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# **City of Phoenix, Arizona**

## **Single Audit Reports**

Year Ended June 30, 2023

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**City of Phoenix, Arizona**  
**Schedule f Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Direct Program:				
Plant Materials for Conservation	10.905		\$ -	\$ 12,636
<b>Total U.S. Department of Agriculture</b>			<b>-</b>	<b>12,636</b>
<b>Department of Housing and Urban Development</b>				
Direct Programs:				
<i>Section 8 Project – Based Cluster</i>				
Section 8 Housing Assistance Payments Program	14.195		-	1,625,777
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249		-	461,826
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856		-	44,401
<i>Total Section 8 Project-Based Cluster</i>			-	2,132,004
<i>CDBG – Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		2,350,478	25,942,314
COVID-19 – Community Development Block Grants/Entitlement Grants	14.218		5,823,451	7,335,784
Community Development Block Grants/Entitlement Grants Loan and Loan Guarantees *	14.218		-	28,380,774
<i>Total CDBG – Entitlement Grants Cluster</i>			8,173,929	61,658,872
Emergency Solutions Grant Program	14.231		1,297,150	1,542,020
COVID-19 – Emergency Solutions Grant Program	14.231		7,572,877	7,584,906
<i>Total Emergency Solutions Grant Program</i>			8,870,027	9,126,926
Home Investment Partnerships Program	14.239		-	7,585,740
COVID-19 – Home Investment Partnerships Program	14.239		-	158,443
Home Investment Partnerships Program Loan and Loan Guarantees *	14.239		-	81,477,394
<i>Total Home Investment Partnerships Program</i>			-	89,221,577
Housing Opportunities for Persons with AIDS	14.241		2,233,124	3,849,686
COVID-19 – Neighborhood Stabilization Program (Recovery Act Funded)	14.256		-	93,479
Fair Housing Assistance Program State and Local	14.401		-	199,404
Public and Indian Housing	14.850		-	5,234,045
<i>Hope VI Cluster</i>				
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866		-	298,841
Hope VI – CSS Endowment Funds *	14.866		-	67,675
Choice Neighborhood Implementation Grants	14.889		-	5,024,963
<i>Total Hope VI Cluster</i>			-	5,391,479
Passed through from:				
PRIDE				
Resident Opportunity and Supportive Services - Service Coordinators	14.870	None Provided	-	82,056
Direct Programs:				
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Vouchers	14.871		-	89,122,399
COVID-19 – Section 8 Housing Choice Vouchers	14.871		-	4,493,715
Mainstream Vouchers	14.879		-	2,460,184
<i>Total Housing Voucher Cluster</i>			-	96,076,298
Public Housing Capital Fund	14.872		-	3,716,702
Choice Neighborhood Planning Grants	14.892		-	2,553
Family Self-Sufficiency Program	14.896		-	301,644
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		55,519	494,850
<b>Total Department of Housing and Urban Development</b>			<b>19,332,599</b>	<b>277,581,575</b>

**City of Phoenix, Arizona**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Department of the Interior</b>				
Direct Program:				
WaterSMART (Sustain and Manage America's Resources for Tomorrow)	15.507		-	105,288
<b>Total Department of the Interior</b>			<b>-</b>	<b>105,288</b>
<b>Department of Justice</b>				
Direct Programs:				
COVID-19 – Coronavirus Emergency Supplemental Funding Program	16.034		-	152,692
Services for Trafficking Victims	16.320		31,675	177,378
Missing Children's Assistance	16.543		-	686,676
Passed through from:				
Arizona Department of Public Safety Crime Victim Assistance	16.575	VOCA-2021- PFDVS-0008, 2019-V2-GX- 0041, 2020-136, 2020-229	-	1,678,142
Passed through from:				
Arizona Department of Administration Technology Project Safe Neighborhoods	16.609	ADOA-PSN-20-002	-	68,483
Direct Programs:				
Special Data Collections and Statistical Studies	16.734		-	742,992
Edward Byrne Memorial Justice Assistance Grant Program	16.738		153,424	792,160
DNA Backlog Reduction Program	16.741		-	218,437
Passed through from:				
Arizona Criminal Justice Commission Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CV-21-22-004, CV20-21-002, CV 19-20-002, CV-22-23-004, FCL-21-003, FCL-22-003, 2020-CD-BX-0070	-	194,646
Direct Program:				
Byrne Criminal Justice Innovation Program	16.817		-	24,304
<b>Total Department of Justice</b>			<b>185,099</b>	<b>4,735,910</b>
<b>Department of Labor</b>				
Direct Program:				
Unemployment Insurance (UI)	17.225		-	55,327
Passed through from:				
Arizona Department of Economic Security <i>WIOA Cluster</i>				
WIA Adult Program	17.258	DI21-002281	-	9,845,744
WIA Youth Activities	17.259	DI21-002281	4,944,936	5,700,296
WIA Dislocated Worker Formula Grants	17.278	DI21-002281	-	1,896,210
<i>Total WIOA Cluster</i>			<u>4,944,936</u>	<u>17,442,250</u>
<b>Total Department of Labor</b>			<b>4,944,936</b>	<b>17,497,577</b>
<b>Department of Transportation</b>				
Direct Program:				
Airport Improvement Program	20.106		-	1,017,257
COVID-19 – Airport Improvement Program	20.106		-	92,088,730
BIL — Airport Improvement Program	20.106		-	5,337,126
<i>Total Airport Improvement Program</i>			<u>-</u>	<u>98,443,113</u>

