



City of Tempe, Arizona
Single Audit Report
Year Ended June 30, 2023

**City of Tempe, Arizona
Single Audit Report
For the Year Ended June 30, 2023**

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**Independent Auditor’s 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 Tempe, 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 Tempe, Arizona, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Tempe, Arizona’s basic financial statements, and have issued our report thereon dated December 12, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statements No. 96, *Subscription-Based Information Technology Arrangements*, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and No. 99, *Omnibus 2022*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tempe, 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 City of Tempe, Arizona’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tempe, 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 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. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tempe, 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 12, 2023

**Independent Auditor’s 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**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Tempe, Arizona’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Tempe, Arizona’s major federal programs for the year ended June 30, 2023. City of Tempe, Arizona’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Tempe, 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Tempe, Arizona and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Tempe, Arizona’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Tempe, Arizona’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Tempe, Arizona's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about City of Tempe, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Tempe, Arizona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Tempe, Arizona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Tempe, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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 City of Tempe, Arizona as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Tempe, Arizona's basic financial statements. We issued our report thereon dated December 12, 2023, 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 taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 22, 2024

**CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor	ALN Number	Contract Number	Expenditures	Payment to Subrecipients
<u>U.S. Department of Agriculture</u>				
Direct programs:				
Urban Agriculture And Innovative Production	10.935		87,454	
<u>U.S. Department of Housing and Urban Development</u>				
Direct programs:				
CDBG - Entitlement Grants Cluster				
Community Development Block/Entitlement Grants	14.218		1,757,081	74,503
COVID-19-Community Development Block/Entitlement Grants	14.218		76,086	
COVID-19-Community Development Block/Entitlement Grants	14.218		12,275	
Total CDBG - Entitlement Grants Cluster			1,845,442	74,503
Emergency Solutions Grant Program	14.231		89,474	
COVID-19-Emergency Solutions Grant Program	14.231		225,267	
COVID-19-Emergency Solutions Grant Program	14.231		565,946	
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		11,368,532	
Section 8 Housing Choice Vouchers	14.871		818,302	
COVID-19-Section 8 Housing Choice Vouchers	14.871		464,433	
COVID-19-Section 8 Housing Choice Vouchers	14.871		33,974	
Mainstream Vouchers	14.879		566,563	
Total Housing Voucher Cluster			13,251,804	
Family Self-Sufficiency Program	14.896		73,013	
Passed through Maricopa County:				
Home Investment Partnerships Program	14.239		245,048	
Total United States Department of Housing and Urban Development			16,295,994	74,503
<u>U.S. Department of the Interior</u>				
Passed through Arizona State Parks and Trails:				
Historic Preservation Fund Grants-In-Aid	15.904	P15AF000079	7,780	
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15JCOPS-22-JG-0454-P	28,500	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0286	66,577	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0908	20,419	
Total Edward Byrne Memorial Justice Assistance Grant Program			115,496	
Passed through Arizona Criminal Justice Commission:				
National Criminal History Improvement Program	16.554	NCP 19-21-004	168,509	
Passed through AZ Department of Public Safety:				
Crime Victim Assistance	16.575	2020-139	572,699	
Passed through AARP Foundation:				
Juvenile Mentoring Program	16.726	2018-JU-FX-0038	1,113	
Total United States Department of Justice			21,958,050	

CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor	ALN Number	Contract Number	Expenditures	Payment to Subrecipients
<u>U.S. Department of Transportation</u>				
Passed through AZ Department of Transportation:				
Highway Planning and Construction	20.205		884,539	
Highway Planning and Construction	20.205	STP TMP-0(253)	2,513,777	
Highway Planning and Construction	20.205		309	
Passed through AZ Governor's Office of Highway Safety:				
Highway Safety Cluster				
State and Community Highway Safety	20.600	2021-207-040	28,283	
State and Community Highway Safety	20.600	2022-PTS-066	34,668	
State and Community Highway Safety	20.600	2023-AI-012	73,702	
State and Community Highway Safety	20.600	2023-AL-035	59,824	
State and Community Highway Safety	20.600	2023-PTS-065	185,954	
National Priority Safety Programs	20.616	2021-405d-040	2,712	
National Priority Safety Programs	20.616	2021-405h-020	327	
National Priority Safety Programs	20.616	2022-405b-008	27,278	
National Priority Safety Programs	20.616	2022-405d-048	47,760	
National Priority Safety Programs	20.616	2022-405h-011	11,597	
National Priority Safety Programs	20.616	2023-405h-012	2,887	
National Priority Safety Programs	20.616	2022-AL-038	1,975	
National Priority Safety Programs	20.616	2022-207-010	33,513	
National Priority Safety Programs	20.616	2023-405b-009	23,717	
National Priority Safety Programs	20.616	2023-405d-045	50,590	
National Priority Safety Programs	20.616	2022-AI-011	16,903	
National Priority Safety Programs	20.616	2023-MC-005	13,070	
National Priority Safety Programs	20.616	2023-CIOT-025	9,366	
Total Highway Safety Cluster			624,126	
Total United States Department of Transportation			4,022,751	
<u>U.S. Department of Treasury</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		21,100,233	
Total United States Department of Treasury			21,100,233	
<u>Institute of Museum and Library Services</u>				
Passed through State of AZ Library, Archives and Public Records:				
Grants to States	45.310	2018-0170-06	16	
Grants to States	45.310	2017-0320-04	4,800	
Grants to States	45.310	2016-36001-08	801	
Total Institute of Museum and Library Services			5,617	
<u>U.S. Small Business Administration</u>				
Congressional Grants	59.059	SBAHQ2210068	489,500	
COVID-19 Shuttered Venue Operators Grant Program	59.075	SBAHQ21SV012710.2	500	
Total U.S. Small Business Administration			490,000	
<u>US Department of Education</u>				
Pass through Arizona Department of Education:				
COVID-19-Education Stabilization Fund	84.425U	CTR059836	312,986	
Total U.S. Department of Education			312,986	

**CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor	ALN Number	Contract Number	Expenditures	Payment to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI082531-01	521,443	
Passed through Maricopa County Human Services Department: Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	C-86-22-118-X-00	400	
Passed through Maricopa County Human Services Department: Community Services Block Grant	93.569	C-22-22-118-X-01	458,443	
Passed through National Parks and Recreation Association: Assistance Programs For Chronic Disease Prevention And Control	93.945	5NU58DP006985-02-00	1,308	
Total U.S. Department of Health and Human Services			981,594	
<u>Executive Office of the President</u>				
Passed through the City of Tucson: High Intensity Drug Trafficking Areas Program	95.001	HT-22-2963A	219,489	
High Intensity Drug Trafficking Areas Program	95.001	HT-22-2963	5,405	
Total Executive Office of the President			224,894	
<u>U.S. Department of the Homeland Security</u>				
Homeland Security Grant Program	97.067	210823-03	58,445	
Homeland Security Grant Program	97.067	210823-02	28,000	
Homeland Security Grant Program	97.067	210823-01	3,683	
Homeland Security Grant Program	97.067	220827-02	55,379	
Homeland Security Grant Program	97.067	220827-01	9,496	
Homeland Security Grant Program	97.067	220213-01	7,452	
Homeland Security Grant Program	97.067	220213-03	44,191	
Homeland Security Grant Program	97.067	220826-02	7,000	
Homeland Security Grant Program	97.067	220826-03	3,906	
Homeland Security Grant Program	97.067	170823-02	16,631	
Homeland Security Grant Program	97.067	210822-01	25,266	
Total Homeland Security Grant Program			259,449	
Total U.S. Department of the Homeland Security			259,449	
Total Expenditures of Federal Awards			\$44,646,569	\$74,503

See accompanying independent auditor's report on schedule of expenditures of federal awards
and notes to schedule of expenditures of federal awards.

City of Tempe, Arizona
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Tempe, Arizona under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 - 10% De Minimis Indirect Cost Rate

The auditee has elected not to use the 10% de minimis indirect rate as allowed under Uniform Guidance.

City of Tempe, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

1. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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): No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Programs or Clusters</u>
20.205	Highway Planning and Construction
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$1,339,397

Auditee qualified as low-risk auditee: Yes

2. Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

3. Findings and Questioned Costs Related to Federal Awards: No

4. Summary Schedule of Prior Audit Findings required to be reported: No