

City of Aurora, Colorado

Single Audit Reports

Year Ended December 31, 2010

City of Aurora, Colorado
Year Ended December 31, 2010

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City of Aurora, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2010

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture</u>			
Passed through from the Colorado Department of Public Health and Environment:			
Child and Adult Care Food Program	10.558	CPF-AL5 ACO6-DOA	\$ 3,777
Total 10.558			<u>3,777</u>
Total Department of Agriculture			<u>3,777</u>
<u>Department of Commerce</u>			
Direct payments:			
Public Works and Economic Development Cluster			
Economic Adjustment Assistance	11.307	N/A	381,621
Total Public Works and Economic Development Cluster			<u>381,621</u>
Total Department of Commerce			<u>381,621</u>
<u>Defense Supply Service - Washington, U.S. Army</u>			
Direct payments:			
Environmental Services Cooperative Agreement - Fitzsimons Landfill	12.000	N/A	12,386
Total 12.000			<u>12,386</u>
Total Defense Supply Service - Washington, U.S. Army			<u>12,386</u>
<u>Department of Housing and Urban Development</u>			
Direct payments:			
Housing Counseling Assistance Program	14.169	N/A	154,184
Total 14.169			<u>154,184</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Housing and Urban Development (continued)</u>			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	N/A	2,556,136
Community Development Block Grants/Entitlement Grants - Neighborhood Stabilization Program	14.218	N/A	523,940
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253	N/A	307,561
Total CDBG Entitlement Grants Cluster			<u>3,387,637</u>
CDBG - State-Administered Small Cities Program Cluster			
Passed through from the Colorado Department of Local Affairs:			
Community Development Block Grants/State's Program	14.228	H0NSP09301 H0NSP09317	2,121,708
Total CDBG- State-Administered Small Cities Program Cluster			<u>2,121,708</u>
Direct payments:			
Emergency Shelter Grants Program - Arapahoe House, Inc.	14.231	N/A	31,833
Emergency Shelter Grants Program - Comitis Crisis Center	14.231	N/A	48,081
Emergency Shelter Grants Program - Gateway Battered Women's Shelter	14.231	N/A	41,794
Total 14.231			<u>121,708</u>
HOME Investment Partnerships Program	14.239	N/A	641,308
Total 14.239			<u>641,308</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	N/A	538,631
Total 14.257			<u>538,631</u>
Total Department of Housing and Urban Development			<u>6,965,176</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Justice</u>			
Direct payments:			
MGTF Support - FBI/DEA (Memorandum of Understanding)	16.000	N/A	433
Total 16.000			<u>433</u>
Passed through from the City of Colorado Springs, Colorado:			
Missing Children's Assistance	16.543	None	21,483
Total 16.543			<u>21,483</u>
Direct payments:			
Edward Byrne Memorial Formula Grant Program (Organized Crime Drug Enforcement Task Force)	16.579	N/A	44,839
Edward Byrne Memorial Formula Grant Program (Fugitive Task Force)	16.579	N/A	49,880
Edward Byrne Memorial Formula Grant Program (Denver Innocent Images Task Force)	16.579	N/A	14,946
Total 16.579			<u>109,665</u>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	N/A	19,523
Total 16.580			<u>19,523</u>
Community Capacity Development Office (The Weed and Seed Program)	16.595	N/A	22,388
Total 16.595			<u>22,388</u>
Passed through from the Colorado Department of Justice:			
Project Safe Neighborhoods	16.609	28-CP-4-2-1 29-CP-4-2-1	68,744
Project Safe Neighborhoods (PSN Anti-Gang Strategic Work plan)	16.609	27-AG-1-7-1 27-CP-01-6-1	33,547
Total 16.609			<u>102,291</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Justice (continued)</u>			
Direct payments:			
Public Safety Partnership and Community Policing Grants (COPS Methamphetamine Initiative)	16.710	N/A	17,323
Public Safety Partnership and Community Policing Grants (Secure Out Schools)	16.710	N/A	128,729
Total 16.710			<u>146,052</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	354,592
Edward Byrne Memorial Justice Assistance Grant Program (Metro Area Adams JAG Grant)	16.738	N/A	22,475
Total 16.738			<u>377,067</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	N/A	67,304
Total 16.803			<u>67,304</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	417,243
Total 16.804			<u>417,243</u>
Total Department of Justice			<u>1,283,449</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Transportation</u>			
Highway Planning and Construction Cluster			
Passed through from the Colorado Department of Transportation:			
Highway Planning and Construction (DRCOGS Transportation Signal System Improvement Program)	20.205	M055-020	473,207
Highway Planning and Construction (Sable/Alameda Intersection)	20.205	M055-022	217,786
Highway Planning and Construction (Colfax/17th Avenue Design)	20.205	STU-2254-068	874,333
Highway Planning and Construction (Mississippi/Potomac Improvements)	20.205	M055-024	<u>31,114</u>
Subtotal Highway Planning and Construction Cluster			1,596,440
ARRA - Highway Planning and Construction (Colfax/17th Avenue Phase 1)	20.205	ES6 2254-079 (17308)	947,893
ARRA - Highway Planning and Construction (Colfax/17th Avenue Phase 2)	20.205	09 HA6 00107	<u>5,443,637</u>
Total Highway Planning and Construction Cluster			<u>7,987,970</u>
Federal Transit Cluster			
Passed through from the Colorado Department of Transportation:			
Federal Transit_Formula Grants (Florida Light Rail Station Study)	20.507	2008-011	77,728
Total Federal Transit Cluster			<u>77,728</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Transportation (continued)</u>			
Highway Safety Cluster			
Passed through from the Colorado Department of Transportation:			
State and Community Highway Safety Cluster (Twist Campaign)	20.600	NC-18	17,489
State and Community Highway Safety Cluster (Aurora Highway Safety Campaign)	20.600	2110011777	23,581
Total 20.600			41,070
Alcohol Impaired Driving Countermeasures Incentive Grants I (DUI Memorandum of Understanding)	20.601	015003318	81,447
Total 20.601			81,447
Total Highway Safety Cluster			122,517
Total Department of Transportation			8,188,215
<u>Department of Treasury</u>			
Direct payments:			
Alcohol, Tobacco, and Firearms Memo of Understanding	21.000	N/A	16,879
Passed through from the Colorado Housing Finance Authority:			
Neighborhood Reinvestment Corporation (DBA NeighborWorks America)	21.000	PL 111-111:95X1350	144,172
Total 21.000			161,051
Total Department of Treasury			161,051

