

City of Aurora, Colorado

Single Audit Report

Year Ended December 31, 2015

City of Aurora, Colorado
Year Ended December 31, 2015

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City of Aurora, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<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	\$ 16,612
Child and Adult Care Food Program	10.558	3CO300301	13,438
Total 10.558			<u>30,050</u>
Child Nutrition Cluster			
Passed through from the Colorado Department of Education:			
Summer Food Service Program for Children	10.559	4559	20,680
Total Child Nutrition Cluster			<u>20,680</u>
Total Department of Agriculture			<u>50,730</u>
<u>Department of Commerce</u>			
Direct payments:			
Economic Development Cluster			
Economic Adjustment Assistance	11.307	N/A	189,302
Total Economic Development Cluster			<u>189,302</u>
Total Department of Commerce			<u>189,302</u>
<u>Department of Housing and Urban Development</u>			
Direct payments:			
Housing Counseling Assistance Program - 2013	14.169	N/A	27,000
Total 14.169			<u>27,000</u>
Community Development Block Grants/ Entitlement Grants	14.218	N/A	2,717,685
Community Development Block Grants- Neighborhood Stabilization Program (NSP 3)	14.218	N/A	305,868
Total 14.218			<u>3,023,553</u>
Emergency Solutions Grant Program	14.231	N/A	353,089
Total 14.231			<u>353,089</u>
HOME Investment Partnerships Program	14.239	N/A	629,066
Total 14.239			<u>629,066</u>
Total Department of Housing and Urban Development			<u>4,032,708</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	1,140
Total 15.231			<u>1,140</u>
<i>National Park Service</i>			
Passed through from the State Historical Society:			
Historic Preservation Fund Grants-In-Aid (Aurora Historic Resources Survey Plan)	15.904	CO-14-011	13,639
Total 15.904			<u>13,639</u>
Total Department of Interior			<u>14,779</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2015

Federal Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<u>Department of Justice</u>			
Passed through from the Colorado Division of Criminal Justice:			
Antiterrorism Emergency Reserve (Theater Shooting)	16.321	2013-RF-GX-1	15,662
Total 16.321			15,662
Direct payments:			
Edward Byrne Memorial Justice Assistance Grant Program (FY2012)	16.738	N/A	6,445
Edward Byrne Memorial Justice Assistance Grant Program (FY2013)	16.738	N/A	15,034
Edward Byrne Memorial Justice Assistance Grant Program (FY2014)	16.738	N/A	107,781
Edward Byrne Memorial Justice Assistance Grant Program (FY2015)	16.738	N/A	14,845
Passed through from the Colorado Division of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program (2015 Judicial Planning JAG Grant)	16.738	2014-DX-BX-0792	42,346
Edward Byrne Memorial Justice Assistance Grant Program (2016 Judicial Planning JAG Grant)	16.738	2015-MU-BX-0390	13,663
Edward Byrne Memorial Justice Assistance Grant Program (Violence Prevention Program)	16.738	2014-DJ-BX-0792	138,047
Edward Byrne Memorial Justice Assistance Grant Program (Aurora Gang Reduction Yr 4)	16.738	2014-DJ-BX-0792	67,051
Total 16.738	16.738		405,212
Direct payments:			
Second Chance Act Reentry Initiative (Females Utilizing Treatment and Undertaking Recovery Efforts)	16.812	N/A	57,115
Total 16.812			57,115
Equitable Sharing Program (Seizures-Federal)	16.922	N/A	292,619
Equitable Sharing Program (MGTF Seizures-Federal)	16.922	N/A	557,924
Total 16.922			850,543
Total Department of Justice			1,328,532

Department of Transportation

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)	48,751
Highway Planning and Construction (Smith-Peoria Bicycle Pedestrian Improvements)	20.205	STE M055-031 (19042)	40,566
Highway Planning and Construction (Nine Mile Station Bicycle Pedestrian Improvements)	20.205	STU M055-032 (19041)	7,607
Highway Planning and Construction (Flood)	20.205	M 055 036	23,971
Highway Planning and Construction (Flood)	20.205	M 055 037	10,749
Highway Planning and Construction (Parker/Quincy TIP Rdwy Study)	20.205	M055 035	44,081
Highway Planning and Construction (Colfax Bike/Ped TIP)	20.205	M 055 034	11,908
Highway Planning and Construction (Box Elder Creek)	20.205	M055 033	742

