



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Pima County

Year Ended June 30, 2015



Debra K. Davenport
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Pima County
Single Audit Reporting Package
Year Ended June 30, 2015

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Reports Issued Separately

Comprehensive Annual Financial Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on Compliance for Each Major Federal Program

We have audited Pima County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Pima County complied, in all material respects, with the types of 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, 2015.

Report on Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the County'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 a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 3, 2015, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming

our opinions on the financial statements that collectively comprise the 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 is the responsibility of the County's 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 basic 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 U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA
Financial Audit Director

March 21, 2016

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Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 unknown	U.S. Forest Service—Law Enforcement				\$ 14,728	
10 433	Rural Housing Preservation Grants				50,000	
10 553	School Breakfast Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	45,927	
10 555	National School Lunch Program	Child Nutrition Cluster	Arizona Department of Education	ED09-0001	89,255	
	<i>Total Child Nutrition Cluster</i>				<u>135,182</u>	
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Education	ADHS14-053080	1,859,627	
10 565	Commodity Supplemental Food Program	Food Distribution Cluster	Arizona Department of Health Services	ADHS12-010887	102,545	
10 572	WIC Farmers' Market Nutrition Program		Arizona Department of Health Services	ADHS14-053080	3,645	
10 576	Senior Farmers' Market Nutrition Program		Arizona Department of Health Services	HG861329, HG050272	1,963	
10 665	Schools and Roads—Grants to States	Forest Service Schools and Roads Cluster			189,114	
	Total Department of Agriculture				<u>2,356,804</u>	
Department of Housing and Urban Development						
14 218	Community Development Block Grants/Entitlement Grants				2,520,465	\$ 1,150,192
14 228	Community Development Block Grants/State's Program and non-entitlement Grants in Hawaii		Arizona Department of Housing	109-15	90,230	
14 231	Emergency Shelter Grants Program				221,065	180,547
14 231	Emergency Shelter Grants Program		City of Tucson	076-114-9381-268-ESG12	4,572	
	<i>Total 14.231</i>				<u>225,637</u>	<u>180,547</u>
14 239	HOME Investment Partnerships Program		City of Tucson	16910	301,385	205,612
14 241	Housing Opportunities for Persons with AIDS				301,048	298,276
14 256	ARRA—Neighborhood Stabilization Program (Recovery Act Funded)				187,246	39,477
14 267	Continuum of Care Program				2,028,750	423,491
14 267	Continuum of Care Program		City of Tucson	17965	71,051	
	<i>Total 14.267</i>				<u>2,099,801</u>	<u>423,491</u>
	Total Department of Housing and Urban Development				<u>5,725,812</u>	<u>2,297,595</u>
Department of the Interior						
15 226	Payments in Lieu of Taxes				2,973,597	
15 227	Distribution of Receipts to State and Local Governments				1,200	
15 234	Secure Rural Schools and Community Self-Determination				25,430	
15 631	Partners for Fish and Wildlife				16,314	
15 659	National Wildlife Refuge Fund				37,390	
15 904	Historic Preservation Fund Grants-In-Aid		Arizona State Parks Board	441418	9,000	
	Total Department of the Interior				<u>3,062,931</u>	
Department of Justice						
16 unknown	Federal Equitable Sharing Program				29,860	
16 013	Violence Against Women Act Court Training and Improvement Grants				13,793	

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
16 523	Juvenile Accountability Block Grants		Arizona Governor's Office for Children, Youth and Families, Division for Community and Youth Development	JB-CSG-14-4365-07, JB-CSG-13-3365-06	71,172	
16 540	Juvenile Justice and Delinquency Prevention—Allocation to States		Arizona Governor's Office for Children, Youth and Families, Division for Children	J2-CSG-14-4181-08, J2-CSG-14-4181-07	131,693	
16 543	Missing Children's Assistance		National Court Appointed Advocate	AZ10770-14-1014-L	30,246	
16 575	Crime Victim Assistance		Arizona Department of Public Safety	2013-VA-GX-XXXX	172,587	
16 576	Crime Victim Compensation		Arizona Criminal Justice Commission	VC-14-059	431,197	
16 585	Drug Court Discretionary Grant Program				7,740	
16 588	Violence Against Women Formula Grants		Arizona Governor's Office for Children, Youth and Families, Division for Women	ST-WSG-12-2366-05Y2 and Y3 thru ST-WSG-12-2366-10Y3	445,400	
16 590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				762,889	
16 606	State Criminal Alien Assistance Program				227,337	
16 607	Bulletproof Vest Partnership Program				40,348	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		City of Tucson	17678,17489, 17405, 18057, 16634, TPD 01-02-T-143675-1009	109,341	
16 738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	2013-DJ-BX-0049	206,058	
	<i>Total 16.738</i>				<u>315,399</u>	
16 745	Criminal and Juvenile Justice and Mental Health Collaboration Program				92,364	77,020
16 751	Edward Byrne Memorial Competitive Grant Program		SEARCH, The National Consortium for Justice Information and Statistics	1213-008	75,000	65,276
16 812	Second Chance Act Prisoner Reentry Initiative				40,616	35,798
	Total Department of Justice				<u>2,887,641</u>	<u>178,094</u>
Department of Labor						
17 235	Senior Community Service Employment Program		Arizona Department of Economic Security	ADES14-064665	74,533	69,941
17 258	WIA Adult Program	WIA Cluster	Arizona Department of Economic Security	DE111012-001 ADES14-053071	2,020,880	
17 259	WIA Youth Activities	WIA Cluster	Arizona Department of Economic Security	DE111012-001 ADES14-053071	1,734,356	
17 278	WIA Dislocated Worker Formula Grants	WIA Cluster	Arizona Department of Economic Security	DE111012-001 ADES14-053071	2,196,759	
	<i>Total WIA Cluster</i>				<u>5,951,995</u>	
17 267	WIA Section 503 Incentive Grants		Arizona Department of Economic Security	DE11101200:ADES14-053071	2,616	
17 268	H-1B Job Training Grants				417,395	12,744
17 274	YouthBuild				772,089	542,281