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>National Endowment for the Arts</u>			
Direct payments:			
Promotion of the Humanities_Public Programs (John Adams Unbound)	45.164	N/A	192
Total 45.164			192
Total National Endowment for the Arts			192
<u>Environmental Protection Agency</u>			
Direct payments:			
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	3,500
Total 66.818			3,500
Total Environmental Protection Agency			3,500
<u>Department of Energy</u>			
Direct payments:			
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis (Local Energy Assurance)	81.122	N/A	41,028
Total 81.122			41,028
ARRA - Energy Efficiency & Conservation Block Grant Program (EECBG)	81.128	N/A	803,837
Total 81.128			803,837
Total Department of Energy			844,865

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Federal Emergency Management Agency (FEMA)</u>			
Direct payments:			
Metropolitan Medical Response System (MMRS)	83.FAR 52.232.25	N/A	7,893
Total 83.FAR 52.232.25			<u>7,893</u>
Total Federal Emergency Management Agency			<u>7,893</u>
<u>Department of Health and Human Services</u>			
Passed through from the Tri County Health Department:			
Public Health Emergency Preparedness (2010 Pandemic Preparedness)	93.069	OE FJA EPR 10000074	14,999
Total 93.069			<u>14,999</u>
Total Department of Health and Human Services			<u>14,999</u>
<u>Executive Office of the President</u>			
Direct payments:			
High Intensity Drug Trafficking Areas Program (Front Range HIDTA)	95.001	N/A	281,304
High Intensity Drug Trafficking Areas Program (HIDTA Intelligence)	95.001	N/A	215,055
High Intensity Drug Trafficking Areas Program	95.001	N/A	520,185
Passed through from City of Denver HIDTA:			
High Intensity Drug Trafficking Areas Program (Front Range Task Force)	95.001	None	19,077
High Intensity Drug Trafficking Areas Program (Fugitive Location & Apprehension)	95.001	None	25,147
High Intensity Drug Trafficking Areas Program (Computer Forensics Labs)	95.001	None	4,509
Total 95.001			<u>1,065,277</u>
Total Executive Office of the President			<u>1,065,277</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Homeland Security</u>			
Passed through from the Colorado Department of Local Affairs:			
Emergency Management Performance Grants	97.042	10EM0L82	36,425
Total 97.042			<u>36,425</u>
Homeland Security Cluster			
Passed through from the Colorado Department of Local Affairs:			
Homeland Security Grant Program (MMRS 09)	97.067	99MMRS10CNA	247,117
Total Homeland Security Cluster			<u>247,117</u>
Total Homeland Security			<u>283,542</u>
Total Federal Awards			<u>\$ 19,215,943</u>

The accompanying notes are an integral part of this schedule.

City of Aurora, Colorado
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2010

Notes to Schedule

(1) General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of the City of Aurora, Colorado (the City). The City's reporting entity is defined in note 1 in the City's basic financial statements for the year ended December 31, 2010.

The information in the accompanying schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies. The schedule of expenditures of federal awards includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the State of Colorado or other non-federal entities.

