

City of Aurora, Colorado

Single Audit Report

Year Ended December 31, 2016

City of Aurora, Colorado
December 31, 2016

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City of Aurora, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</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	FLA CFP11000001	\$ 36,617	\$ -
Child and Adult Care Food Program	10.558	3CO300301	35,893	-
Total 10.558			<u>72,510</u>	<u>-</u>
<u>Child Nutrition Cluster</u>				
Passed through from the Colorado Department of Education:				
Summer Food Service Program for Children	10.559	4559	37,623	-
Total Child Nutrition Cluster			<u>37,623</u>	<u>-</u>
Total Department of Agriculture			<u>110,133</u>	<u>-</u>
<u>Department of Commerce</u>				
Direct payments:				
<u>Economic Development Cluster</u>				
Economic Adjustment Assistance	11.307	N/A	198,713	-
Total Economic Development Cluster			<u>198,713</u>	<u>-</u>
Total Department of Commerce			<u>198,713</u>	<u>-</u>
<u>Department of Housing and Urban Development</u>				
Direct payments:				
Housing Counseling Assistance Program	14.169	N/A	36,500	-
Total 14.169			<u>36,500</u>	<u>-</u>
<u>CDBG - Entitlement Grant Cluster</u>				
Direct payments:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	3,289,214	688,854
Total CDBG - Entitlement Grant Cluster			<u>3,289,214</u>	<u>688,854</u>
Emergency Solutions Grant Program	14.231	N/A	230,787	219,893
Total 14.231			<u>230,787</u>	<u>219,893</u>
HOME Investment Partnerships Program	14.239	N/A	1,349,722	1,340,647
Total 14.239			<u>1,349,722</u>	<u>1,340,647</u>
Total Department of Housing and Urban Development			<u>4,906,223</u>	<u>2,249,394</u>
<u>Department of Interior</u>				
<i>Bureau of Land Management</i>				
Direct payments:				
Fish, Wildlife and Plant Conservation Resource Management (Hayden Ranch Wetlands)	15.231	N/A	443	-
Total 15.231			<u>443</u>	<u>-</u>
Total Department of Interior			<u>443</u>	<u>-</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2016

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Justice</u>				
Passed through from the City of Colorado Springs, Colorado:				
Missing Children's Assistance (Colorado Internet Crimes Against Children) (FY 2016)	16.543	2015-MC-FX-2030	5,240	-
Missing Children's Assistance (Colorado Internet Crimes Against Children) (FY 2017)	16.543	2015-MC-FX-K030	3,500	-
Total 16.543			8,740	-
Direct payments:				
Edward Byrne Memorial Justice Assistance Grant Program (FY2013)	16.738	N/A	3,201	
Edward Byrne Memorial Justice Assistance Grant Program (FY2014)	16.738	N/A	14,493	5,416
Edward Byrne Memorial Justice Assistance Grant Program (FY2015)	16.738	N/A	84,937	16,179
Edward Byrne Memorial Justice Assistance Grant Program (FY2016)	16.738	N/A	25,253	260
Passed through from the Colorado Division of Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program (2016 Judicial Planning JAG Grant)	16.738	2015-DJ-15-008686-02-2	41,437	-
Edward Byrne Memorial Justice Assistance Grant Program (2017 Judicial Planning JAG Grant)	16.738	2016-DJ-16-013591-02-3	13,482	-
Edward Byrne Memorial Justice Assistance Grant Program (Violence Prevention Program)	16.738	2014-DJ-14-003402-03-1	45,304	-
Edward Byrne Memorial Justice Assistance Grant Program (Violence Prevention Program)	16.738	2015-DJ-15-008590-03-2	125,576	125,576
Total 16.738			353,683	147,431
Direct payments:				
Equitable Sharing Program (Seizures-Federal)	16.922	N/A	134,083	-
Equitable Sharing Program (MGTF Seizures-Federal)	16.922	N/A	41,012	-
Total 16.922			175,095	-
Total Department of Justice			537,518	147,431
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Passed through from the Colorado Department of Transportation:				
Highway Planning and Construction (Tollgate Bridge TIP Grant)	20.205	STE M055-029 (18452)	221	-
Highway Planning and Construction (Smith-Peoria Bicycle Pedestrian Improvements)	20.205	STE M055-031 (19042)	32,434	-