The accompanying notes are an integral part of this Schedule.

**City of Phoenix, Arizona**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through from:				
Arizona Department of Transportation Highway Planning and Construction	20.205	PHX-0(226)A, PHX0356, PHX0359, PHX0357, PHX0354, PHX0347, PHX0338, PHX0364, PHX0362	-	8,284,868
Direct Programs:				
<i>Federal Transit Cluster</i>				
Federal Transit – Capital Investment Grants	20.500		141,484,387	141,521,830
Federal Transit – Formula Grants	20.507		62,231,244	78,481,551
COVID-19 – Federal Transit - Formula Grants	20.507		48,072,534	54,290,632
State of Good Repair Grants Program	20.525		4,012,794	4,751,974
Bus and Bus Facilities Formula, Competitive, and Low Or No Emissions Programs	20.526		2,042,443	10,915,250
<i>Total Federal Transit Cluster</i>			<u>257,843,402</u>	<u>289,961,237</u>
<i>Transit Services Programs Cluster</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		3,105,542	3,724,458
<i>Total Transit Services Programs Cluster</i>			<u>3,105,542</u>	<u>3,724,458</u>
Passed through from:				
Governor's Office of Highway Safety <i>Highway Safety Cluster</i> State and Community Highway Safety	20.600	2023-PTS-046, 2022-PS-008, 2022-405B-006, 2021-PTS-049, 2022- AL-026	-	984,352
Passed through from:				
Governor's Office of Highway Safety National Priority Safety Programs	20.616	2022-405D-036, 2023-405D-032, 2023-405d-031, 2023-450b-004, 2022-405h-006, 2023-405h-007, DUJAC-E-157	-	449,430
<i>Total Highway Safety Cluster</i>			<u>-</u>	<u>1,433,782</u>
Direct Program:				
National Infrastructure Investments	20.933		-	929,274
<b>Total Department of Transportation</b>			<u><b>260,948,944</b></u>	<u><b>402,776,732</b></u>
<b>Department of the Treasury</b>				
Direct Programs:				
COVID-19 – Emergency Rental Assistance Program	21.023		10,938,720	43,491,431
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		27,636,040	86,649,397
<b>Total Department of the Treasury</b>			<u><b>38,574,760</b></u>	<u><b>130,140,828</b></u>
<b>National Endowment for the Arts</b>				
Direct Program:				
Promotion of the Arts Grants to Organizations and Individuals	45.024		-	41,805
<b>Total National Endowment for the Arts</b>			<u>-</u>	<u><b>41,805</b></u>
<b>Environmental Protection Agency</b>				
Direct Program:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		-	30,232
<b>Total Environmental Protection Agency</b>			<u>-</u>	<u><b>30,232</b></u>

