

CITY OF COTTONWOOD, ARIZONA
SINGLE AUDIT ACT REPORTS
FISCAL YEAR ENDED JUNE 30, 2009

CITY OF COTTONWOOD, ARIZONA
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2009

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	3
SUMMARY OF AUDITORS' RESULTS	6
FINANCIAL STATEMENT FINDINGS	7
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	13
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	14

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 City Council
City of Cottonwood

We have audited the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Cottonwood, Arizona (City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 1, 2010. 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 Cottonwood, 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 our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

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 City'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 City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described as items 2009-1 through 2009-7 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

Honorable Mayor and City Council
City of Cottonwood, Arizona

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 City's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, for the significant deficiencies described above, we consider items 2009-1, 2009-4 and 2009-5 to be material weaknesses.

Compliance and Other Matters

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

We noted other matters that we have reported to management of the City in a separate letter dated March 1, 2010.

The City of Cottonwood, Arizona's responses to the findings identified in our audit are described in the accompanying scheduling of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
March 1, 2010

**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 City Council
City of Cottonwood, Arizona

Compliance with Requirements Applicable to Each Major Program

We have audited the compliance of the City of Cottonwood, Arizona (City) 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, 2009. The City of Cottonwood, 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 the City of Cottonwood, Arizona's management. Our responsibility is to express an opinion on the City of Cottonwood, 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 the City of Cottonwood, 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 on City of Cottonwood, Arizona's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-8 and 2009-9.

Honorable Mayor and City Council
City of Cottonwood, Arizona

Internal Control over Compliance in Accordance with OMB Circular A-133

The management of the City of Cottonwood, Arizona is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cottonwood, Arizona's internal control over compliance with 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's internal control over compliance.

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 as defined below. However, as described below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in the City'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 City's ability to administer a federal program such that there is more than a remote likelihood that the noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-8 and 2009-9 to be significant deficiencies.

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 City's internal control. We do not consider the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The City of Cottonwood, Arizona's response to the finding identified in our audit is described in the accompanying scheduling of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Cottonwood, Arizona as of and for the year ended June 30, 2009, and have issued our report thereon dated March 1, 2010. Our audit was performed for the purpose of forming opinions on the financial statements, which collectively comprise the City'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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Honorable Mayor and City Council
City of Cottonwood, Arizona

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

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
March 1, 2010

**CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2009**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*
 Internal control over financial reporting:

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

Type of auditor's report issued on compliance for major programs: *Unqualified*

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
20.509	Formula Grants for Other than Urbanized Areas

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

**CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2009**

SECTION II – FINANCIAL STATEMENT FINDINGS

2009-1: Oversight of the Financial Reporting Process

Condition: The City does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures.

The audit firm proposed and the City posted to its general ledger accounts, journal entries to correct misstatements in cash, accounts receivable, inventory, accounts payable, unearned revenues, long-term debt, fund balance, expenditures and the GASB 34 conversion entries. These entries relate to internal controls over the year-end close-out process. The absence of a complete control procedure or process in this area is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control processes.

Criteria: The City should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements.

Effect: Significant audit adjustments were proposed and subsequently approved and recorded by the City to correct account balances for expenditures/expenses, capital assets, fund balance, inventory, long-term debt and receivables.

Cause: The City has not established controls to ensure accounts are adjusted to their appropriate year-end balances in accordance with GAAP. The City relies on the audit firm to prepare the annual financial statements, related footnote disclosures, and to verify balances are correct at year-end. However, they have reviewed and approved the annual financial statements and related footnote disclosures.

Recommendation: We recommend the City continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with GAAP. Additionally, we recommend that the City review these adjustments and modify year-end reconciling procedures in an effort to avoid similar adjustments next year.

Lastly, should the City elect to establish the "full oversight" of the financial statement preparation, we suggest management establish effective review policies and procedures, including, but not limited to, the following functions: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us and approve the entries; review the adequacy of financial statement disclosures by completing a disclosure checklist; review and approve schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

Response: The City concurs with this recommendation and will reconcile all year-end account balances in the future. The City will also consider the recommendation in order to take "full oversight" of the financial statement preparation and will consult with its auditors to remedy this finding.

Contact Person: Rudy Rodriguez, Finance Director

CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2009-2: Accounts Payable

Condition: The City did not maintain an accounts payable subsidiary ledger.