(2) Basis of Accounting

Expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis. The City's summary of significant accounting policies is presented in note 1 to the City's basic financial statements.

(3) Federal CFDA Number

Certain grant programs have not been assigned Catalog of Federal Domestic Assistance (CFDA) numbers by the federal government, or the numbers are not obtainable. These programs are identified in the accompanying schedule by the federal agency number followed by three zeros (for example, 16.000).

(4) Pass-through Grantor's Number

For federal awards expended by the City as a subrecipient, the accompanying schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor where the pass-through grantor has supplied such number to the City.

(5) Revolving Loan Funds – Not Subject to Compliance

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the Community Development Block Grant Program, the HOME Investment Partnerships Program and the Brownfields Program. The outstanding balances of these loan funds at December 31, 2010 were \$3,853,437 for the Community Development Block Grant Program, \$12,267,483 for the HOME Investment Partnerships Program, and \$886,495 for the OAR Brownfields Program. Since there are no continuing compliance requirements other than continued loan payments, the outstanding loan balances have not been included in the accompanying schedule of expenditures of federal awards.

City of Aurora, Colorado
Notes to Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

(6) Revolving Loan Funds – Subject to Further Compliance

The City has certain revolving loan funds, which were originally financed from the Department of Commerce-Economic Development Administration through the City’s Gift’s and Grants Fund. The outstanding balances at December 31, 2010 were \$351,385 in loans outstanding and \$45,842 in funds available to lend. The 2010 expenditures for administrative costs were \$236. The 2010 loan write-offs were \$30,000.

(7) Payments to Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program	CFDA Number	Amount Provided
Community Development Block Grants/Entitlement Grants	14.218	\$ 278,281
Community Development Block Grants/State's Program	14.228	609,180
ARRA – Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253	42,767
		\$ 930,228

**Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable Mayor and Members of City Council
City of Aurora, Colorado
Aurora, Colorado

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 of Aurora, Colorado (the City) as of and for the year ended December 31, 2010, which collectively comprise its basic financial statements and have issued our report thereon dated June 7, 2011, which contained an explanatory paragraph regarding a change in accounting principles and contained references to the reports of other accountants. 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. Other accountants audited the financial statements of the General Employee's Retirement Plan (GERP), Fitzsimons Redevelopment Authority (FRA), Aurora Housing Authority (AHA) and Havana Business Improvement District (BID), as described in our report on the City of Aurora, Colorado's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported separately by those accountants for GERP and AHA. The financial statements of FRA and BID, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 an 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.

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 City's financial statements will not be prevented or detected and corrected on a timely basis.

Honorable Mayor and Members of City Council
City of Aurora, Colorado

Our consideration of 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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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 certain matters that we reported to the City's management in a separate letter dated June 7, 2011.

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

BKD, LLP

June 7, 2011

**Independent Accountants' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program
and on Internal Control Over Compliance in Accordance with
OMB Circular A-133 and Schedule of Expenditures of Federal Awards**

Honorable Mayor and Members of City Council
City of Aurora, Colorado
Aurora, Colorado

Compliance

We have audited the compliance of the City of Aurora, Colorado (the City) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City of Aurora, Colorado's compliance based on our audit.

The City's basic financial statements include the operations of the Aurora Housing Authority (AHA), a discretely presented component unit, which received \$14,803,488 in federal awards which is not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2010. Our audit, described below, did not include the operations of the AHA because the discretely presented component unit engaged other accountants to perform an audit in accordance with OMB Circular A-133.

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'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 of the City's compliance with those requirements.

Honorable Mayor and Members of City Council
City of Aurora, Colorado

As described in item 2010-01 in the accompanying schedule of findings and questioned costs, the City of Aurora, Colorado, did not comply with requirements regarding procurement, suspension and debarment that are applicable to its High Intensity Drug Trafficking Areas Program. Compliance with such requirements is necessary, in our opinion, for the City of Aurora, Colorado to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Aurora, Colorado 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 December 31, 2010.

Internal Control Over Compliance

Management of the City of Aurora, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-01 to be a material weakness.

