2021 405d-012	27,815
National Priority Safety Programs	20.616	220-CIOT-008	2,987
National Priority Safety Programs	20.616	2020 405d-012	5,963
National Priority Safety Programs	20.616	2020-405d-059	94,995
Total 20.616			<u>131,760</u>
Total Highway Safety Cluster			<u>148,209</u>
Total U.S. Department of Transportation			<u>148,209</u>
U.S. Department of Treasury:			
(Passed through State of Arizona Office of the Governor)			
Coronavirus Relief Fund - COVID-19	21.019	ERMT-20-034	1,481,083
Total U.S. Department of Treasury			<u>1,481,083</u>
US Department of Homeland Security:			
Federal Emergency Management Agency (FEMA)			
(Passed through Arizona Department of Emergency and Military Affairs)			
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	ERMT-EP-20-001	10,253
Total U.S. Department of Homeland Security			<u>10,253</u>
Total expenditures of federal awards			<u>\$ 2,206,108</u>

CITY OF EL MIRAGE, ARIZONA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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, 2021. 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 2021. 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 with continuing compliance requirements at June 30, 2021.