

**MOHAVE COUNTY, ARIZONA  
SINGLE AUDIT REPORTING PACKAGE  
FOR THE YEAR ENDED JUNE 30, 2003**

**MOHAVE COUNTY, ARIZONA  
SINGLE AUDIT REPORTING PACKAGE  
FOR THE YEAR ENDED JUNE 30, 2003**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF BASIC  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

The Auditor General of the State of Arizona

The Board of Supervisors of  
Mohave County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 20, 2004, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 34 and was modified as the County reclassified certain special revenue funds as proprietary funds, which constitutes a change in the reporting entity. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 03-1 and 03-2. We also noted certain immaterial instances of noncompliance, which we have reported to management of the County in a separate letter dated February 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 03-1 and 03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the County in a separate letter dated February 20, 2004.

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, 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.  
Certified Public Accountants

February 20, 2004



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**INDEPENDENT AUDITORS' 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 of  
Mohave County, Arizona

Compliance

We have audited the compliance of Mohave County 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, 2003. The County'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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 the County'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 the County's compliance with those requirements.

In our opinion, Mohave County 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, 2003.

### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with 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 the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregated remaining fund information of Mohave County as of and for the year ended June 30, 2003, and have issued our report thereon dated February 20, 2004, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 34 and was modified as the County reclassified certain special revenue funds as proprietary funds, which constituted a change in the reporting entity. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Mohave County'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.

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, 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.  
Certified Public Accountants

February 20, 2004

**MOHAVE COUNTY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed through Arizona Department of Education:</b>			
National School Lunch Program	10.555	KR 10358	\$ 39,838
<b>Passed through Arizona Department of Health Services:</b>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG361076	377,523
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	261058	<u>208,421</u>
<b>Subtotal CFDA 10.557</b>			585,944
Commodity Supplemental Food Program	10.565	HG361102	11,018
Commodity Supplemental Food Program	10.565	261065	<u>1,979</u>
<b>Subtotal CFDA 10.565</b>			12,997
Building Better Bones	10.561	261154	7,887
<b>Passed through Western Arizona Council of Governments:</b>			
Nutrition Program for the Elderly (Commodities)	10.570	E6209004-204-03	82,827
<b>Direct: U.S. Department of Agriculture - Forest Service:</b>			
National Forest Fees	10.666	N/A	1,099
<b>Passed-through Arizona Department of Emergency and Military Affairs:</b>			
Emergency Food Assistance Program	10.568	None	653
<b>Total U.S. Department of Agriculture</b>			<u><u>731,245</u></u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Direct: U.S. Department of Housing and Urban Development:</b>			
Section 8 Rental Voucher Program	14.856	N/A	1,509,012
<b>Passed through Arizona Department of Commerce:</b>			
Community Development Block Grants/States Program	14.228	016-01	14,871
Community Development Block Grants/States Program	14.228	017-01	79,666
Community Development Block Grants/States Program	14.228	IGA 114-03	<u>7,189</u>
<b>Subtotal CFDA 14.228</b>			101,726
Supportive Housing Program	14.235	260-00	7,069
Supportive Housing Program	14.235	H189-02	<u>68,270</u>
<b>Subtotal CFDA 14.235</b>			75,339
HOME Investment Partnerships Program	14.239	263-00	4,960
HOME Investment Partnerships Program	14.239	146-02	<u>147,918</u>
<b>Subtotal CFDA 14.239</b>			152,878
<b>Passed through City of Las Vegas, Nevada:</b>			
Housing Opportunities for Persons with AIDS	14.241	None	61,732
<b>Total U.S. Department of Housing and Urban Development</b>			<u><u>1,900,687</u></u>
<b><u>U.S. Department of the Interior:</u></b>			
<b>Direct U.S. Department of the Interior:</b>			
Payments in Lieu of Taxes: Fish & Wildlife	15.226	N/A	1,324
Payments in Lieu of Taxes: Bureau of Land Management	15.226	N/A	1,584,701
Payments in Lieu of Taxes: Bureau of Reclamation	15.226	N/A	<u>100,000</u>
<b>Subtotal CFDA 15.226</b>			1,686,025
<b>Total U.S. Department of the Interior</b>			<u><u>1,686,025</u></u>

