



REPORT HIGHLIGHTS SINGLE AUDIT

Subject

The County is responsible for preparing financial statements, complying with federal and state laws, and maintaining strong internal controls over compliance and financial reporting. As the auditors, our job is to determine whether the County has met its responsibilities. The County's Single Audit Reporting Package includes our report on the County's financial statements, including its schedule of expenditures of federal awards, and our reports on the County's compliance and internal control.

Our Conclusion

The information in the County's financial statements is fairly stated in all material respects, and the financial statements can be relied upon. However, for one of the federal programs tested, the County failed to maintain adequate internal control and did not comply with all of the federal requirements attributable to the program. The auditors reported material internal control weaknesses and material instances of noncompliance for that program. See page two for further information.



2003

Year Ended June 30, 2003

The County Implemented a New Reporting Model

The information presented in the La Paz County Single Audit Reporting Package for fiscal year 2003, follows the new reporting model specified by the Governmental Accounting Standards Board. The new accounting standards required the County to implement the new reporting model this year.

The new reporting model's objective is to enhance the understandability and usefulness of government financial reports to the citizenry, legislative and oversight bodies, and investors and creditors.

The most important changes resulting from this reporting model's implementation include:

- New government-wide financial statements that focus on the overall government are presented, in addition to traditional fund-based financial statements;
- Separate financial statements are presented for the County's largest funds, rather than by aggregate fund types, such as special revenue or capital projects funds;

- Depreciation expense is reported for all capital assets that the County owns;
- Reconciliations are presented between the government-wide financial statements, which focus on the economic changes in total resources and the fund-based financial statements, which focus on the financial changes in current spendable resources; and
- Management's Discussion and Analysis, a new document in which the County provides an introduction and analytical overview of the County's financial activities is presented.

The management's discussion and analysis, government-wide financial statements, and fund-based financial statements provide three different views of the County's financial resources and the year's results of its financial activities.

The tables below present a summarized version of the County's government-wide Statement of Net Assets and Statement of Activities reported in the current year single audit reporting package for the first time.

	Total Governmental and Business-type Activities
Current and other assets	\$10,845,184
Capital assets	<u>15,513,520</u>
Total assets	<u>26,358,704</u>
Current and other liabilities	1,182,193
Long-term liabilities	<u>4,920,998</u>
Total liabilities	<u>6,103,191</u>
Net assets	
Invested in capital assets, net of related debt	11,280,376
Restricted net assets	7,383,283
Unrestricted net assets	<u>1,591,854</u>
Total net assets	<u>\$20,255,513</u>

	Total Governmental and Business-type Activities
Program revenues:	
Governmental activities	\$10,377,759
Business-type activities	1,491,691
General revenues:	
Governmental activities	9,223,870
Business-type activities	<u>46,413</u>
Total revenues	<u>21,139,733</u>
Expenses	
Governmental-activities	20,098,989
Business-type activities	<u>1,494,430</u>
Total expenses	<u>21,593,419</u>
Change in net assets	(453,686)
Net assets—beginning, as restated	<u>20,709,199</u>
Net assets—ending	<u>\$20,255,513</u>

The County did not comply with Federal Requirements for the Bioterrorism Grant

The County did not comply with program requirements for allowable costs/cost principles, procurement, suspension and debarment, and reporting for its bioterrorism grant. The County did not properly account for advances received from the grantor, which resulted in over payments to the County totaling \$30,532.

Additionally, costs totaling \$24,907 for a vehicle's purchase was not properly bid in accordance with the County's procurement policy. Finally, the County did not prepare documentation to support personnel costs charged to the program, as required by federal guidelines, resulting in questioned costs of \$22,270.

Single Audit Fact Sheet

- No weaknesses in financial reporting internal controls.
- Three weaknesses in federal compliance internal controls, two of these were considered material weaknesses.
- Three violations of federal compliance requirements all of which were considered material noncompliance..
- Program costs totaling \$77,709 that were questioned as a result of our audit.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling
(602) 553-0333



or by visiting our Web site at:
www.auditorgen.state.az.us

Contact person for this report:
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Year Ended June 30, 2003