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
17 282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		Pima County Community College District	None	223	
17 802	Veterans' Employment Program				310,061	75,521
	Total Department of Labor				<u>7,528,912</u>	<u>700,487</u>
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster	Arizona Department of Transportation	SS639-01C, SL699-02D, SL701-02D, SZ015-03D/01C, SZ014-03D/01C, SL926 03D/01C, SL702-02D, SB447-01C, H8390 01D/02D, SZ089-01X, SL599-01C, SH570-01C, SS693-01C, SF013-02D, SF024-01D/02D, SF022-01D/02D, SF023-01D/02D, SS975-01C, SF034-02D, SL658-01C	12,865,628	
20 600	State and Community Highway Safety	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2013-PS-006, 2013-PT-017, 2014-4-OP-004, 2014-PT-008, 2014-PT-071, 2014-TR-004	134,521	
20 616	National Priority Safety Programs	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2015-405d-014, 2015-405c-003	107,230	
	<i>Total Highway Safety Cluster</i>				<u>241,751</u>	
20 703	Interagency Hazardous Materials Public Sector Training and Planning Grants		Arizona Emergency Response Commission	HM-HMP-0282-12-01-11	36,577	
20 933	National Infrastructure Investments				22,624	22,624
	Total Department of Transportation				<u>13,166,580</u>	<u>22,624</u>
Department of Treasury						
21 unknown	Federal Equitable Sharing Program				41,414	
21 unknown	State and Local Overtime and Authorized Expense Program				16,829	
	Total Department of Treasury				<u>58,243</u>	
Institute of Museum and Library Services						
45 310	Grants to States		Arizona State Library, Archives and Public Records	2013-33017-24, 2013-33017-23; 2013-33017-25	89,500	
Environmental Protection Agency						
66 001	Air Pollution Control Program Support				470,932	
66 034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				132,187	
66 461	Regional Wetland Program Development Grants				73,546	
	Total Environmental Protection Agency				<u>676,665</u>	

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
Department of Energy						
81 042	Weatherization Assistance for Low-Income Persons		Arizona Governor's Office of Energy Policy	EW-ESA-14-418107Y3	26,761	
Department of Education						
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	13FAEABE-370731-01A, 14AECCR-470731-05A	66,322	
84 010	Title I Grants to Local Educational Agencies		Arizona Department of Education	14FT1T1TT1-460169-01A	32,585	
84 013	Title I State Agency Program for Neglected and Delinquent Children and Youth		Arizona Supreme Court	None	87,751	
84 027	Special Education—Grants to States	Special Education Cluster	Arizona Department of Education	H027A0090007	181,362	
84 365	English Language Acquisition State Grants		Arizona Department of Education	T365A30003A	57,536	
84 367	Improving Teacher Quality State Grants		Arizona Supreme Court	None	23,065	
84 367	Improving Teacher Quality State Grants		Arizona Department of Education	14FT1TII-460169-03A	4,658	
	<i>Total 84.367</i>				<u>27,723</u>	
84 416	ARRA—Race to the Top-District Grants		Southern Arizona Regional Service Center	13-05-EDSG	137,580	
	Total Department of Education				<u>590,859</u>	
Election Assistance Commission (EAC)						
90 401	Help America Vote Act Requirements Payments		Arizona Secretary of State	None	749,370	
Department of Health and Human Services						
93 044	Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	Aging Cluster	Pima Council on Aging	DES-AAA FY13-14	22,922	
93 069	Public Health Emergency Preparedness		Arizona Department of Health Services	ADHS12-007894	1,103,813	
93 091	Social Services and Income Maintenance Benefits Enrollment Coordination Grants		Arizona Alliance for Community Health Centers	NAVCA-140112-01-01	27,794	
93 093	Affordable Care Act (ACA) Health Profession Opportunity Grants		Pima County Community College District	90FX0005	792,971	
93 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Arizona Department of Health Services	ADHS13-041212	107,124	
93 217	Family Planning—Services		Arizona Family Health Partnership	6FPHGOA-091701-26	911,275	
93 243	Substance Abuse and Mental Health Services—Projects of Regional and National Significance				697,147	
93 268	Immunization Cooperative Agreements		Arizona Department of Health Services	ADHS13-041821	221,133	
93 332	Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces		Arizona Alliance for Community Health Centers	CA-NAV-130007-01-00	27,716	
93 505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		Arizona Department of Health Services	ADHS13-047273, ADHS14-056244	1,129,444	51,965
93 558	Temporary Assistance for Needy Families	TANF Cluster	Arizona Department of Economic Security	DE111072001	542,921	402,537
93 563	Child Support Enforcement		Arizona Department of Economic Security	DE111163001; DE111172001	865,200	