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2015

Federal Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<u>Department of Transportation (continued)</u>			
Highway Planning and Construction Cluster (continued)			
Passed through from the Regional Air Quality Council:			
Highway Planning and Construction (Charge Ahead Colorado)	20.205	733	24,780
Highway Planning and Construction (Charge Ahead Colorado)	20.205	770	18,780
Highway Planning and Construction (Charge Ahead Colorado)	20.205	798	6,260
Highway Planning and Construction (Charge Ahead Colorado)	20.205	816	57,820
Total Highway Planning and Construction Cluster			<u>296,015</u>
Federal Transit Cluster			
Passed through from the Regional Transportation District:			
Federal Transit_Formula Grants (Urban Area Formula Program) (Fitzsimons Station Plan)	20.507	CO-95-x022	28,572
Total Federal Transit Cluster			<u>28,572</u>
Highway Safety Cluster			
Passed through from the Colorado Department of Transportation:			
State and Community Highway Safety (2015 Aurora Speed Campaign)	20.600	411020310	44,410
State and Community Highway Safety (2016 Aurora Speed Campaign)	20.600	411007044	17,988
State and Community Highway Safety (2015 Aurora PD Distracted Driver Campaign)	20.600	411003136	41,410
State and Community Highway Safety (2016 Aurora PD Distracted Driver Campaign)	20.600	411007105	3,022
State and Community Highway Safety (2015 Pedestrian Education and Safety Campaign)	20.600	411003140	52,339
State and Community Highway Safety (2016 Pedestrian Education and Safety Campaign)	20.600	411007105	13,542
State and Community Highway Safety (2016 Seatbelt Compliance Campaign)	20.600	411007045	14,531
National Priority Safety Program (2015 Seatbelt Compliance Campaign)	20.616	411003143	89,149
National Priority Safety Program (2015 DUI Enforcement)	20.616	411003147	160,039
National Priority Safety Program (2016 DUI Enforcement)	20.616	422007049	27,016
Total Highway Safety Cluster			<u>463,446</u>
Total Department of Transportation			<u>788,033</u>
<u>Department of Treasury</u>			
Direct payments:			
Equitable Sharing Program (Seizures-Federal)	21.000	N/A	2,142
Equitable Sharing Program (MGTF Seizures-Federal)	21.000	N/A	69,116
Passed through from the Colorado Housing and Finance Authority:			
2011 Emergency Home Loan Program (DBA Neighbor Works America)	21.000	PL 112-1095X1350	749
Neighborhood Reinvestment Corporation (DBA Neighbor Works America)	21.000	PL113-76X1350	24,300
Total 21.000			<u>96,307</u>
Total Department of Treasury			<u>96,307</u>

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2015

Federal Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<u>National Endowment for the Arts</u>			
Direct payments:			
Promotion of the Arts_Grants to Organization and Individuals	45.024	N/A	4,902
Total 45.024			4,902
Total National Endowment for the Arts			4,902
<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	163,000
Total 59.037			163,000
Total Small Business Administration			163,000
<u>Environmental Protection Agency - Office of Solid Waste and Emergency Response</u>			
Direct payments:			
Brownfields Assessment and Cleanup Cooperative Agreements (Brownfields RLF Grant)	66.818	N/A	522,010
Total 66.818			522,010
Total Environmental Protection Agency			522,010
<u>Department of Health and Human Services</u>			
Direct payments:			
Metropolitan Medical Response System (MMRS)	93.FAR 52.232.25	N/A	10,010
Total 93.FAR 52.232.25			10,010
Total Department of Health and Human Services			10,010
<u>Executive Office of the President Office of National Drug Control Policy</u>			
Direct payments:			
High Intensity Drug Trafficking Areas Program (Intelligence)	95.001	N/A	285,821
High Intensity Drug Trafficking Areas Program (FY2014 MGTF)	95.001	N/A	103,791
High Intensity Drug Trafficking Areas Program (FY2015 MGTF)	95.001	N/A	400,744
Total 95.001			790,356
Total Executive Office of the President Office of National Drug Control Policy			790,356

City of Aurora, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2015

Federal Agency/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<u>Department of Homeland Security</u>			
Passed through from the Colorado Department of Public Safety, Division of Homeland Security and Emergency Management:			
Flood Mitigation Assistance (Lower Westerly Creek)	97.029	11FMA13LWC	1,817,949
Total 97.029			<u>1,817,949</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	DR-4145-CO: 14-L4145-055	347,769
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4229-CO: 15-D4226-006	544,530
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO-4229-PW-00067	6,750
Total 97.036			<u>899,049</u>
Passed through from the Colorado Department of Public Safety, Division of Homeland Security and Emergency Management:			
Hazard Mitigation Grant	97.039	DR-4145-CO	70,804
Total 97.039			<u>70,804</u>
Passed through from the Colorado Department of Public Safety Division of Homeland Security and Emergency Management:			
Emergency Management Performance Grants (14 CO LEMS grant)	97.042	14EM1582	46,167
Emergency Management Performance Grants (15 CO LEMS grant)	97.042	15EM-16-82	89,000
Total 97.042			<u>135,167</u>
Passed through from the Denver Urban Area Security Initiative Homeland Security Grant Program			
Urban Areas Security Initiative - Donated Equipment	97.067	S2061UASI-06-07	310,944
Denver UASI Grant - Donated Fixed Assets/Equipment	97.067	10UAS11DEN	24,852
Denver UASI Grant - Donated Fixed Assets/Equipment	97.067	11UAS12DEN	137,140
Denver UASI Grant - Donated Fixed Assets/Equipment	97.067	12UAS13DEN	40,211
Passed through from Arapahoe County			
Urban Areas Security Initiative - Donated Equipment	97.067	14SHS15NCR	60,370
Total 97.067			<u>573,517</u>
Total Department of Homeland Security			<u>3,496,486</u>
Total Federal Awards			<u>\$ 11,487,155</u>

City of Aurora, Colorado
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

(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, 2015.

