

**LA PAZ COUNTY, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2010**

**LA PAZ COUNTY, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2010**

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Issued separately

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



**INDEPENDENT AUDITORS' 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 of
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, 2010, which collectively comprise La Paz County, Arizona's basic financial statements and have issued our report thereon dated August 25, 2011. 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 of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1 we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether La Paz County, Arizona's basic 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 the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, others within the County, 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

August 25, 2011



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



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 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, 2010. 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 2010-2 and 2010-3.

Internal Control Over Compliance

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 for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of La Paz County, Arizona'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-2 and 2010-3. 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.

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, 2010, and have issued our report thereon dated August 25, 2011. 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 responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit La Paz County, Arizona's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the 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

December 8, 2011, except for the
Schedule of Expenditures of Federal Awards,
for which the date is August 25, 2011

LA PAZ COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures & Transfers
<u>U.S. Department of the Interior</u>			
Payments in Lieu of Taxes	15.226	None	\$ 1,786,191
Total U.S. Department of the Interior			1,786,191
<u>U.S. Department of Justice</u>			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	None	26,430
Passed through the Arizona Criminal Justice Commission:			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	DC-10-032, DC-10-037	209,211
Total ARRA - Edward Byrne Memorial Justice Assistance Grant Program			235,641
Passed through the Arizona Criminal Justice Commission:			
Crime Victim Assistance	16.575	VA 09-023	22,000
Crime Victim Compensation	16.576	VC 09-055	20,485
Total U.S. Department of Justice			278,126
<u>U.S. Department of Labor</u>			
Passed through Mohave County Board of Supervisors:			
WIA Cluster:			
ARRA - WIA Adult Program	17.258	88189463, 88189464	37,354
WIA Adult Program	17.258	88789446, 88589442, 88589446, 88789442, 88789445, 88789441	80,826
Total WIA Adult Program			118,180
ARRA -WIA Youth Activities	17.259	88189466, 88189465	72,318
WIA Youth Activities	17.259	88789455, 88589455, 88789451	60,521
Total WIA Youth Activities			132,839
ARRA - WIA Dislocated Workers	17.260	88189467, 88189468	32,193
WIA Dislocated Workers	17.260	8789470, 88789467, 88789468, 88789469	17,418
Total WIA Dislocated Workers			49,611
Total WIA Cluster			300,630
Total U.S. Department of Labor			300,630
<u>U.S. Department of Education</u>			
Passed through the Arizona Department of Education:			
Adult Education - Basic Grants to States	84.002	V002A080003, V002A010003	48,076
Passed through the Arizona Governor's Office of Economic Recovery:			
ARRA - State Fiscal Stabilization Fund	84.397	OER-11-IGA-GS-150	55,633
Total U.S. Department of Education			103,709
<u>U.S. Department of Transportation</u>			
Passed through the Arizona Governor's Office of Highway Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	2010-PT-078, 2010-HRF-018	130,975
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	2008-410-027	80,851
Total Highway Safety Cluster			211,826
Passed through the Arizona Department of Emergency and Military Affairs:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	None	3,112
Total U.S. Department of Transportation			214,938
<u>Environmental Protection Agency</u>			
Passed through the Arizona Department of Environmental Quality:			
Water Quality Cooperative Agreements	66.463	EV-09-0151, EV09-0180	2,766
Total Environmental Protection Agency			2,766

(Continued)

LA PAZ COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures & Transfers
<u>U.S. Election Assistance Commission</u>			
Passed through the Arizona Secretary of State:			
Help America Vote Act Requirements Payments	90.401	None	25,982
U.S. Election Assistance Commission			<u>25,982</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	MRC 080540	5,000
Passed through the Arizona Department of Health Services:			
Public Health Emergency Preparedness	93.069	HG754198	387,086
Family Planning Services	93.217	HG854250	11,642
Immunization Grants	93.268	HG854287	43,575
Teenage Pregnancy Prevention Program	93.297	HG861255	73,121
Passed through the Arizona Department of Economic Security:			
Child Support Enforcement	93.563	E7201012	246,433
Total U.S. Department of Health and Human Services			<u>766,857</u>
<u>U.S. Executive Office of the President</u>			
Passed through Pima County Sheriff's Office:			
High Intensity Drug Trafficking Areas Program	95.001	DHI HT17-07-0000, HT18-08-1010	38,542
Total U.S. Executive Office of the President			<u>38,542</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the United Way:			
Emergency Food and Shelter National Board Program	97.024	None	1,799
Passed through the Yuma Community Food Bank:			
Emergency Food and Shelter National Board Program	97.024	None	7,238
Total Emergency Food and Shelter National Board Program			<u>9,037</u>
Passed through the Arizona Department of Homeland Security:			
Homeland Security Grant Program	97.067	None	61,553
Emergency Management Performance Grants	97.042	None	78,517
Total U.S. Department of Homeland Security			<u>149,107</u>
Total Expenditures of Federal Awards			\$ <u>3,666,848</u>

(Concluded)

LA PAZ COUNTY, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

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*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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 2010 *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, 2010.

**LA PAZ COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? X yes no
- Significant deficiencies identified? X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes X no
- Significant deficiency identified? 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
16.804	ARRA – Edward Byrne Memorial Justice Assistance Grant Program
17.258, 17.259, 17.260	WIA Cluster
93.563	Child Support Enforcement

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, 2010**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Reference Number: 2010-1

Type of Finding: Material weakness

Description: Timely issuance of financial statements

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 2009-10 single audit reporting package was not submitted within nine months after the end of the audit period. In addition, the County has not submitted the Annual Expenditure Limitation Report for fiscal years 2008, 2009, and 2010 as required by State statute.

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, 2010**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Reference Number: 2010-2

Program: N/A

CFDA Number: N/A

Federal Agency: N/A

Pass-Through Agency: N/A

Applicable ARRA Programs: N/A

Grantor Number: N/A

Questioned Costs: None

Type of Finding: Significant deficiency

Compliance Requirement: Reporting

CRITERIA

See finding 2010-1 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, 2012

**LA PAZ COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Reference Number: 2010-3

Program: ARRA – Edward Byrne Memorial Justice Assistance Grant Program,
Child Support Enforcement

CFDA Number: 16.804, 93.563

Federal Agency: U.S. Department of Justice, U.S. Department of Health and Human Services

Pass-Through Agency: Arizona Criminal Justice Commission,
Arizona Department of Economic Security

Applicable ARRA Programs: ARRA – Edward Byrne Memorial Justice
Assistance Grant Program

Grantor Number: DC-10-032, DC-10-037, and E7201012

Questioned Costs: None

Type of Finding: Noncompliance, significant deficiency

Compliance Requirement: Allowable Costs/Cost Principles

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 adhere to the uniformed process of incorporating 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.

**LA PAZ COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS (Concl'd)

Reference Number: 2010-3

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management has taken action to ensure compliance with the OMB Circular A-133 for upcoming audit submissions by providing 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, 2012

**LA PAZ COUNTY, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010**

Status of Federal Award Findings and Questioned Costs

Finding Nos. 09-02, 08-2, 07-1, 06-1, 05-2, 04-2

CFDA Nos. 14.228, 15.226, 93.563, 93.996, 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, Bioterrorism Training and Curriculum Development Program, Homeland Security Grant Program Cluster, Homeland Security Grant Program

Status: Not corrected. See current year finding 2010-2.