



City of Peoria, Arizona
Single Audit Report
Year Ended June 30, 2025

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For the Year Ended June 30, 2025

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

Honorable Mayor and Members of the City Council
City of Peoria, Arizona

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, each major fund, and the aggregate remaining fund information of City of Peoria, Arizona, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Peoria, Arizona’s basic financial statements, and have issued our report thereon dated December 22, 2025. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Peoria, Arizona’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Peoria, Arizona’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Peoria, Arizona’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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Peoria, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2025

**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Honorable Mayor and Members of the City Council
City of Peoria, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Peoria, Arizona’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Peoria, Arizona’s major federal programs for the year ended June 30, 2025. City of Peoria, Arizona’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Peoria, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Peoria, Arizona and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Peoria, Arizona’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Peoria, Arizona’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Peoria, Arizona's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Peoria, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Peoria, Arizona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Peoria, Arizona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Peoria, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Peoria, Arizona as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Peoria, Arizona's basic financial statements. We issued our report thereon dated December 22, 2025, which contained unmodified opinions 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 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 taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2025

City of Peoria, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal/Pass-Through/Agency</u>	<u>AL</u> <u>Number</u>	<u>Federal Award</u> <u>Number</u>	<u>Expenditures</u> <u>and Transfers</u>	<u>Total</u> <u>Expenditures</u> <u>and Transfers</u>	<u>Total Amount</u> <u>Provided to</u> <u>Sub-Recipients</u>
<u>U.S. Department of Agriculture</u>					
Passed through Hispanic Access Foundation:					
Inflation Reduction Act Urban & Community Forestry Program	10.727	FR-0028208_PeoriaAZ	\$	\$ 62,100	\$
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
Community Development Block Grants Cluster Entitlements/Special Purposes:					
Community Development Block Grants/Entitlement Grants	14.218	N/A		800,876	800,876
Total Community Development Block Grants Cluster Entitlements/Special Purposes				800,876	800,876
Passed through Maricopa County:					
Home Investment Partnership Program	14.239	C-22-22-051-X-02		205,491	205,491
Total U.S. Department of Housing and Urban Development				1,006,367	1,006,367
<u>U.S. Department of Justice</u>					
Passed through Arizona Criminal Justice Commission:					
National Criminal History Improvement Program	16.554	NCHIP-24-26-008		23,970	
Passed through Arizona Department of Public Safety:					
Crime Victim Assistance	16.575	2024-139		127,523	
Direct Program:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		619	
Passed through City of Phoenix:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02105-JAGX		13,873	
Direct Program:					
Congressionally Recommended Awards	16.753	15PBJA-24-GG-00440-BRND		53,624	
Total U.S. Department of Justice				219,609	
<u>U.S. Department of Transportation</u>					
Passed through City of Phoenix:					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions	20.526	AZ-2020-051	77,821		
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions	20.526	AZ-2021-052	51,528		
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions	20.526	AZ-2024-028	44,288		
Total Federal Transit Cluster				173,637	
Passed through Arizona Governor's Office of Highway and Safety:					
Highway Safety Cluster					
State and Community Highway Safety	20.600	2024-MC-002	1,272		
State and Community Highway Safety	20.600	2024-PS-005	13,773		
State and Community Highway Safety	20.600	2024-PTS-043	5,060		
State and Community Highway Safety	20.600	2024-AI-014	1,000		
State and Community Highway Safety	20.600	2025-PS-006	30,149		
State and Community Highway Safety	20.600	2025-PTS-043	45,526		
National Priority Safety Programs	20.616	2024-405d-028	21,955		
National Priority Safety Programs	20.616	2025-405d-028	45,423		
National Priority Safety Programs	20.616	2025-405b-502	5,000		
Total Highway Safety Cluster				169,158	
Total U.S. Department of Transportation				342,795	
<u>U.S. Department of Treasury</u>					
Direct Program:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		2,295,085	556,538
Passed through Maricopa County:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	C-22-23-080-X-00		322,404	240,639
Passed through Arizona Department of Public Safety:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-309		31,252	
Passed through Water Infrastructure Authority of Arizona:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WC1-029-2023		1,337,266	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WC1-031-2023		1,327,759	
Total U.S. Department of Treasury				5,313,766	797,177

National Endowment for the Arts

Passed through Creative West:

Promotion of the Arts Partnership Agreements	45.025	TW20240295	2,500
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U.S. Institute of Museum and Library Services

Passed through Arizona State Library:

Grants to States	45.310	2024-0260.11	15,000
Grants to States	45.310	2024-0260-XR-05	4,000
Grants to States	45.310	2024-0340-WiFi-10	4,000
Grants to States	45.310	2024-0010-CAP-07	4,000
Grants to States	45.310	2024-0010-CAP-08	4,000
Grants to States	45.310	2024-0100-CAP-11	4,000

Total U.S. Institute of Museum and Library Services			<u>35,000</u>
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U.S. Environmental Protection Agency

Passed through Water Infrastructure Authority of Arizona:

Clean Water State Revolving Fund Cluster:

Clean Water State Revolving Funds	66.458	910195-22	<u>841,170</u>
Total Clean Water State Revolving Fund Cluster			841,170

U.S. Department of Energy

Direct Program:

Energy Efficiency and Conservation Block Grant Program	81.128	N/A	209,248
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U.S. Department of Homeland Security

Passed through Arizona Department of Homeland Security:

Homeland Security Grant Program	97.067	230816-02	8,880
Homeland Security Grant Program	97.067	240815-01	5,780
Homeland Security Grant Program	97.067	240815-02	23,044
Homeland Security Grant Program	97.067	230817-01	7,658
Homeland Security Grant Program	97.067	230817-02	5,175
Homeland Security Grant Program	97.067	240816-01	23,270
Homeland Security Grant Program	97.067	240816-02	<u>12,626</u>

Total U.S. Department of Homeland Security			<u>86,433</u>
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Total Expenditures of Federal Awards			<u>\$ 8,118,988</u> <u>\$ 1,803,544</u>
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City of Peoria, Arizona
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Peoria, Arizona under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

De Minimis Indirect Cost Rate

The auditee did not use the de minimis indirect cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**City of Peoria, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Number
21.027

Name of Federal Program or Cluster
Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No