



City of Buckeye, Arizona
Single Audit Reporting Package
Year Ended June 30, 2021

**CITY OF BUCKEYE, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2021**

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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 Buckeye, Arizona

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Buckeye, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Buckeye, Arizona's basic financial statements, and have issued our report thereon dated November 29, 2021.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Buckeye, Arizona's internal control over financial reporting (internal control) as a basis for designing 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 City of Buckeye, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Buckeye, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Buckeye, 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*.

City of Buckeye, Arizona's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Buckeye, Arizona's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Buckeye, Arizona's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
November 29, 2021

**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 Buckeye, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Buckeye, 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 Buckeye, Arizona's major federal programs for the year ended June 30, 2021. City of Buckeye, 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 Buckeye, 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, 2021.

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 (*Government Auditing Standards*); 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 Buckeye, 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 Buckeye, 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 Buckeye, 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 Buckeye, 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 Buckeye, 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 Buckeye, 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 Buckeye, 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 Buckeye, 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 Buckeye, Arizona as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Buckeye, Arizona's basic financial statements. We issued our report thereon dated November 29, 2021, 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
November 29, 2021

CITY OF BUCKEYE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Total Amount Provided to Sub-Recipients	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-20-042-3-00		\$9,416	\$9,416	CDBG - ENTITLEMENT GRANTS CLUSTER	\$9,416
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						<u>\$9,416</u>			
DEPARTMENT OF JUSTICE									
CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	16.582					\$125,727	\$125,727	N/A	\$0
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607					\$6,000	\$6,000	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE						<u>\$131,727</u>			
DEPARTMENT OF TRANSPORTATION									
AIRPORT IMPROVEMENT PROGRAM	20.106					\$12,130	\$55,130	N/A	\$0
COVID-19 AIRPORT IMPROVEMENT PROGRAM	20.106	COVID-19				\$43,000	\$55,130	N/A	\$0
HIGHWAY PLANNING AND CONSTRUCTION FEDERAL TRANSIT_FORMULA GRANTS	20.205 20.507		ARIZONA DEPARTMENT OF TRANSPORTATION CITY OF PHOENIX	19-0007360-1 AZ-2020-009		\$386,468 \$57,356	\$386,468 \$57,356	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER FEDERAL TRANSIT CLUSTER	\$386,468 \$57,356
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY (GOHS)	2020-AI-002		\$826	\$826	HIGHWAY SAFETY CLUSTER	\$82,019
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY (GOHS)	2020-PTS-007, 2021-PTS-009, 2021-CIOT-003, 2020-405-007, 2021-405-007		\$81,193	\$81,193	HIGHWAY SAFETY CLUSTER	\$82,019
TOTAL DEPARTMENT OF TRANSPORTATION						<u>\$580,973</u>			
DEPARTMENT OF TREASURY									
COVID-19 CORONAVIRUS RELIEF FUND	21.019	COVID-19	ARIZONA GOVERNOR'S OFFICE	ERMT-20-016		\$9,140,899	\$9,155,711	N/A	\$0
COVID-19 CORONAVIRUS RELIEF FUND	21.019	COVID-19	ARIZONA DEPARTMENT OF EMERGENCY & MILITARY AFFAIRS	ERMT-EP-21-005		\$14,812	\$9,155,711	N/A	\$0
TOTAL DEPARTMENT OF TREASURY						<u>\$9,155,711</u>			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES									
GRANTS TO STATES	45.310		LIBRARY SERVICES AND TECHNOLOGY	2019-0010-1, 2018-0260-1		\$22,000	\$26,000	N/A	\$0
COVID 19 GRANTS TO STATES	45.310	COVID-19	LIBRARY SERVICES AND TECHNOLOGY	2020-0720-06		\$4,000	\$26,000	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES						<u>\$26,000</u>			