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2016

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Transportation (continued)</u>				
Highway Planning and Construction Cluster (continued)				
Passed through from the Colorado Department of Transportation (continued):				
Highway Planning and Construction (Nine Mile Station Bicycle Pedestrian Improvements)	20.205	STU M055-032 (19041)	9,806	-
Highway Planning and Construction (Parker/Quincy TIP Rdwy Study)	20.205	M055 035	194,919	-
Highway Planning and Construction (Colfax Bike/Ped TIP)	20.205	M 055 034	63,485	-
Highway Planning and Construction (Box Elder Creek)	20.205	M055 033	128,659	-
Highway Planning and Construction (23rd Avenue Bicycle/Pedestrian Improvements)	20.205	M055 042	177,001	-
Highway Planning and Construction (Tollgate Extension IGA G21086 TIP Grant)	20.205	M055 040	383,264	-
Highway Planning and Construction (Metro Center)	20.205	M055 041	253,055	-
Passed through from the Regional Air Quality Council:				
Highway Planning and Construction (Charge Ahead Colorado)	20.205	733	62,600	-
Total 20.205 and Highway Planning and Construction Cluster			1,305,444	-
Highway Safety Cluster				
Passed through from the Colorado Department of Transportation:				
State and Community Highway Safety (2016 Aurora Speed Campaign)	20.600	411007044	48,000	-
State and Community Highway Safety (2017 Aurora Speed Campaign)	20.600	411010545	21,652	-
State and Community Highway Safety (2016 Aurora PD Distracted Driver Campaign)	20.600	411007105	58,400	-
State and Community Highway Safety (2017 Aurora PD Distracted Driver Campaign)	20.600	411010665	12,975	-
State and Community Highway Safety (2016 Pedestrian Education and Safety Campaign)	20.600	411007105	48,780	-
State and Community Highway Safety (2017 Pedestrian Education and Safety Campaign)	20.600	411010601	13,373	-
State and Community Highway Safety (2016 Seatbelt Compliance Campaign)	20.600	411007045	85,214	-
State and Community Highway Safety (2017 Seatbelt Compliance Campaign)	20.600	411010554	13,554	-
Total 20.600			301,948	-
National Priority Safety Programs (2016 DUI Enforcement)	20.616	422007049	145,047	-
National Priority Safety Programs (2017 DUI Enforcement)	20.616	700046389	21,004	-
National Priority Safety Programs (Colorado Checkpoint Equipment)	20.616	411010742	3,836	-
National Priority Safety Programs (Aurora Fire CPS Tech Certifications)	20.616	411008935	4,907	-
Total 20.616			174,794	-
Total Highway Safety Cluster			476,742	-
Total Department of Transportation			1,782,186	-

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2016

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Treasury</u>				
Direct payments:				
Equitable Sharing Program (Seizures-Federal)	21.000	N/A	283	-
Equitable Sharing Program (MGTF Seizures-Federal)	21.000	N/A	6,957	-
Passed through from the Colorado Housing and Finance Authority:				
2011 Emergency Home Loan Program (DBA Neighbor Works America)	21.000	PL 112-1095X1350	83	-
Neighborhood Reinvestment Corporation (DBA Neighbor Works America)	21.000	PL 113-76X1350	9,600	-
Neighborhood Reinvestment Corporation (DBA Neighbor Works America)	21.000	PL 114-113X1350	10,487	-
Total 21.000			27,410	-
Total Department of Treasury			27,410	-
<u>Small Business Administration</u>				
Passed through from the Colorado Office of Economic Development and International Trade:				
Small Business Development Centers (Host)	59.037	5-603001-EZ-0005A	2,500	-
Small Business Development Centers (Host)	59.037	6-603001-EZ-0028	165,500	-
Total 59.037			168,000	-
Total Small Business Administration			168,000	-
<u>Office of National Drug Control Policy</u>				
Direct payments:				
High Intensity Drug Trafficking Areas Program (Intelligence)	95.001	N/A	172,692	-
High Intensity Drug Trafficking Areas Program (FY2015 MGTF)	95.001	N/A	9,293	-
High Intensity Drug Trafficking Areas Program (FY2016 MGTF)	95.001	N/A	379,954	-
Total 95.001			561,939	-
Total Office of National Drug Control Policy			561,939	-
<u>Department of Homeland Security</u>				
Passed through from the Colorado Department of Public Safety, Division of Homeland Security and Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO-4229-PW-00067	17,250	-
Total 97.036			17,250	-
Passed through from the Colorado Department of Public Safety, Division of Homeland Security and Emergency Management:				
Emergency Management Performance Grants (16 CO LEMS grant)	97.042	16EM-17-82	92,000	-
Emergency Management Performance Grants (2015 EMPG Special Project)	97.042	15EM-17-82	7,419	-
Total 97.042			99,419	-
Total Department of Homeland Security			116,669	-
Total Federal Awards			\$ 8,409,234	\$ 2,396,825

City of Aurora, Colorado
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

(1) General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the primary government of the City of Aurora, Colorado (the City). The Schedule 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. The City's reporting entity is defined in Note 1 in the City's basic financial statements for the year ended December 31, 2016.

