

CITY OF WILLIAMS, ARIZONA
SINGLE AUDIT ACT REPORT
FISCAL YEAR ENDED JUNE 30, 2020

CITY OF WILLIAMS, ARIZONA

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**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
Williams, 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 Williams, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Williams, Arizona's basic financial statements and have issued our report thereon dated February 24, 2021.

Internal Control over Financial Reporting

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

February 24, 2021

CITY OF WILLIAMS, ARIZONA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through Arizona Office of the State Forrester Cooperative Forestry Assistance	10.664	19DG-11031600-061	\$ -	\$ 1,888
Total U.S. Department of Housing			-	1,888
U.S. Department of Housing and Urban Development				
Housing Voucher Center Cluster:				
Passed through Arizona Department of Housing:				
Section 8 Housing Choice Vouchers	14.871	AZ041-00000120D	-	317,675
Total Housing Voucher Center Cluster			-	317,675
Passed through Arizona Department of Housing:				
Public and Indian Housing	14.850	AZ,041-00000119D, AZ041- 00000120D	-	93,545
Public Housing Capital Fund	14.872	AZ20P041501-18, AZ209041501- 17	-	65,702
Total U.S. Department of Housing			-	476,922
U.S. Department of Transportation				
Federal Aviation Administration:				
Airport Improvement Program	20.106		-	783,473
Passed through Arizona Department of Transportation:				
Airport Improvement Program	20.106	E0M1Z	-	38,459
Total Airport Improvement Program			-	821,932
Highway Planning and Construction Cluster:				
Federal Highway Administration:				
Passed through Arizona Governor's Office of Highway Safety:				
Highway Planning and Construction	20.205	SL679 01X	-	21,142
Total Highway Planning and Construction Cluster			-	21,142
Highway Safety Cluster:				
National Highway Safety:				
Passed through Arizona Governor's Office of Highway Safety				
State and Community Highway Safety	20.600	2019-PTS-060	-	1,010
State and Community Highway Safety	20.600	2020-PTS-070	-	11,781
National Priority Safety Programs	20.616	2019-405D-046	-	170
National Priority Safety Programs	20.616	2020-405D-047	-	5,231
National Priority Safety Programs	20.616	2020-405C-007	-	11,317
Total Highway Safety Cluster			-	29,509
Total U.S. Department of Transportation			-	872,583
U.S. Department of Homeland Security				
Passed through Arizona Department of Homeland Security:				
Homeland Security Grant Program	97.067	19AZDOHS-HSGP-190112-01	-	11,112
Total U.S. Department of Homeland Security			-	11,112
Total expenditure of federal awards			\$ -	\$ 1,362,505

The accompanying notes are an integral part of this schedule

CITY OF WILLIAMS, ARIZONA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of the City of Williams, Arizona and is presented on the 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2020.

Note 3. Federal Loans and Loan Guarantee Programs Outstanding

The City had no balances of loan and loan guarantee programs outstanding as of June 30, 2020.



HINTONBURDICK

CPAs & ADVISORS

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Honorable Mayor and
City Council
Williams, Arizona

Report on Compliance for Each Major Program

We have audited the City of Williams, 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 Williams, Arizona's major federal programs for the year ended June 30, 2020. 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 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 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 Williams, 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, 2020.

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.

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 the City of Williams, Arizona, as of and for the year ended June 30, 2020, and have issued our report thereon dated February 24, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted 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 schedule of expenditures of federal awards 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
February 24, 2021

CITY OF WILLIAMS, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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 no

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 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)? X yes _____ no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

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 WILLIAMS, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

Material Weakness:

No significant matters were noted.

Section III - Federal Award Findings and Questioned Costs

Internal Control over Compliance:

Material Weaknesses:

None noted

Significant Deficiencies:

None noted

Compliance and Questioned Costs:

Compliance:

2020-002. Financial Reporting – Form SF-425

Criteria: The Compliance Supplement for the Airport Improvement Program, CFDA #20.106, identifies Form SF-425 as a report that is required to be filed for the grant.

Condition: The City did not submit the required report.

Cause: Procedures for monitoring and completing the report have not been established.

Effect: The City is not in compliance with grant financial reporting requirement.

Recommendation: We recommend that the City establish procedures to ensure all required reports are submitted as required by the grant agreement.

CITY OF WILLIAMS, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section III - Federal Award Findings and Questioned Costs, Continued

Questioned Costs:

No question costs reported

Section IV - Summary of Prior Year Findings and Questioned Costs

No significant matters were noted.



City of Williams

Gateway to the Grand Canyon[®]

Mayor

John W. Moore

City Council

Don Dent

Bernie Hiemenz

Frank W. McNelly

Lee Payne

Mike Cowen

Craig Fritsinger

**Corrective Action Plan
City of Williams, Arizona
Fiscal Year Ended June 30, 2020**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-002	<p><u>Finding: Financial Reporting – SF-425</u> The Compliance Supplement for the Airport Improvement Program, CFDA #20.106, identifies Form SF-425 as a report that is required to be filed for the grant. However, the City did not submit the required report.</p> <p><u>Corrective Action:</u> The City has established procedures to ensure the required SF-425 report is filed on a timely basis.</p>	June 30, 2021	Barbara Bell, Financial Director

Signed,

Barbara Bell, Finance Director

City of Williams, Arizona

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Williams, AZ 86046