

**CITY OF TEMPE, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2008**

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SINGLE AUDIT REPORTING PACKAGE
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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**

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

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, 2008, which collectively comprise City of Tempe, Arizona's basic financial statements and have issued our report thereon dated November 28, 2008, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 45. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Tempe, Arizona's internal control over financial reporting as a basis for designing our auditing procedures 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 Tempe, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Tempe, Arizona's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tempe, Arizona's financial statements are free of 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*.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, City management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 28, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of City of Tempe, Arizona with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. City of Tempe, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Tempe, Arizona's management. Our responsibility is to express an opinion on City of Tempe, Arizona's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Tempe, 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. Our audit does not provide a legal determination of City of Tempe, Arizona's compliance with those requirements.

In our opinion, City of Tempe, Arizona complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of City of Tempe, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Tempe, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Tempe, Arizona's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 City of Tempe, Arizona as of and for the year ended June 30, 2008, and have issued our report thereon dated November 28, 2008, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 45. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise City of Tempe, Arizona's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, City management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 28, 2008

CITY OF TEMPE, ARIZONA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures & Transfers</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 8,722,976
Community Development Block Grant	14.218	N/A	1,052,350
Passed through Maricopa County:			
HOME Program	14.239	M-06-DC-04-0227	288,982
Total U.S. Department of Housing and Urban Development			<u>10,064,308</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
National Institute of Justice Research, Evaluation and Development	16.560	N/A	8,916
Edward Byrne Memorial Formula Grant Program	16.579	N/A	40,000
Community Oriented Policing Services	16.710	N/A	16,749
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	64,700
Passed through Juvenile Justice and Delinquency Prevention:			
Title V: Local Delinquency Prevention Program	16.548	J5-CSG-04-5273-003Y1	9,617
Passed through Arizona Governor's Division for Children:			
Juvenile Accountability Incentive Block Grant	16.523	99JAIBG-22	16,106
Passed through Arizona Department of Public Safety:			
Victims of Crime Assistance	16.575	00-904	57,728
Victims of Crime Assistance	16.575	99-811	32,151
Total U.S. Department of Justice			<u>245,967</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	N/A	35,984
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	N/A	1,380
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	N/A	47,305
			<u>84,669</u>
Child Passenger Safety Week	20.604	N/A	10,389
Passed through Arizona Governor's Office of Highway Safety:			
State and Community Highway Safety	20.600	2007-AI-007	11,039
State and Community Highway Safety	20.600	2007-PT-041	46,044
State and Community Highway Safety	20.600	2005-AL-002	1,485
			<u>58,568</u>
Passed through City of Phoenix:			
Federal Transit: Formula Grants	20.507	C2003-40,C2004-256	2,227,322
Federal Transit: Formula Grants	20.507	C2006-199,C2004-257	652,654
			<u>2,879,976</u>
Total U.S. Department of Transportation			<u>3,033,602</u>
<u>Corporation for National and Community Service</u>			
Direct Program:			
Americorp	94.006	N/A	11,058
Total Corporation for National and Community Service			<u>11,058</u>

CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(CONCLUDED)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures & Transfers</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Prevention and Treatment of Substance Abuse (SAPT)	93.959	N/A	25,210
Prevention and Treatment of Substance Abuse (SAPT)	93.959	N/A	79,264
Passed through Arizona Governor's Division of Drug Policy:			
Consolidated Knowledge Development and Application (KD&A) Program	93.230	A9-0079-011	1,474
Total U.S. Department of Health and Human Services			<u>105,948</u>
<u>U.S. Department of Labor</u>			
Passed through Maricopa County Human Services Department:			
Workforce Investment Act	17.255	C-22-02-123-2-02	6,285
Total U.S. Department of Labor			<u>6,285</u>
<u>U.S. Department of Agriculture</u>			
Passed through Arizona Department of Health Services:			
State Administrative Matching Grants for Food Stamp Program	10.561	HG661043-2	78,226
State Administrative Matching Grants for Food Stamp Program	10.561	HG661043	12,736
Total U.S. Department of Agriculture			<u>90,962</u>
<u>U.S. Office of Library Services</u>			
Passed through Arizona Department of Library, Archives and Public Records:			
State Library Program	45.310	271-6-1	17,979
Total U.S. Office of Library Services			<u>17,979</u>
<u>U.S. Department of the Homeland Security</u>			
Direct Programs:			
Urban Areas Security Initiative	97.008	N/A	115,664
State Homeland Security Grant Program	97.004	N/A	86,387
Homeland Security Grant Program	97.067	N/A	968,662
Pre-Disaster Mitigation Disaster Resistant Universities	97.063	N/A	604
Law Enforcement Terrorism Prevention Program (LETTP)	97.074	N/A	98,865
Total U.S. Department of the Homeland Security			<u>1,270,182</u>
Total Expenditures of Federal Awards			\$ <u>14,846,291</u>

CITY OF TEMPE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Tempe, Arizona and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2008 *Catalog of Federal Domestic Assistance*.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? 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 a material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
20.507	Federal Transit: Formula Grants
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$445,389

Auditee qualified as low-risk auditee? X yes no

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

SECTION II - FINANCIAL STATEMENT FINDINGS

We noted no significant deficiencies, material weaknesses or instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We noted no significant deficiencies, material weaknesses or instances of noncompliance related to the audit of major federal programs as required to be reported by OMB Circular A-133.

**CITY OF TEMPE, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008**

Status of Federal Award Findings and Questioned Costs

The City had no findings or questioned costs related to federal awards noted in prior audits that require a status.