**MOHAVE COUNTY, ARIZONA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2003**  
**(CONTINUED)**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Justice</u></b>			
<b>Direct U.S. Department of Justice:</b>			
Local Law Enforcement Block Grants Program	16.592	N/A	31,680
Community Gun Violence Prosecution Grant	16.609	N/A	38,331
COPS in Schools Grant	16.710	N/A	48,173
<b>Passed-through Arizona Department of Public Safety:</b>			
Crime Victim Assistance	16.575	2000-918	39,245
Crime Victim Assistance	16.575	2000-VA-GX-0004	531
<b>Subtotal CFDA 16.575</b>			<b>39,776</b>
<b>Passed-through Arizona Criminal Justice Commission:</b>			
Crime Victim Compensation	16.576	2000-960	38,048
Crime Victim Compensation	16.576	VC-03-057	16,827
<b>Subtotal CFDA 16.576</b>			<b>54,875</b>
Byrne Formula Grant Program	16.579	PC-100-03	227,526
<b>Passed-through Arizona Governors Community Policy Office:</b>			
Juvenile Accountability Incentive Block Grants	16.523	00JAIBG-08	78,772
Juvenile Accountability Incentive Block Grants	16.523	01JAIBG-24	12,489
<b>Subtotal CFDA 16.523</b>			<b>91,261</b>
<b>Passed-through Arizona Supreme Court-Juvenile Justice Services Division:</b>			
Title I State Project for IASA	16.540	IGA	3,523
<b>Total U.S. Department of Justice</b>			<b>535,145</b>
<b><u>U.S. Department of Labor</u></b>			
<b>Passed-through Arizona Department of Economic Security:</b>			
Senior Community Service Employment Program	17.235	E6202052	58,605
Welfare-to-Work Grants to States and Localities	17.253	E5709051	562
<b>Workforce Investment Act Cluster:</b>			
WIA IA Program	17.258	E5703008	302,056
WIA IA Program	17.258	E5702008	102,500
WIA IC Program	17.259	E5701014	34,325
WIA IC Program	17.259	E5702008	135,633
WIA IC Program	17.259	E5703008	368,617
<b>Passed-through Gila County, Arizona:</b>			
Employment and Training Assistance - Dislocated Workers	17.246	E5701014	11,883
<b>Total U.S. Department of Labor</b>			<b>1,014,181</b>
<b><u>U.S. Department of Transportation</u></b>			
<b>Passed-through Arizona Department of Emergency and Military Affairs:</b>			
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	LEPC99	10,529
<b>Total U.S. Department of Transportation</b>			<b>10,529</b>

**MOHAVE COUNTY, ARIZONA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2003**  
**(CONTINUED)**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
<b>Passed-through Arizona Department of Environmental Quality:</b>			
Water Quality Cooperative Agreements	66.463	EV 01-0065	2,711
Water Quality Cooperative Agreements	66.463	EV 01-0066	3,000
Water Quality Cooperative Agreements	66.463	TA-CW-010-2002	<u>25,000</u>
<b>Subtotal CFDA 66.463</b>			<b>30,711</b>
<b>Total U.S. Environmental Protection Agency</b>			<b><u>30,711</u></b>
<b><u>U.S. Federal Emergency Management Agency</u></b>			
<b>Passed-through Arizona Department of Emergency and Military Affairs:</b>			
Emergency Management - State and Local Assistance	83.534	SLA99	12,593
<b>Passed-through Arizona Department of Emergency Management:</b>			
Domestic Terrorism Preparedness	16.007	None	69,074
CERT Grant	83.564	None	6,146
<b>Total U.S. Federal Emergency Management Agency</b>			<b><u>87,813</u></b>
<b><u>U.S. Department of Education</u></b>			
<b>Passed-through Arizona Supreme Court, Administrative Office of the Courts:</b>			
Title I Grants to Local Education Agencies	84.010	99MOHAVE	9,407
<b>Total U.S. Department of Education</b>			<b><u>9,407</u></b>
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Passed-through Arizona Department of Health Services:</b>			
Maternal and Child Health Federal Consolidated Programs	93.110	4-H25-MC 00015-04-01	426
Immunization Program	93.268	152044	203,110
Immunization Program	93.268	HG352194	<u>157,122</u>
<b>Subtotal CFDA 93.268</b>			<b>360,232</b>
Public Health Preparedness and Response for Bioterrorism	93.283	252038	271,303
HIV Prevention Activities - Health Department Based	93.940	852010	75
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	05-2007	2,889
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	HG354253	<u>6,385</u>
<b>Subtotal CFDA 93.977</b>			<b>9,274</b>
Preventive Health and Health Services Block Grant	93.991	HG354182	26,988
Preventive Health and Health Services Block Grant	93.991	HG352236	30,155
Preventive Health and Health Services Block Grant	93.991	261118	54,159
Preventive Health and Health Services Block Grant	93.991	152015	29,385
Preventive Health and Health Services Block Grant	93.991	E3H82326	<u>1,644</u>
<b>Subtotal CFDA 93.991</b>			<b>142,331</b>
Maternal and Child Health Services Block Grant to the States	93.994	261194	9,267
Maternal and Child Health Services Block Grant to the States	93.994	761107	44,180
Maternal and Child Health Services Block Grant to the States	93.994	961124	2,425
Maternal and Child Health Services Block Grant to the States	93.994	HG361141	<u>47,812</u>
<b>Subtotal CFDA 93.994</b>			<b>103,684</b>

