

CITY OF PAGE, ARIZONA
SINGLE AUDIT ACT REPORT
FISCAL YEAR ENDED JUNE 30, 2019

CITY OF PAGE, ARIZONA

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HINTONBURDICK
CPAs & ADVISORS

**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
Page, 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 Page, AZ, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Page, AZ's basic financial statements and have issued our report thereon dated November 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Page, 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 Page, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Page, 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 Page, 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
November 14, 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 Page
Page, Arizona

Report on Compliance for Each Major Program

We have audited the City of Page, 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 Page, 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 the requirements of laws, regulations, contracts, and grants 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 Page, 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 Page, Arizona, as of and for the year ended June 30, 2019, and have issued our report thereon dated November 14, 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
November 14, 2019



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

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.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.901	Payments for Essential Air Services

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

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

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

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 PAGE, ARIZONA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Grantor Agency	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
U.S. Department of Housing & Urban Development			
Community Development Block Grant	14.228		\$ 73,675
Total U.S. Department of Housing & Urban Development			<u>73,675</u>
U.S. Department of Justice			
Bulletproof Vest Partnership	16.607		\$ 1,944
Total U.S. Department of Justice			<u>1,944</u>
U.S. Department of Transportation:			
(Passed through Arizona Department of Transportation)			
Airport Improvement Program	20.106	3-04-0025-30-2016	\$ 17,096
Airport Improvement Program	20.106	3-04-0025-31-2017	55,691
Airport Improvement Program	20.106	3-04-0025-32-2018	251,925
(Passed through Arizona Governor's Office of Highway Safety)			
Highway Safety Cluster			
State and Community Highway Safety	20.600	2018-AL-036	4,924
State and Community Highway Safety	20.600	2018-PTS-085	8,800
Total Highway Safety Cluster			<u>13,724</u>
Payments for Essential Air Services	20.901		4,260,123
Total U.S. Department of Transportation			<u>4,598,559</u>
U.S. Department of Health and Human Services:			
(Passed through Northern Arizona Council of Governments)			
Aging Cluster			
Special program for the Aging - Title III, Part C-			
Nutritional Services	93.045		38,902
Total Aging Cluster			<u>38,902</u>
Head Start	93.600		27,536
Total U.S. Department of Health and Human Services			<u>66,438</u>
Total expenditures of federal awards			<u><u>\$ 4,740,616</u></u>

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

Reporting Entity:

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of the City of Page, 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.