Honorable Mayor and Members of City Council
City of Aurora, Colorado

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-types activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Aurora, Colorado, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 7, 2011, which contained an explanatory paragraph regarding a change in accounting principles and contained references to the reports of other accountants. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Aurora, Colorado'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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

BKD, LLP

June 7, 2011

City of Aurora, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of auditor’s report issued:
 Unqualified Qualified Adverse Disclaimed
2. Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported
3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major programs:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported
5. Types of auditor’s report issued on compliance for major programs:
 Unqualified Qualified Adverse Disclaimed

Unqualified for all major programs except for High Intensity Drug Trafficking Areas Program, which was qualified

6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No
7. Identification of major programs:

CFDA Number	Cluster/Program
14.218 and 14.253	CDBG – Entitlement Grants Cluster, including ARRA
14.228	CDBG – State-Administered Small Cities Program Cluster
20.205	Highway Planning and Construction Cluster, including ARRA
81.128	ARRA – Recovery Act – Energy Efficiency & Conservation Block Grant Program
95.001	High Intensity Drug Trafficking Areas Program

City of Aurora, Colorado
Schedule of Findings and Questioned Costs (Continued)
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8. Dollar threshold used to distinguish between Type A and Type B programs: \$576,478.
9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding	Questioned Costs
	No matters are reportable	

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding	Questioned Costs
2010-01	<p>Finding: Procurement</p> <p>High Intensity Drug Trafficking Areas - CFDA No. 95.001, Executive Office of the President, FY2010</p> <p>Criteria: Per 2 CFR 180, all non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions with parties that are suspended or debarred or whose principals are suspended or debarred. They are also required to follow their own internal policies and procedures related to procurement. Policies for the City are described in Purchasing Operating Instruction Letter 1-1, which requires that results of suspension and debarment checks be printed and filed in the Bid / Purchase Order file.</p> <p>Condition: The Police Department failed to check suspension and debarment via the excluded party listing (EPLS).</p> <p>Context: We tested 100% of procurement files. Procurements entered into during 2010 totaled 215,055 (EPLS).</p> <p>Effect: By not verifying vendors against the excluded party list the City risks contracting with and making payments to a contractor/vendor that has been suspended or debarred in violation of Federal regulations. The documentation of such review is the control necessary to make sure such risks are properly mitigated.</p>	None

City of Aurora, Colorado
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2010

Reference Number	Finding	Questioned Costs
	<p>Cause: The contracts tested above related to personnel contracts rather than goods or services and as such did not go through the normal purchasing process in which the procedure is usually performed.</p> <p>Recommendation: We recommend that the City implement a procedure to ensure that all required procurements are verified against the EPLS system and documentation to support the verification be maintained in the procurement file.</p> <p>Views of responsible officials and planned corrective actions: This issue revealed a weakness in our compliance regarding the EPLS review. Some unexpected personnel changes, including the reassignment of the Task Force Commander and a resignation at the Metro Gang Task Force (recipient of the HIDTA grant) and an illness leading to a medical retirement in the Aurora Police Department (fiduciary of the HIDTA grant) Business Services Bureau staff, resulted in an ineffective transition of this requirement to current staff members. Prior checks of the excluded parties list and checks completed after the audited period showed that no parties on the excluded parties list were paid by HIDTA funds.</p> <p>Metro Gang Task Force staff and Aurora Police Department Business Services Bureau staff recently met and agreed to a new set of procedures to ensure that 2 CFR 180 is properly followed and that documentation of the EPLS check is kept.</p> <p>As of July 1, 2011:</p> <ul style="list-style-type: none"> • In January of each year, Metro Gang Task Force staff will run an EPLS check on each of its vendors that is scheduled to receive over \$10,000 of HIDTA funds in the calendar year. MGTF staff will also run EPLS checks on any vendors that are subsequently projected to receive in excess of \$10,000 during the calendar year. • Aurora Police Department Business Services Bureau will act as a backup for this EPLS check, and they will conduct a check if they do not receive documentation of the MGTF check in a timely manner. • Once the annual check has been completed at the beginning of the grant period (January), Metro Gang Task Force staff will email a list of vendors checked on the EPLS list to the Task Force Commander, Manager of the Business Services Bureau and the 	

City of Aurora, Colorado
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2010

Reference Number	Finding	Questioned Costs
	<p>Police Support Services Technician. This will ensure that management is able to review and verify that procedures are being followed.</p> <ul style="list-style-type: none"> • Metro Gang Task Force staff will also forward a copy of all vendor EPLS check results to the Police Support Services Technician for the grant file. <p>In addition, the above procedures and other grant requirements are being compiled into a file to be made available for any incoming staff working on grant compliance. This will alleviate the possibility that any new Metro Gang Task Force staff will not be aware of this requirement, regardless of any future personnel changes.</p> <p>Responsible party: Bill Curtis, Manager, Aurora Police Department Business Services Bureau.</p> <p>Implementation date: July 1, 2011.</p>	

City of Aurora, Colorado
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2010

Reference Number	Summary of Finding	Status
2009-01	CDBG Entitlement Grants Cluster <i>Reporting</i> – The City should implement a process to include a detailed review of the annual CDBG Financial Summary report (C04PR26), including amounts received from the U.S. Department of Housing and Urban Development’s reporting system, the Integrated Disbursement and Information System (IDIS), be performed by someone other than the preparer of the report prior to the report being submitted. Supporting detail should be maintained with the reviewed report.	Implemented