**MOHAVE COUNTY, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2003  
(CONCLUDED)**

<b><u>Federal Grantor/Pass-Through Grantor/Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Pass-Through Grantor's Number</u></b>	<b><u>Expenditures</u></b>
<b><u>U.S. Department of Health and Human Services (concluded)</u></b>			
<b>Passed-through Western Arizona Council of Governments:</b>			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	E6209004-204-03	67,390
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	E6209004-204-03	266,454
Social Services Block Grant (Senior Programs)	93.667	E6209004-204-03	29,344
<b>Passed-through Arizona Department of Economic Security:</b>			
Employment & Training Program	93.558	E5900079	9,580
<b>Passed-through Clark County, Nevada:</b>			
HIV Emergency Relief Project Grants	93.914	None	138,353
<b>Total U.S. Department of Health and Human Services</b>			<b><u>1,398,446</u></b>
<b><u>Office of National Drug Control Policy</u></b>			
<b>Passed-through Pima County Sheriff's Office:</b>			
HIDTA XI	07.XXX	12PSAP549	243,515
<b>Total Office of National Drug Control Policy</b>			<b><u>243,515</u></b>
<b>Total Schedule of Expenditures of Federal Awards</b>			<b><u>\$ 7,647,704</u></b>

**MOHAVE COUNTY, ARIZONA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2003**

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Mohave County 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*, therefore, 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 2003 *Catalog of Federal Domestic Assistance*. When no CFDA number has been assigned to a program, the two-digit federal identifier was used.

**MOHAVE COUNTY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2003**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?       yes   X  no

Reportable condition(s) identified not considered to be a material weakness(es)?   X  yes       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

Reportable condition(s) identified not considered to be a material weakness(es)?       yes   X  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 Circular A-133, Section .510(a)?       yes   X  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
15.226	Payments in Lieu of Taxes
93.268	Immunization Program
93.044, 93.045	Aging Cluster

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

Auditee qualified as low-risk auditee?   X  yes       no

**Other Matters**

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

**MOHAVE COUNTY, ARIZONA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2003**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

- 03-1 The County School Superintendent's (CSS) Office did not properly reconcile to the County Treasurer's Office leaving several school districts with unreconciled differences at June 30, 2003.

According to the Uniform Accounting Manual for Arizona County School Superintendents (UAMACSS), the CSS should perform a monthly reconciliation of its records of school district fund cash balances to the county treasurer's monthly report of school district ending account balances. The monthly reconciliation is also necessary for the CSS to determine whether sufficient cash is available in school district accounts before issuing warrants from them. Any unreconciled differences must be investigated and promptly resolved.

Corrective Action Planned

The County School Superintendent's Office will strive to ensure any unreconciled differences are promptly resolved.

- 03-2 According to the special investigative report issued by the Auditor General dated March 2004, the Mohave Educational Services Cooperative (MESC), a component unit of Mohave County, may have improperly conducted procurement, accepted gratuities, and unfairly charged certain fees to its members. The findings are grouped as follows:

- MESC has not followed procurement statutes and rules.
- MESC does not provide an economic value for its members.
- MESC charges its members inequitably.
- MESC's financial practices violate rules and regulations.
- Other MESC operations are improper.

To ensure proper practices are followed, Mohave County should ensure that their component units follow all applicable rules and regulations.

Corrective Action Planned

Mohave County will strive to ensure that all component units follow all applicable rules and regulations.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

We noted no reportable conditions, material weaknesses or instances of noncompliance related to the audit of major federal programs as required to be reported by OMB Circular A-133.