



City of Yuma, Arizona
Single Audit Reporting Package
Year Ended June 30, 2020

**CITY OF YUMA, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2020**

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**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***

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Yuma, 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 Yuma, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Yuma, Arizona's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Yuma, 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.
Phoenix, Arizona
December 16, 2020

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited City of Yuma, Arizona'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 City of Yuma, Arizona's major federal programs for the year ended June 30, 2020. City of Yuma, Arizona'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 City of Yuma, Arizona'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 City of Yuma, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Yuma, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Yuma, 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

City of Yuma, Arizona's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Yuma, Arizona's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Yuma, Arizona 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 City of Yuma, Arizona'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 City of Yuma, 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. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

City of Yuma, Arizona's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Yuma, Arizona's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

City of Yuma, Arizona is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. City of Yuma, Arizona's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on it.

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 Yuma, Arizona as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Yuma, Arizona's basic financial statements. We issued our report thereon dated December 16, 2020, which contained unmodified opinions on those basic 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.
Phoenix, Arizona
February 25, 2021

CITY OF YUMA, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Total Amount Provided to Sub-Recipients</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF AGRICULTURE									
COOPERATIVE FORESTRY ASSISTANCE	10.664		ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT	17DG-11031600-073		\$1,451	\$2,951	N/A	\$0
COOPERATIVE FORESTRY ASSISTANCE	10.664		ARIZONA DEPARTMENT OF FORESTRY AND FIRE MANAGEMENT	16DG-11031600-021		\$1,500	\$2,951	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE						<u>\$2,951</u>			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	B-16-MC-04-0508				\$2,500	\$919,426	CDBG - ENTITLEMENT GRANTS CLUSTER	\$919,426
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	B-17-MC-04-0508				\$221,438	\$919,426	CDBG - ENTITLEMENT GRANTS CLUSTER	\$919,426
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	B-18-MC-04-0508			\$6,149	\$243,350	\$919,426	CDBG - ENTITLEMENT GRANTS CLUSTER	\$919,426
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	B-19-MC-04-0508			\$46,223	\$452,138	\$919,426	CDBG - ENTITLEMENT GRANTS CLUSTER	\$919,426
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M17-DC040230			\$187,687	\$187,687	\$462,126	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M18-DC040230			\$135,890	\$151,607	\$462,126	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	M19-DC040230				\$122,832	\$462,126	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						<u>\$375,949</u>	<u>\$1,381,552</u>		
DEPARTMENT OF JUSTICE									
COVID-19 - CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19				\$62,857	\$62,857	N/A	\$0
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607	2017 BVP				\$201	\$13,869	N/A	\$0
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607	2018 BVP				\$13,668	\$13,869	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	DC-20-014				\$75,861	\$134,113	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	TIPS-19-001				\$58,252	\$134,113	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE						<u>\$210,839</u>			
DEPARTMENT OF TRANSPORTATION									
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE HIGHWAY SAFETY	2019-PTS-064		\$11,002	\$23,427	HIGHWAY SAFETY CLUSTER	\$38,692
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE HIGHWAY SAFETY	2020-PTS-076		\$12,425	\$23,427	HIGHWAY SAFETY CLUSTER	\$38,692
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE HIGHWAY SAFETY	2019-405D-048		\$4,483	\$15,265	HIGHWAY SAFETY CLUSTER	\$38,692
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE HIGHWAY SAFETY	2020-405D-055		\$10,782	\$15,265	HIGHWAY SAFETY CLUSTER	\$38,692
TOTAL DEPARTMENT OF TRANSPORTATION						<u>\$38,692</u>			

DEPARTMENT OF TREASURY

COVID-19 - CORONAVIRUS RELIEF FUND	21.019	COVID-19	STATE OF ARIZONA	ERMT-20-101	\$6,000,000	\$6,000,000	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					<u>\$6,000,000</u>			

DEPARTMENT OF HOMELAND SECURITY

ASSISTANCE TO FIREFIGHTERS GRANT	97.044		ARIZONA DEPARTMENT OF HOMELAND SECURITY	EMW-2018-FP-00362	\$13,182	\$13,182	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	190409-01	\$36,120	\$529,666	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	190408-02	\$153,962	\$529,666	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	180408-01	\$20,750	\$529,666	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	180409-02	\$312,020	\$529,666	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	180409-03	\$6,814	\$529,666	N/A	\$0
STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)	97.083		ARIZONA DEPARTMENT OF HOMELAND SECURITY		\$472,976	\$472,976	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY					<u>\$1,015,824</u>			