**City of Phoenix, Arizona**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Department of Energy</b>				
Passed through from:				
Arizona Department of Energy				
Weatherization Assistance for Low-Income Persons	81.042	211-22	-	263,694
BIL – Weatherization Assistance for Low-Income Persons	81.042	222-23	-	33,675
<i>Total Weatherization Assistance for Low-Income Persons Program</i>			-	297,369
<b>Total Department of Energy</b>			-	<b>297,369</b>
<b>Department of Education</b>				
Passed through from:				
Arizona Department of Education				
Education Stabilization Fund	84.425	22-02-ED	-	194,616
<b>Total Department of Education</b>			-	<b>194,616</b>
<b>Department of Health and Human Services</b>				
Passed through from:				
Area Agency on Aging				
<i>Aging Cluster</i>				
Special Programs for the Aging – Title III, Part C, Nutrition Services	93.045	2023-32-PHX	-	1,570,461
Nutrition Services Incentive Program	93.053	2023-32-PHX	-	179,165
<i>Total Aging Cluster</i>			-	1,749,626
Direct Program:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		443,186	443,186
Passed through from:				
Arizona Department of Health				
Immunization Cooperative Agreements	93.268	CTR060052	-	10,000
Direct Program:				
Temporary Assistance for Needy Families	93.558		-	484,487
Passed through from:				
Arizona Department of Housing				
Low-Income Home Energy Assistance	93.568	211-21 211-22	-	695,598
Passed through from:				
Arizona Department of Economic Security				
Low-Income Home Energy Assistance	93.568	DI20-002261	-	1,566,140
COVID-19 – Low-Income Home Energy Assistance	93.568	DI20-002261	-	1,583,910
<i>Total Low-Income Home Energy Assistance Program</i>			-	3,845,648
Direct Programs:				
Community Services Block Grant	93.569		6,846	1,152,431
COVID-19 – Community Services Block Grant	93.569		242,466	478,413
<i>Total Community Services Block Grant</i>			249,312	1,630,844
<i>Head Start Cluster</i>				
Head Start	93.600		22,120,743	38,519,762
COVID-19 – Head Start	93.600		3,373,474	5,200,307
<i>Total Head Start Cluster</i>			25,494,217	43,720,069
Passed through from:				
Arizona Department of Economic Security				
Social Services Block Grant	93.667	DI20-002261	-	593,345
Passed through from:				
Area Agency on Aging				
Social Services Block Grant	93.667	2023-32-PHX	-	188,527
<i>Total Social Services Block Grant</i>			-	781,872
<b>Total Department of Health and Human Services</b>			<b>26,186,715</b>	<b>52,665,732</b>
<b>Executive Office of the President</b>				
Direct Program:				
High Intensity Drug Trafficking Areas Program	95.001		-	1,645,792
<b>Total Executive Office of the President</b>			-	<b>1,645,792</b>

The accompanying notes are an integral part of this Schedule.

**City of Phoenix, Arizona  
Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Department of Homeland Security</b>				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025		-	1,682,488
Assistance to Firefighters Grant	97.044		-	117,969
Passed through from:				
Arizona Department of Emergency Management Homeland Security Grant Program	97.067	220210-01, 220210-02, 200819-02, 210214-05, EMW-2020-SS- 00017- S01/200214-05, EMW-2019-SS- 00002- S01/190818-05, EMW-2021-SS- 00005-S01/21021- 02, EMW-2021-SS- 00005-S01/10214- 03, EMW-2021-SS- 00005- S01/210817-04, EMW-2021-SS- 00005- S01/210817-05, EMW-2021-SS- 00005- S01/210817-06, 220821-01, 220821-02, 220210-03, 220821-04, 220821-05	-	1,029,525
Arizona Department of Homeland Security Homeland Security Grant Program	97.067	200213-01, 200213-04, 220209-03, 190816-01, 190816-04, 190816-06, 200817-03, 200817-10, 220819-01, 200817-02, 220819-02, 220819-03, 220819-04, 210816-01, 220819-05, 210816-03, 210816-04	-	1,079,316
<i>Total Homeland Security Grant Program</i>			-	2,108,841
Direct Program:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		-	4,294,388
<b>Total Department of Homeland Security</b>			-	<b>8,203,686</b>
<b>Total Federal Awards Expended</b>			<b>\$ 350,173,053</b>	<b>\$ 895,929,778</b>

\* Denotes non-cash awards

**City of Phoenix, Arizona**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the primary government of the City of Phoenix, Arizona (City) under programs of the federal government for the year ended June 30, 2023. The City's reporting entity is defined in *Note 1* in the City's basic financial statements 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, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City.

The City's basic financial statements include the operations of Valley Metro Rail, Inc., a joint use agreement of the City, which expended \$160,911,475 in federal awards which are not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2023.

**Note 2. Summary of Significant Accounting Policies**

The City's summary of significant accounting policies is presented in *Note 1* to the City's basic financial statements for the year ended June 30, 2023.

Governmental funds and proprietary funds account for the City's federal grant activity. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund.

Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other regulatory requirements, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

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



**City of Phoenix, Arizona**  
**Notes to the Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2023**

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**Note 4. Federal Loan Programs**

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the Community Development Block Grants/Entitlement Grants Cluster (Assistance Listing Number 14.218) and HOME Investment Partnership Program (Assistance Listing Number 14.239). Under these loan agreements, the City has either loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units or to single families providing affordable housing. Certain loans under this program have no continuing compliance requirements other than continued loan payments, therefore, the outstanding loan balances of such loans have not been included in the Schedule and major program determination. Certain loans are subject to continuing compliance requirements and as such, these loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

The outstanding loan balances as of June 30, 2023, are as follows:

