

**LA PAZ COUNTY, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2008
(Reissued – January 24, 2012)**

**LA PAZ COUNTY, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2008**

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



**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**

The Auditor General of the State of Arizona

The Board of Supervisors
La Paz County, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Paz County, Arizona as of and for the year ended June 30, 2008, which collectively comprise La Paz County, Arizona's basic financial statements and have issued our report thereon dated September 29, 2010, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement Nos. 45, 48, and 50. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered La Paz County, Arizona'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 La Paz County, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the La Paz County, Arizona's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 08-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether La Paz County, Arizona'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*.

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

This report is intended solely for the information and use of members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, others within the entity, 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

September 29, 2010



HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Auditor General of the State of Arizona

The Board of Supervisors
La Paz County, Arizona

Compliance

We have audited the compliance of La Paz County, Arizona with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. La Paz County, Arizona's major federal programs are identified in the summary of auditors' 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 La Paz County, Arizona's management. Our responsibility is to express an opinion on La Paz County, Arizona's compliance based on our audit.

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 La Paz County, Arizona'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 La Paz County, Arizona's compliance with those requirements.

In our opinion, La Paz County, Arizona complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-2 and 08-3.

Internal Control Over Compliance

The management of La Paz County, Arizona 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 La Paz County, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures 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 La Paz County, Arizona's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Paz County, Arizona as of and for the year ended June 30, 2008, and have issued our report thereon dated September 29, 2010. Our report was modified as to consistency because of the implementation of Governmental Accounting Standards Board (GASB) Statement Nos. 45, 48, 50. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise La Paz County, Arizona'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.

La Paz County, Arizona's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit La Paz County, Arizona's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, others within the entity, 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. However, this report is a matter of public record, and its distribution is not limited.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

September 29, 2010, except for the
Schedule of Expenditures of Federal Awards
for which the date is January 24, 2012

LA PAZ COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Office of National Drug Control Policy</u>			
Passed through the Pima County Sheriff's Department: High Intensity Drug Trafficking Program	07.unknown	1-11-L-136215-1004	\$ <u>37,556</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the Arizona Department of Housing: Community Development Block Grants/State's Program	14.228	010-02H, 164-02	<u>74,085</u>
<u>U.S. Department of the Interior</u>			
Payments in Lieu of Taxes	15.226	None	<u>1,058,232</u>
<u>U.S. Department of Justice</u>			
Direct Grants:			
Crime Victim Compensation	16.576	None	4,877
Passed through the Arizona Criminal Justice Commission: Edward Byrne Memorial Formula Grant Program	16.579	PC-160-03, AC-120-03	76,758
Passed through the Arizona Governor's Office of Highway Safety: Enforcing Underage Drinking Laws Program	16.727	None	<u>6,762</u>
Total U.S. Department of Justice			<u>88,397</u>
<u>U.S. Department of Labor</u>			
Passed through the Arizona Department of Economic Security: Employment Service/Wagner-Peyser Funded Activities	17.207	E5706008	43,500
Passed through the Mohave County Board of Supervisors: Work Incentive Grants	17.266	88689480	1,333
WIA Cluster:			
WIA Adult Program	17.258	E5706008	39,515
WIA Youth Activities	17.259	E5706008	39,528
WIA Dislocated Workers	17.260	E5706008	18,205
Total WIA Cluster			<u>97,248</u>
Total U.S. Department of Labor			<u>142,081</u>
<u>U.S. Department of Transportation</u>			
Passed through the Arizona Governor's Office of Highway Safety: State and Community Highway Safety	20.600	2005-163-013 2005-PT-007	<u>122,790</u>
<u>U.S. Department of Education</u>			
Passed through the Arizona Department of Education: Adult Education- State Grant Program	84.002	V002A010003	57,781
Improving Teacher Quality State Grants	84.367	None	<u>59,664</u>
Total U.S. Department of Education			<u>117,445</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the National Association of County & City Health Officials: Medical Reserve Corps Small Grant Program	93.008	MRC080540	281
Passed through the Arizona Department of Health Services:			
Immunization Grants	93.268	152050	38,891
Maternal and Child Health Services Block Grant to the States	93.994	761110	66,560
Public Health Emergency Preparedness	93.069	HG754198	279,748
Passed through the Arizona Department of Economic Security: Child Support Enforcement	93.563	E7201012	<u>218,652</u>
Total U.S. Department of Health and Human Services			<u>604,132</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Arizona Department of Emergency and Military Affairs:			
Homeland Security Grant Program	97.067	2006-GE-T6-0007	142,536
Emergency Management Performance Grants	97.042	None	<u>85,197</u>
Total U.S. Department of Homeland Security			<u>227,733</u>
Total Expenditures of Federal Awards			<u>\$ 2,472,451</u>

**LA PAZ COUNTY, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of La Paz County, Arizona and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2008 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

NOTE 3 - SUBRECIPIENTS

The County did not award federal monies to subrecipients for the fiscal year ended June 30, 2008.