TOTAL EXPENDITURE OF FEDERAL AWARDS

\$375,949 \$8,649,858

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

CITY OF YUMA, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Yuma, Arizona under programs of the federal government for the year ended June 30, 2020. 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. 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.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Catalog of Federal Domestic Assistance Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or through beta.sam.gov. If the three-digit CFDA extension is unknown, there is a U followed by a two-digit number in the CFDA extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**CITY OF YUMA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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: Yes
- 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 §200.516 of Uniform Guidance: Yes

Identification of major programs:

CFDA Numbers
21.019

Name of Federal Program or Cluster
Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee: Yes

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

Findings and Questioned Costs Related to Federal Awards: Yes

Summary Schedule of Prior Audit Findings required to be reported: Yes

**CITY OF YUMA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2020-001

Repeat Finding: No

Program Name/CFDA Title: Coronavirus Relief Fund

CFDA Number: 21.019

Federal Agency: U.S. Department of Treasury

Federal Award Number: ERMT-20-101

Pass-Through Agency: State of Arizona

Questioned Costs: N/A

Type of Finding: Noncompliance, Significant Deficiency

Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

CRITERIA

Under 2 CFR §200.303, the City is required to establish and maintain effective internal controls over Federal awards that provide reasonable assurance that the City is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

CONDITION

Adequate supporting documentation to support the amount of expenditures charged to the program was not maintained.

CAUSE

Clerical errors were made when determining the amount to be applied to the grant. Specifically, credit amounts were added to debits rather than subtracted and the wrong total line was used from reports.

EFFECT

The original amount charged to the program was incorrect. Audit adjustments were needed correct the error.

CONTEXT

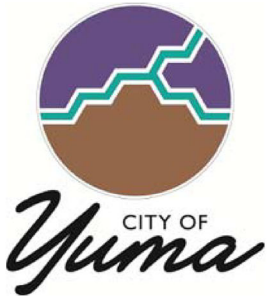
The supporting documentation did not agree to the amount of expenditures charged to the program by \$242,892.

RECOMMENDATION

Management should ensure proper review procedures are in place over journal entries to ensure amounts are properly recorded and agree to supporting documentation.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.



FINANCE DEPARTMENT
One City Plaza
Yuma, Arizona 85364-1436
Phone: (928) 373-5000

February 25, 2021

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Lisa Marlin
Director of Financial Services

**CITY OF YUMA, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2020-001

Program Name/CFDA Title: Coronavirus Relief Fund

CFDA Number: 21.019

Contact Person: Lisa Marlin, Director of Financial Services

Anticipated Completion Date: December 31, 2021

Planned Corrective Action: The City of Yuma staff made an error in calculating the amounts represented in the back-up documentation, therefore the supporting documentation did not agree to the journal to record the allowable costs to the grant. Management will ensure proper review of journal entries and documentation prior to recording of journals to mitigate the chance of clerical error in the future.

Although the supporting documentation used for the journal was inadequate, the City of Yuma did expend adequate allowable costs to support the amount charged to the program.

**CITY OF YUMA, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: FS-2019-001, FS-2018-001

Status: Partially corrected.

Planned Corrective Action:

Internal Controls

Finance Department management staff first wishes to note that there has been tremendous progress made related to timing of the audit and publication of the CAFR. Additionally, management staff believes that we have already made significant improvements to internal controls and have refined several processes to ensure financial reporting accuracy, to include the addition of staff in order to re-allocate workload and ensure strong back up of key processes. Finance continues to refine bank reconciliation controls and there are a number of other areas where strengthening internal controls have progressed. These are:

- Additional review and approval requirements for posting journal entries
- Strengthened journal entry back-up documentation requirements
- Additional review and approval requirements for invoice processing
- Revised documented procedures to align with current staffing levels and required outcomes
- Thorough review of financial statements by both the Accounting Manager and the Finance Director is now taking place
- Final checklist has been developed for use as a “pre-audit” tool

In addition to the procedural changes that have been implemented, it was anticipated that additional training opportunities would be provided to staff in the areas of governmental accounting and technological tools to enhance staff’s ability to look beyond the transaction to the financial statement as a whole. Key analytical skills were expected to improve with this process, however, due to the persistent COVID-19 pandemic; these training opportunities did not come to fruition. As we have begun to get back to normal in our workplace, we have already accomplished some additional training for several key staff members and we expect that to continue throughout the year.