<b>Assistance Listing Number</b>	<b>Program Name</b>	<b>Outstanding Balance</b>
<b>Loans Not Subject to Continuing Compliance Requirements</b>		
14.239	Home Investment Partnerships Program	<u>\$ 1,001,791</u>
<b>Loans Subject to Continuing Compliance Requirements</b>		
14.218	Community Development Block Grants/Entitlement Grants Cluster	35,335,110
14.239	Home Investment Partnerships Program	<u>83,698,332</u>
		<u>119,033,442</u>
	Total loans outstanding	<u><u>\$ 120,035,233</u></u>



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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 Phoenix, Arizona  
Phoenix, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (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 December 15, 2023, which contained a reference to the reports of other auditors and an emphasis of matter paragraph regarding a change in accounting principle. Our report includes a reference to other auditors who audited the financial statements of the Phoenix Industrial Development Authority, a component unit included in the financial statements of the aggregate discretely presented component units, and Multi-City Subregional Operating Group (SROG) and Valley Metro Rail, Inc., joint use agreements of the City, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Regional Wireless Cooperative, a joint use agreement of the City, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Regional Wireless Cooperative.

### ***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. 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 or significant deficiencies may exist that were not identified.

### ***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*.

### ***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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**FORVIS,LLP**

**Dallas, Texas  
December 15, 2023**



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## **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 Phoenix, Arizona  
Phoenix, Arizona

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Phoenix, Arizona's (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 auditor's 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 "Auditor's 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.

***Other Matter - Federal Expenditures Not Included in the Compliance Audit***

The City's basic financial statements include the operations of Valley Metro Rail Inc., which expended \$160,911,475 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2023. Our compliance audit, described in the "Basis for Opinion on Each Major Federal Program" section above, does not include the operations of Valley Metro Rail Inc. because the organizational unit engaged other auditors to perform an audit of compliance.

***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.

***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 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 “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, the aggregate discretely presented component units, 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 have issued our report thereon dated December 15, 2023, which contained unmodified opinions on those financial statements, a reference to the reports of other auditors, and an emphasis of matter paragraph regarding a change in accounting principle. 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 as a whole.

**FORVIS,LLP**

**Dallas, Texas  
January 4, 2024**

**City of Phoenix, Arizona**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section I - Summary of Auditor's Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
- Unmodified       Qualified       Adverse       Disclaimer
2. Internal control over financial reporting:
- Significant deficiency(ies) identified?       Yes       None reported
- Material weakness(es) identified?       Yes       No
3. Noncompliance material to the financial statements noted?       Yes       No

*Federal Awards*

4. Internal control over major federal awards programs:
- Significant deficiency(ies) identified?       Yes       None reported
- Material weakness(es) identified?       Yes       No
5. Type of auditor's report issued on compliance for major federal programs:
- Unmodified       Qualified       Adverse       Disclaimer
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?       Yes       No

**City of Phoenix, Arizona**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

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7. Identification of major federal programs:

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
	Transit Services Programs Cluster
	Head Start Cluster
14.239	Home Investment Partnerships Program
14.241	Housing Opportunities for Persons with Aids
14.872	Public Housing Capital Fund (CFP)
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

8. Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000.

9. Auditee qualified as a low-risk auditee?

Yes       No



**City of Phoenix, Arizona  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2023**

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**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
No matters are reportable.	

**City of Phoenix, Arizona  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2023**

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**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**City of Phoenix, Arizona  
 Status of Prior Audit Findings  
 Year Ended June 30, 2023**

Reference Number	Summary of Finding	Status
2022-001	<p><b>Finding:</b> Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility</p> <p><b>Federal Program:</b> COVID-19 - Emergency Rental Assistance Program</p> <p><b>Assistance Listing No.:</b> 21.023</p> <p><b>Federal Agency:</b> Department of Treasury</p> <p><b>Criteria:</b> In accordance with the <i>Consolidated Appropriations Act, 2021</i>, sections 501(c)(2)(C)(ii) of the Act grantees should establish and adhere to reasonable policies for evaluating household applications within Treasury’s framework providing for the use of self-attestation, categorical eligibility, and fact-specific proxies in qualifying circumstances.</p> <p><b>Condition and Effect:</b> Internal protocols over eligibility determinations were not adhered to, to ensure that individual program recipients were eligible for the program. Required eligibility determinations were found to be incomplete (including obtaining required documentation/verification). Eligibility could not be determined for select individual program recipients as the required documentation was missing for the files to determine eligibility. Amounts provided to or on behalf of eligible participants were in question due to missing documentation to base eligibility determinations. As such, certain eligibility costs provided to participants were deemed questioned costs.</p> <p><b>Recommendation:</b> Management should review existing procedures to ensure that required eligibility determinations are consistently made (including obtaining required documentation/verification) and verified by supervisory staff prior to program participants receiving financial assistance/benefits.</p>	<p>Resolved.          See separate auditee document for detail of corrective action taken.</p>