

REPORT HIGHLIGHTS
 SINGLE AUDIT

Subject

Pima County spent \$54.9 million of federal monies and additional required matching monies this past year for 97 programs. The largest federal grants were for job training, drug trafficking, community development, and public safety. In return, the County must be accountable for its use of both federal and local monies, maintain strong internal controls, and comply with federal program requirements.

Our Conclusion

The County maintained adequate internal controls over financial reporting. However, for two federal programs, auditors found that the County did not maintain adequate internal controls and comply with a compliance requirement applicable to those programs. In one of these instances, the auditors reported a material internal control weakness and material noncompliance.



2003

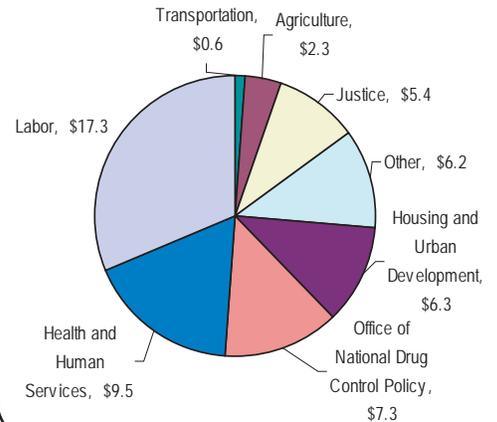
Year Ended June 30, 2003

The County Experienced an Overall Decrease in Federal Award Expenditures

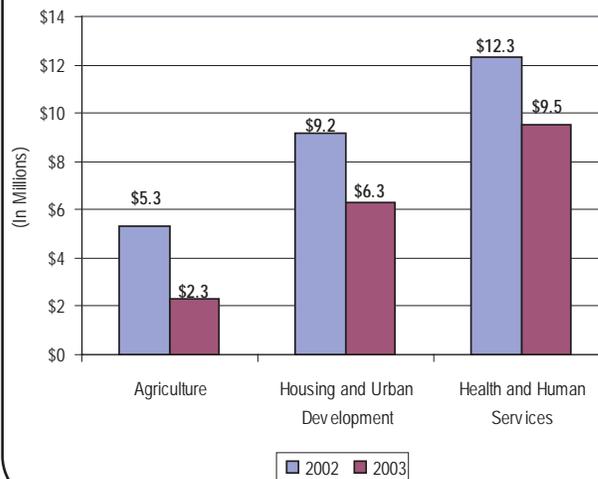
Overall, federal award expenditures decreased by approximately \$7.1 million. The most significant expenditure decreases are summarized below.

- \$3 million decrease in U.S. Department of Agriculture programs, mostly related to reduction of the Watershed Protection and Flood Prevention Program
- \$2.9 million decrease in U.S. Department of Housing and Urban Development programs, mostly related to the end of the County's participation in the Section 8 Housing Choice Vouchers program
- \$2.8 million decrease in U.S. Department of Health and Human Services programs, mostly related to reduction of the Child Support Enforcement Program

**FY 2003 Federal Expenditures by Awarding Agency
 Totaling \$54.9 Million
 (In Millions)**



**Federal Awarding Agencies with Significant Expenditure Decreases
 Fiscal Year 2002 and 2003**



The County Did Not Comply with Federal Reporting Requirements for the Workforce Investment Act Programs

The County filed its Workforce Investment Act (WIA) monthly expenditure reports with the Arizona Department of Economic Security. The audit found that amounts included within the reports did not agree to the County's financial records, and the County was unable to explain the differences.

This condition was considered a material weakness in federal compliance internal controls and a material violation of federal reporting requirements.

The County Did Not Distribute Certain Payments in Lieu of Taxes

The County received Payments in Lieu of Taxes (PILT) from the U.S. Department of the Interior. Federal regulations required that the County use most of these monies on general government purposes; however, the regulations also required the County to allocate certain PILT monies to all affected local government units and school districts.

The audit found that the County had not allocated the monies for at least the last 5 years because it was unaware of the requirement. This condition was considered a weakness in federal compliance internal controls and a violation of federal program compliance requirements.

The Single Audit Fact Sheet

- No weakness in financial reporting internal controls.
- Two weaknesses in federal compliance internal controls, one of these was considered a material weakness.
- Two violations of federal compliance requirements, one of these was considered material noncompliance.
- Program costs totaling \$487,182 were questioned.

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:
Rebecca Rosenberg

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