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures	Amount provided to subrecipients
97 042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	EMW-2013-EP-000024	392,319	
97 047	Pre-Disaster Mitigation		Arizona Department of Homeland Security	PDCM-09-AZ-2011	361,818	353,408
97 067	Homeland Security Grant Program		Arizona Department of Homeland Security	130404-02; 130426-01; 130426-02; 130426-03; 140404-01; 140404-02; 140404-03; 777411-02; 888409-04; 888409-05; 999401-01; 999427-03; 999427-04; 999427-05	1,144,249	
	Total Department of Homeland Security				<u>2,107,672</u>	<u>353,408</u>
	Total expenditures of federal awards				<u>\$ 50,599,007</u>	<u>\$ 4,644,545</u>

See accompanying notes to schedule.

Pima County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes Pima County's federal grant activity 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) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2015 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

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Pima County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unmodified	
Internal control over financial reporting:		Yes	No
Material weaknesses identified?	<u> X </u>	<u> </u>	
Significant deficiencies identified?	<u> X </u>	<u> </u>	
Noncompliance material to the financial statements noted?	<u> </u>	<u> X </u>	

Federal Awards

Internal control over major programs:			
Material weakness identified?	<u> </u>	<u> X </u>	
Significant deficiency identified?	<u> </u>	<u> X </u>	(None reported)
Type of auditors' report issued on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u> </u>	<u> X </u>	

Identification of major programs:

<u>CFDA Number</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
	WIA Cluster:
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
20.205	Highway Planning and Construction
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program
97.067	Homeland Security Grant Program

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Dollar threshold used to distinguish between Type A and Type B programs: \$1,517,970

Auditee qualified as low-risk auditee?

Yes No
_____ X

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?

 X _____

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Financial Statement Findings

The Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards* was separately issued.

Federal Award Findings and Questioned Costs

None reported.

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PIMA COUNTY

DEPARTMENT OF FINANCE AND RISK MANAGEMENT

March 21, 2016

Ms. Debbie Davenport
Auditor General
2910 N. 44th St., Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

The following summary schedule of prior audit findings has been prepared as required by the U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs related to federal awards.

Sincerely,

Keith Dommer, Director
Department of Finance and Risk Management

Keith Dommer, Finance & Risk Management Director

130 W. Congress, 6th Floor, Tucson, Arizona 85701-1317 Ph: (520)-724-8496 Fax: (520) 770-4173

PIMA COUNTY
Schedule of Prior Year Audit Findings
Year ended June 30, 2015

2014-101

CFDA No. and Name: 10.557 Special Supplemental Nutrition
Program for Women, Infants and Children
Award Numbers and Years: ADHS14-053080; October 1, 2012 through
September 30, 2014
Federal Agency: **Department of Agriculture**
Pass-through Grantor: Arizona Department of Health Services
Compliance Requirement: Allowable Costs/Cost Principles
Questioned Costs: \$1,679,894
Status: Fully Corrected

2013-101

CFDA No. and Name: Not Applicable
Questioned Costs: None
Status: Fully Corrected

2013-102

CFDA No. and Name: 10.557 Special Supplemental Nutrition
Program for Women, Infants and Children
Award Numbers and Years: HG50272: October 1, 2012 through September
30, 2013
Federal Agency: **Department of Agriculture**
Pass-through Grantor: Arizona Department of Health Services
Compliance Requirement: Allowable Costs/Cost Principles
Questioned Costs: Unknown
Status: Fully Corrected