DEPARTMENT OF HEALTH AND HUMAN SERVICES

<i>SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_ GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS</i>	93.044	AREA AGENCY ON AGING, REGION ONE, INC.	AAA	\$24,424	\$24,424	AGING CLUSTER	\$202,504
<i>SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_ NUTRITION SERVICES</i>	93.045	AREA AGENCY ON AGING, REGION ONE, INC.	AAA	\$166,239	\$166,239	AGING CLUSTER	\$202,504
<i>NUTRITION SERVICES INCENTIVE PROGRAM</i>	93.053	AREA AGENCY ON AGING, REGION ONE, INC.	AAA	\$11,841	\$11,841	AGING CLUSTER	\$202,504
<i>SOCIAL SERVICES BLOCK GRANT</i>	93.667	AREA AGENCY ON AGING, REGION ONE, INC.	AAA	\$21,959	\$21,959	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>\$224,463</u>			

EXECUTIVE OFFICE OF THE PRESIDENT

<i>HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM</i>	95.001	MARICOPA COUNTY SHERIFF'S OFFICE	HT-20-2995, HT-21-2995	\$19,314	\$19,314	N/A	\$0
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				<u>\$19,314</u>			

DEPARTMENT OF HOMELAND SECURITY

<i>HOMELAND SECURITY GRANT PROGRAM</i>	97.067	ARIZONA DEPARTMENT OF HOMELAND SECURITY	200802-01, 200802-02, 190800-01, 190800-02	\$65,437	\$65,437	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>\$65,437</u>			

TOTAL EXPENDITURE OF FEDERAL AWARDS

\$10,213,041

Please Note:

Italicized award lines indicate pass-through funding

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

CITY OF BUCKEYE, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

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 Buckeye, Arizona under programs of the federal government for the year ended June 30, 2021. 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.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing 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 BUCKEYE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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: Yes

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 §200.516 of Uniform Guidance: No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
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: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: Yes

Findings and Questioned Costs Related to Federal Awards: No

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

**CITY OF BUCKEYE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Finding Number: FS-2021-001

Repeat Finding: Yes – FS-2020-002 and FS-2019-002

Type of Finding: Material Weakness

Description: Capital Assets

CRITERIA

Capital assets are a significant accounting area for the City. A strong internal control structure should be implemented over this area to ensure that all significant activity is properly identified and accounted for.

CONDITION

The City's system to record and report capital assets is prone to error. Additionally, the City does not have a process for capturing the full extent of contributed capital.

CAUSE

The City's capital assets policies and procedures have not kept pace with the growth of the City and consequently its capital assets activity.

EFFECT

The City may not prevent or detect material misstatements to the financial statements.

CONTEXT

During our review of capital assets, we noted the following:

- The City does not utilize its enterprise resource planning system (ERP) Munis to record and report capital assets.
- The capital asset policies and procedures have not been reviewed and updated for several years.
- The land associated with current year and prior year developer contributions of infrastructure was not captured on the financial statements.

RECOMMENDATION

The City should update the capital assets policy/procedures. Additionally, the City should use Munis to record and report capital assets. Finally, the City should ensure land associated with donated infrastructure is appropriately capitalized in the financial statements.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

November 29, 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,

Sherrí Meredith
Accounting Manager

**CITY OF BUCKEYE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

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

Finding Number: FS-2021-001

Contact Person: Sherri Meredith, Accounting Manager

Anticipated Completion Date: June 30, 2022

Planned Corrective Action: The Finance Department agrees with this finding and has been working to implement the prior year's corrective action plan. With COVID-19 and multiple employee retention issues, the prior year's corrective action plan did not get completed.

- The City will update its capital assets policy/procedures and ensure all employees involved in tracking and reporting capital assets are well trained.
- The City is recruiting for a Senior Accountant to take on the capital asset processes.
- The City has extended the contract with a private CPA who specializes in capital assets and he will continue to evaluate our processes and provide recommendations for improvement.
- The City is still anticipating the move from tracking capital assets on an Excel spreadsheet to the Munis capital asset module. This will assist with avoiding clerical errors and assist with reconciling and provide assistance in capturing all capital accounts.

**CITY OF BUCKEYE, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

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

Finding Number: FS-2020-001
Status: Fully corrected.

Finding Number: FS-2020-002
Status: Partially corrected. See current year finding FS-2021-001.
Planned Corrective Action: The City wants to maintain its capital assets in the Munis software system. Due to COVID-19 and employee retention issues in Fiscal Year 2021, we were unable to complete this corrective action plan. Our goal is to have this implemented by June 30, 2022.