NOTE 4 - RESTATEMENT

The Schedule of Expenditures of Federal (Schedule) Awards is a reissuance of the Schedule originally dated September 29, 2010. The following program was incorrectly identified in the original Schedule issued.

Originally Issued

Program Name: Bioterrorism Training and Curriculum Development Program

CFDA No.: 93.996

Pass-Through Grantors No.: KR02-1179ALS

Restated

Program Name: Public Health Emergency Preparedness

CFDA No.: 93.069

Pass-Through Grantors No. HG754198

**LA PAZ COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
15.226	Payments in Lieu of Taxes
93.069	Public Health Emergency Preparedness

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (Section.315[b])? X yes no

**LA PAZ COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

SECTION II - FINANCIAL STATEMENT FINDINGS

08-1 CRITERIA

The County must issue accurate and timely financial statements to satisfy the audit requirements imposed by OMB Circular A-133, state laws, regulations, grants and contracts.

CONDITION/CONTEXT

The County's fiscal year 2007-08 single audit reporting package was not submitted within nine months after the end of the audit period.

EFFECT

Due to the late submission of the County's single audit reporting package, the County has an internal control weakness and noncompliance with OMB Circular A-133 and state law report submission requirements.

CAUSE

The County lacked the comprehensive internal control policies and procedures necessary to prepare the financial statements in a timely manner.

RECOMMENDATION

To help ensure compliance with the OMB Circular A-133 and state laws, the County should implement internal control policies and procedures necessary to prepare accurate and complete financial statements in a timely manner to facilitate the submission of the single audit reporting package by the required deadline.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County has taken action to ensure compliance with the OMB Circular A-133 for upcoming audit submissions by procuring accounting services from a private firm and by seeking additional qualified staff.

**LA PAZ COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 08-2

Program Names: N/A

Pass-Through Agency: N/A

Questioned Costs: None

CFDA Numbers: N/A

Pass-through Grantor Numbers: N/A

See finding 08-1 regarding the preparation of accurate and timely financial statements resulting in noncompliance with OMB Circular A-133.

Contact Person: Ava Alcaida, Finance Director

Anticipated Completion Date: March 31, 2011

**LA PAZ COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number: 08-3

Program Names: Public Health Emergency Preparedness

Pass-Through Agency: Arizona Department of Health Services

Questioned Costs: None

CFDA Numbers: 93.069

Pass-through Grantor Numbers:
HG754198

CRITERIA

The County did not require employees to provide periodic certifications or monthly personnel activity reports for time spent on the federal program as required by Circular A-87. Audit procedures did not identify employees improperly paid from federal funds.

CONDITION/CONTEXT

According to Office of Management and Budget (OMB) Circular A-87, an employee paid from a single federal program must submit a semi-annual certification that indicates the employee worked solely for that federal program. An employee paid from more than one federal program or a federal program and non-federal funds must submit monthly activity reports, documenting time worked in each Federal program.

EFFECT

The County did not comply with OMB Circular A-87 for the operation of its federally funded programs.

CAUSE

The County did not implement a uniform process to incorporate the documentation of time distribution into employee activity logs.

RECOMMENDATION

Employees whose salaries are split between funds, including at least one federal fund, should submit monthly activity reports. Employees paid solely from one federal fund should complete semi-annual certifications of the duties performed.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Finance Director has provided County staff with forms and instructions to properly document time spent on federally funded programs.

Contact Person: Ava Alcaida, Finance Director

Anticipated Completion Date: March 31, 2009

**LA PAZ COUNTY, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008**

Status of Federal Award Findings and Questioned Costs

Finding Nos. 07-1, 06-1, 05-2, and 04-2

CFDA Nos. 14.228, 15.226, 93.563, 93.069, 97.004, 97.042, 97.053, 97.067

Program Names: Community Development Block Grants/State's Programs, Payments in Lieu of Taxes, Child Support Enforcement, Public Health Emergency Preparedness, Homeland Security Grant Program Cluster, Homeland Security Cluster

Status: Not corrected. See current year finding 08-2.

Views of Responsible Officials and Planned Corrective Actions:

The County has taken action to ensure compliance with the OMB Circular A-133 for upcoming audit submissions by procuring accounting services from a private firm and by seeking additional qualified staff.

Finding Nos. 07-2, 06-2, 05-3, and 04-3

CFDA Nos. 93.563, 93.069, 97.004, 97.042, 97.067, 97.053

Program Names: Child Support Enforcement, Public Health Emergency Preparedness, Citizen Corps, Homeland Security Cluster

Status: Not corrected. See current year finding 08-3.

Views of Responsible Officials and Planned Corrective Actions:

As of March 31, 2009, the Finance Director has provided County staff with forms and instructions to properly document time spent on federally funded programs.