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 this 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 or cash flows of the City.

(2) Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The City's summary of significant accounting policies is presented in Note 1 to the City's basic financial statements for the year ended December 31, 2016. Such expenditures are recognized following, as applicable, the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amount reports as expenditure in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(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 Schedule by the federal agency number followed by three zeros (for example, 21.000).

(4) Pass-through Grantor's Number

For federal awards expended by the City as a subrecipient, the 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.

City of Aurora, Colorado
Notes to Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2016

(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 Partnership Program and the Brownfields Grant Program. The outstanding balances of these loan funds at December 31, 2016 were \$3,495,224 for the Community Development Block Grant Program, \$13,863,341 for the HOME Investment Partnership Program, and \$1,471,449 for the Brownfields Grant Program. Since there are no continuing compliance requirements other than required loan payments, the outstanding loan balances have not been included in the Schedule. New loans made during the year under these programs are included in the Schedule.

(6) Revolving Loan Funds – Subject to Further Compliance

The City has certain revolving loan funds reported under CFDA 11.307, which were originally financed from the Department of Commerce, Economic Development Administration through the City's Gifts and Grants Fund. The outstanding balances at December 31, 2016 were \$160,399 in loans outstanding and \$38,229 in funds available to lend. The 2016 expenditures for administrative costs were \$85. There were no 2016 loan write offs. There are no City match requirements.

**Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2017, which contained a reference to the report of other auditors. The financial statements of Havana Business Improvement District (BID), the discretely presented component unit included in the financial statements, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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.

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

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 may exist that have not been identified.

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 6, 2017.

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.

BKD, LLP

Denver, Colorado
June 6, 2017

**Independent Auditor's 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**

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

Report on Compliance for Each Major Federal Program

We have audited City of Aurora, Colorado's (the City) compliance with the types of compliance requirements described 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 December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

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 discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 6, 2017, which contained unmodified opinions on those financial statements and referenced the report of other auditors. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Denver, Colorado
June 6, 2017

City of Aurora, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

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 accounting principles generally accepted in the United States of America (GAAP):
- Unmodified Qualified Adverse Disclaimer
2. Internal control over financial reporting:
- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
3. Noncompliance considered material to the financial statements noted? Yes No

Federal Awards

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

City of Aurora, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2016

7. Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.218	CDBG - Entitlement Grant Cluster
20.205	Highway Planning and Construction Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? Yes No

City of Aurora, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2016

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

City of Aurora, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2016

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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2016-001 Finding: Subrecipient Monitoring

Community Development Block Grant Cluster

CFDA No. 14.218 Community Development Block Grants/Entitlement Grants

Department of Housing and Urban Development, Award Number - B-15-MC-08-0002, Award Year 2015

Department of Housing and Urban Development, Award Number - B-16-MC-08-0002, Award Year 2016

Criteria: In accordance with 2 CFR Section 200.331(d)(2) and 200.521(d) and 31 USC 7502(f)(2)(B) the pass-through entity must ensure required audits are performed, issue a management decision on audit findings within six months of the acceptance of the audit report by the Federal Audit Clearinghouse (FAC), and ensure that the subrecipient took timely and appropriate corrective action on all audit findings.

Condition: We noted one instance in which the City did not obtain the single audit report of a subrecipient and issue a management decision on audit findings within six months of the audit being accepted by the FAC.

Questioned costs: None.

Context: We tested all subrecipient awards for the year ended December 31, 2016, noting it was comprised of five subrecipients receiving total awards of approximately \$800,000, and noted the issue above. Sampling was not utilized for testing.

Effect: Failure to timely review single audit reports and take appropriate action could result in non-compliance by the subrecipient continuing for an inappropriate length of time.

Cause: The City did not obtain the subrecipient's single audit report and thus was not aware the subrecipient had a single audit finding included in the report.

Identification as a repeat finding: Not applicable.

Recommendation: We recommend that City develop a process to track and review single audit reports received by subrecipients to ensure that management decisions are issued on single audit findings within the required timeframe outlined by federal requirements and that follow up occurs to determine that appropriate action was taken. If an audit report is not received from the subrecipient, we recommend the Federal Audit Clearinghouse website be checked quarterly.

Views of responsible officials: The City agrees with the finding. See separate auditee document for planned corrective actions.

City of Aurora, Colorado
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2016

Reference Number	Summary of Finding	Status
2015-001	<i>High Intensity Drug Trafficking Areas Program - Allowable Costs and Activities</i> - We recommend the police department perform a detailed review of all expenditures paid the month after year-end to help ensure that all invoices are applied to the correct fiscal year. If errors are identified, reclassification journal entry requests should be submitted to Finance to make the correction prior to the closure of the accounting records.	Implemented. See separate auditee document for detail of corrective action taken.