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, 2015. Such expenditures are recognized following, as applicable, the cost principles in OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 shown on the Schedule represent adjustments or credits made in the normal course of business to amount reports as expenditure in prior years, if any. 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, 2015

(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, 2015 were \$3,008,570 for the Community Development Block Grant Program, \$13,373,317 for the HOME Investment Partnership Program, and \$1,478,857 for the Urban Renewal Division. 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, 2015 were \$172,683 in loans outstanding and \$16,591 in funds available to lend. The 2015 expenditures for administrative costs were \$28. There were no 2015 loan write offs. There are no City match requirements.

(7) Recognition of Prior Expenditures

The City received a 2014 pass-through FEMA grant from the Colorado Department of Public Safety; Division of Homeland Security and Emergency Management for the 2013 Colorado floods reported under CFDA 97.036. The City incurred expenditures of \$1,253 and \$462,439 in 2014 and 2015, respectively. The total federal portion of the expenditures presented in the Schedule for this grant for years 2014 and 2015 were \$347,769. There are City and state match requirements of 12.5 percent each.

The City received a 2015 pass-through highway planning and construction grant, reported under CFDA 20.205, from the Colorado Department of Transportation for the 2013 Colorado floods. The City incurred expenditures of \$41,937 in 2013. The total federal portion of the expenditures for year 2013 presented in the Schedule are \$34,720. There are City and state match requirements of 8.605 percent each.

**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 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, 2015, and the related notes to the financial statements, which collectively compromise the City's basic financial statements, and have issued our report thereon dated June 6, 2016, 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 General Employee's Retirement Plan (GERP), 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 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, 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, 2016.

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, 2016

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, 2015. 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 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, 2015.

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 weakness 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 2015-001, 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, 2015, 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, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed 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 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, 2016

City of Aurora, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

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 major federal 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 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, 2015

7. Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program
66.818	Brownfields Assessment and Cleanup Cooperative Agreements
95.001	High Intensity Drug Trafficking Areas Program
97.029	Flood Mitigation Assistance
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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, 2015

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, 2015

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2015-001	<p>Finding: Allowable Costs and Activities</p> <p>CFDA No. 95.001 - High Intensity Drug Trafficking Areas Program Executive Office of the President Office of National Drug Control Policy, Award Number - G14RM0002A, Award Year 2014</p> <p>Criteria or specific requirement: Per Office of Management and Budget (OMB) Circular A-87, <i>Cost Principles for State, Local and Indian Tribal Government</i>, for expenditures to be allowable under federal awards, they must meet certain criteria including being recorded in accordance with generally accepted accounting principles (GAAP).</p> <p>Condition: We identified three expenditures which were not recorded in accordance with GAAP. These expenditures were not recorded in accordance with GAAP as they were not accrued in the correct fiscal year.</p> <p>Questioned Costs: None. Questioned costs were determined by reviewing the period of performance and noting that expenditures were incurred within the period of performance and were allowable under the grant agreement.</p> <p>Context: We tested 25 expenditures charged to the grant and noted the issues described above. The tested population covered expenditures of \$140,186. The total population included approximately 600 expenditures totaling \$790 thousand. A non-statistical sampling methodology was used to select the sample.</p> <p>Effect: Grant expenditures were recorded to the incorrect fiscal year. This impacts the amounts reported in the current and prior year schedule of expenditures of federal awards by \$16,207.</p> <p>Cause: The police department did not follow the City's policies and procedures which requires departments to correctly identify on the invoice the applicable fiscal year to the accounts payable department upon submission for payment to ensure the expenditure is recorded in the proper fiscal year.</p> <p>Identification as a repeat finding: Not applicable.</p> <p>Recommendation: 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.</p> <p>Views of responsible officials: Agree. See separate report for planned corrective actions.</p>

City of Aurora, Colorado
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2015

Reference Number	Summary of Finding	Status
2014-001	Schedule of expenditures of federal awards preparation – We recommend that the City complete a review of federal grants administered by the City to help ensure the Finance Department has the most current required information to complete the SEFA. Additionally, we recommend that an updated process be developed to set up new organization codes which would require the grant managers to provide the required information needed for SEFA preparation, including but not limited to, funding source, contractor or subrecipient determination, CFDA number, pass-through number, any special terms and conditions and a copy of the agreement. This information should be maintained in the City's eCivis system. Finally, we recommend that a grant agreement/Memorandum of Understanding (MOU) template or checklist be generated and distributed to the departments to help ensure that required information is obtained prior to the acceptance of a grant agreement or MOU.	Implemented.