

City of Casa Grande, Arizona

Report on Federal Awards

June 30, 2023

City of Casa Grande, Arizona

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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 Auditors' Report

To the Honorable Mayor and City Council of
City of Casa Grande, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Casa Grande, Arizona (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

The City's Response to Finding and Corrective Action Plan

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Additionally, the City is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Baker Tilly US, LLP

Tempe, Arizona
March 25, 2024

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

Independent Auditors' Report

To the Honorable Mayor and City Council of
City of Casa Grande, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Casa Grande, Arizona's (the City) 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 the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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, 2023.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 the City'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 the City's federal programs.

Auditors' 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 the City'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 the City'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 the City'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 the City'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City'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 a 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 Auditors' 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 the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 25, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic 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 basic 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 as a whole.

Baker Tilly US, LLP

Tempe, Arizona
March 25, 2024

City of Casa Grande, Arizona

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Cluster Title	Pass-Through Grantor	Pass-Through Entity Identifying Number/Grant Number	Total Federal Expenditures	Amount Provided to Subrecipients
Department of Housing and Urban Development						
Community Development Block Grants/State's Program						
Non-Entitlement Grants in Hawaii	14.228		Direct	N/A	\$ 413,694	* \$ 79,369
Home Investments Partnership Program	14.239		Arizona Department of Housing and Urban Development	300-21, 300-22	99,568	-
Total Department of Housing and Urban Development					513,262	79,369
Federal Historic Preservation Fund						
Historic Preservation Funds Grants-In-Aid	15.904		State Historic Preservation Office	AZ-21-10011/442111	6,763	
Total Federal Historic Preservation Fund					6,763	
Department of Justice						
Victim Assistance Grant Program - Crime Victim Assistance	16.575		Arizona Department of Public Safety	2020-V2-GX-0054	83,393	
Bulletproof Vest Grant - Partnership Program	16.607		Direct	N/A	5,230	
Edward Byrne Memorial - Justice Assistance Program	16.738		Direct	N/A	26,440	
Public Safety Partnership and Community Policing Grants	16.710		Direct	N/A	78,404	
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		Direct	N/A	9,364	
Total Department of Justice					202,831	
Department of Transportation						
State and Community Highway Safety	20.600	Highway Safety Cluster	Governor's Office of Highway Safety	2022-AL-009, 2022-PTS-011	51,605	
Total Highway Safety Cluster					51,605	
COVID-19 - Federal Transit Formula Grants	20.507	Federal Transit Cluster	Direct	N/A	7,020	
Total Federal Transit Cluster					7,020	
Total Department of Transportation					58,625	

See notes to schedule of expenditures of federal awards

City of Casa Grande, Arizona

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Cluster Title	Pass-Through Grantor	Pass-Through Entity Identifying Number/Grant Number	Total Federal Expenditures	Amount Provided to Subrecipients
Department of Health and Human Services						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Aging Cluster	Pinal-Gila Council for Senior Citizens	019-0237	\$ 8,451	
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Aging Cluster	Pinal-Gila Council for Senior Citizens	019-0237	53,893	
Nutritional Services Incentive Program	93.053	Aging Cluster	Pinal-Gila Council for Senior Citizens	019-0237	10,751	
Total Aging Cluster					73,095	
Social Services Block Grant	93.667		Pinal-Gila Council for Senior Citizens	019-0237	15,872	
Allergy and Infectious Diseases Research	93.855		Pinal-Gila Council for Senior Citizens	019-0237	10,971	
Total Department of Health and Human Services					99,938	
Department of Homeland Security						
Homeland Security Grant Program	97.067		Arizona Department of Homeland Security	HSGP-220305-01, 21-AZDOHS-OPSG 210430-01		
Staffing for Adequate Fire and Emergency Response	97.083		Direct	N/A	388,155 *	211,317
Total Department of Homeland Security					599,472	
Institute of Museum and Library Services						
Emergency Connectivity Fund Program	32.009		State Library Administrative Agencies	ECF202108188	3,556	
Grants to the States	45.310		State Library Administrative Agencies	LSTA 2022, LSTA Continuing Education	3,294	
COVID-19 Grants to the States	45.310		State Library Administrative Agencies	LSTA 2021 ARPA-07	2,418	
Total Institute of Museum and Library Services					9,268	
U.S. Department of Treasury						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		Direct	N/A	144,539	
Total U.S. Department of Treasury					144,539	
Total Expenditures of Federal Awards					\$ 1,634,698	\$ 79,369

* Denotes major program

City of Casa Grande, Arizona

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Casa Grande, Arizona under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of the City of Casa Grande, Arizona, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Casa Grande, Arizona.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual or 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. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate.

City of Casa Grande, Arizona

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

none reported

Noncompliance material to financial statements noted?

yes

no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

yes

no

Significant deficiency(ies) identified?

yes

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 section 2 CFR 200.516(a) of the Uniform Guidance?

yes

no

Auditee qualified as low-risk auditee?

yes

no

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
97.067	Homeland Security Grant Program

City of Casa Grande, Arizona

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

Finding 2023-001: Financial Statement Closing Process - Material Weakness

Criteria: City of Casa Grande (the City) must perform and review all year-end closing entries to ensure the amounts included in the financial statements are presented in accordance with generally accepted accounting principles (GAAP).

Condition: Amounts were not recognized in the appropriate reporting period at year end which indicated proper closing procedures were not followed.

Cause: Proper closing procedures were not followed, and a review of accrual based closing entries was not performed to ensure that financial statements were accurately reported as required by GAAP.

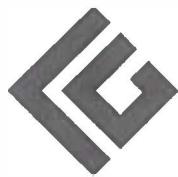
Effect or Potential Effect: During the audit, several significant adjustments and reclass entries were required to properly state assets, liabilities, revenues, and expenses.

Recommendation: We recommend that the City develop a year-end checklist of all accrual adjustments required and management review the general ledger for all account balances to ensure they are properly stated as of the fiscal year-end.

Management's Response: We concur with the finding. Due to finance staff turnover after the fiscal year end, the City was not able to formulate a year-end strategy to review all balance sheet accounts in a timely manner in preparation for the year end audit. For FY2024 year end, finance staff will develop a year end checklist for reviewing, reconciling, and analyzing all accounts in the general ledger.

Section III - Federal Awards Findings and Questioned Costs

None noted.



CITY OF CASA GRANDE | STRONGER UNITED
510 E. Florence Blvd., Casa Grande, Arizona 85122
(520) 421-8600 | www.CasaGrandeAZ.gov

March 25, 2024

Dear Baker Tilly US LLP:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by 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*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Brenda K. Hasler,

Brenda K. Hasler, CPA

STRONGER UNITED

Founded in 1879, the mission of the City of Casa Grande is to provide a safe, pleasant community for all citizens.

Financial statement findings

2023-001: Financial Statement Closing Process

Name(s) of contact person(s): Brenda Hasler, Finance Director
Natasha Komo, Accounting Manager

Anticipated completion date: June 30, 2024

Corrective Action: The City concurs with the finding. Due to staff turnover within the Finance Department after the fiscal year end, the City was not able to formulate a year end strategy to review all year end closing entries to ensure amounts included in the financial statements were presented in accordance with generally accepted accounting principles (GAAP). The City will develop written policies and procedures that address the review and approval process of reporting accurate information for the annual financial report. This will include a year-end checklist for reviewing, reconciling, and analyzing all accounts in the general ledger.