Criteria: The City should have controls in place to maintain an accounts payable subsidiary ledger and should reconcile general ledger activity to the subsidiary ledgers to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements, including reconciling accounts payable to the subsidiary ledger and investigating any variances from the general ledger.

Effect: The City was unable to provide a list of accounts payable other than a general ledger detail of the account balance, creating a weakness in internal controls that could result in a material misstatement as accounts payable were not being reconciled to ensure completeness and to make the determination that all accounts payable included in the general ledger were in fact unpaid at year-end.

Cause: The City has not established controls to maintain an accounts payable subsidiary ledger.

Recommendation: We recommend the City continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure accounts payable are reconciled to the general ledger. The City should utilize the accounts payable function to create and reconcile an unpaid invoice report or accounts payable subsidiary to the general ledger.

Response: The City concurs with this recommendation and understands that this was a prior year recommendation and will review its current controls to determine the procedures necessary to reconcile accounts payable monthly.

Contact Person: Rudy Rodriguez, Finance Director

**CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2009**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2009-3: Water Impact Fees

Condition: During the audit, it was discovered that the City passed an ordinance to charge water impact fees. The ordinance was effective on October 17, 2007. However, the City did not charge water impact fees until September 2008.

Criteria: The City should ensure controls are in place to implement ordinances, policies or procedures passed by City Council. Those controls should address the timeliness of implementation, as well as adherence to the ordinance.

Effect: During the period between the passage of the ordinance and implementation by the City, the City failed to collect revenues that could be used for future development.

Cause: The City has not established controls to ensure that all revenues are charged to customers.

Recommendation: We recommend the City establish controls to ensure ordinances or other action adopted by the City Council are implemented timely and in accordance with provisions of the action.

Response: The City concurs with this recommendation and will evaluate its current process to ensure ordinances and other actions of council are implemented timely.

Contact Person: Rudy Rodriguez, Finance Director

2009-4: Revenues

Condition: The water billing subsidiary ledger and aged receivables report were not reconciled to the general ledger.

Criteria: The City should have controls in place to reconcile general ledger activity to the subsidiary ledger to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements, including reconciling water revenues to the subsidiary ledger and investigating any variances from the general ledger.

Effect: Although not material, a variance existed between the water billing subsidiary ledger and the general ledger that was not investigated and resolved by the City. Such a variance, if not investigated and resolved, could result in a material misstatement in the financial statements.

Cause: The City has not established controls to reconcile the water billing subsidiary ledger or aged receivables report to the general ledger.

Recommendation: We recommend the City reconcile both the aged receivable and water billing subsidiary ledger to the general ledger monthly, and investigate and resolve any variances.

Response: The City concurs with this recommendation and will ensure a reconciliation of the aged receivables and water billing subsidiary ledger to the general ledger are completed.

Contact Person: Rudy Rodriguez, Finance Director.

CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2009-5: Grant Revenues

Condition: Homeland Security grant reimbursement requests were not filed timely, resulting in \$73,861 in audit adjustment to accrue revenues earned, but not yet billed at year-end.

Criteria: The City should have controls in place to request reimbursement from grantor's in a timely manner to prevent and detect a material misstatement in the financial statements. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements, including requesting reimbursement for grants and accruing receivables.

Effect: Audit adjustments were proposed to ensure the matching principal was met for grant revenues.

Cause: The City has not established controls to reconcile grant revenues and expenditures at year-end to determine proper cut-off of revenues and expenditures.

Recommendation: We recommend the City continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure grants are reconciled to ensure proper cut-off and to ensure time does not lapse between the use of reimbursable funds and the period of availability of those funds.

Response: The City concurs with this recommendation and will implement procedures to ensure grant revenues and expenditures are reconciled any variances are investigated and resolved through accruals or other adjustments determined to be necessary to prevent a material misstatement.

Contact Person: Rudy Rodriguez, Finance Director

**CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2009**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2009-6: Controls Over Accounts Payable Processing

Condition: A properly approved purchase order or department head approval was not documented for one of forty accounts payable disbursements tested.

Criteria: The City requires a purchase order signed and approved by the Finance Director and Department Head for all purchases greater than \$5,000 and for purchases less than \$5,000, an approved purchase requisition and Department Head approval is required.

Effect: Internal controls weakness.

Cause: City oversight.

Recommendation: We recommend the City continue to evaluate its internal control processes to determine whether additional internal control procedures should be implemented to ensure all purchases are properly approved by the Department Head.

Response: The City concurs with this recommendation and will review its current procedures to determine whether the controls are adequate or additional controls should be implemented to ensure a similar instance does not occur in the future.

Contact Person: Rudy Rodriguez, Finance Director

2009-7: Controls Over Credit Card Processing

Condition: During our audit, we noted that three of fifteen credit card transactions were not supported by a credit card receipt.

Criteria: Internal control procedures would dictate that credit card receipts should be maintained to support the purchase of goods and/or services to ensure the purchase was made in the course of doing business at the City and to prevent the possibility of a misstatement in the financial statements.

Effect: Internal controls weakness.

Cause: The City does not always require employees to submit credit card receipts

Recommendation: We recommend the City require all employees submit credit card receipts and a brief narrative describing the reason for the purchase; if the credit card receipt was used for meals or entertainment, the narrative should describe the purpose of the meal or entertainment, who participated in the meeting, the date of the meeting and the location. This will allow the City to evaluate the purchase and ensure it was made in the normal course of doing business at the City and to prevent the possibility of a material misstatement in the financial statements.

Response: The City concurs with this recommendation and will review its current procedures and ensure credit card receipts are submitted to finance to support the purchase of goods and/or services.

Contact Person: Rudy Rodriguez, Finance Director

CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2009

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2009-8

U.S. Department of Transportation
Airport Improvement Program
CFDA Number: 20.106
Direct Grant
Award Period: July 13, 2005 through project completion

Condition: During our testing, we noted that three of twenty-one (all) expenditures tested for the Airport Improvement Program were not posted to the proper fiscal year.

Criteria: The City should have controls in place to ensure expenditures are recorded in the proper fiscal year.

Questioned Costs: None.

Effect: Audit adjustments were proposed and subsequently recorded by the City to capital expenditures totaling \$20,448 that not accrued and capitalized as capital assets. Adjustments were necessary to accrue the related revenues and receivables.

Cause: The City has established controls to ensure that expenditures and related revenues are recorded in the proper fiscal year. However, several invoices were received by the City after the City's internal cutoff dates and were therefore not properly accrued.

Recommendation: We recommend the City review expenditure cutoff procedures to ensure that expenditures are recorded in the proper fiscal year. In addition, the source of funds should be evaluated to determine whether related revenues should be accrued.

Corrective Action Plan: The City concurs with this recommendation and will review its cutoff procedures.

Contact Person: Rudy Rodriguez, Finance Director

CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2009

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2009-9

U.S. Department of Transportation
Airport Improvement Program
CFDA Number: 20.106
Direct Grant
Award Period: July 13, 2005 through project completion

Condition: During our testing, we noted that three of twenty-one (all) expenditures tested for the Airport Improvement Program that were not coded to the proper account code.

Criteria: The City should have controls in place to ensure expenditures are posted to the proper account code.

Questioned Costs: None.

Effect: Expenses were recorded in the proper fund and the request for reimbursement was properly completed; however, the expenses were not recorded in the proper grant project line in the general ledger.

Cause: The City has controls over the posting of expenses to the proper account code; however, the controls were not sufficient to detect the miss posted expenses.

Recommendation: We recommend the City review its current procedures to determine whether controls are adequate over the coding of expenditures/expenses during the fiscal year.

Corrective Action Plan: The City concurs with this recommendation and will review its current procedures and determine the controls necessary to prevent similar instances in future years.

Contact Person: Rudy Rodriguez, Finance Director

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior year findings related to federal awards.

**CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2009**

Grantor Agency	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
U.S. Department of Justice			
Passed through City of Sedona:			
Byrne Formula Grant Program	16.738	N/A	\$ 2,107
U.S. Department of Transportation			
Direct			
Airport Improvement Program	20.106	AIP 3-04-0012-011-2005	96,271
Airport Improvement Program	20.106	AIP 3-04-0012-12-2008	237,353
Passed through Arizona Department of Transportation:			
Federal Transit Capital and Operating Assistance	20.507	KR06-0480TRN	697,392
Passed through Governor's Office of Highway Safety:			
DUI Task Force Enforcement Overtime	20.600	DUI 09-042	12,199
Governor's Office of Highway Safety	20.601	2008-410-024	45,969
Total U.S. Department of Transportation			<u>1,089,184</u>
U.S. Department of Homeland Security			
Passed through Arizona Department of Homeland Security:			
Homeland Security	97.074	333513-01,02,03,04	<u>56,411</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,147,702</u></u>

(1) This schedule was prepared using the modified accrual basis of accounting.