

**Greenlee County, Arizona  
Single Audit Reporting Package  
June 30, 2020**

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Arizona Table of  
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**Independent Auditors' 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**

The Arizona Auditor General  
The Board of Supervisors of  
Greenlee County, Arizona

We have audited, 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, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Greenlee County, Arizona (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion of the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 a 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 **2020-001** to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item **2020-002** to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from 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 financial statements. 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*.

## **Greenlee County Response to Findings**

Greenlee County's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Snyder & Brown CPAs, PLLC*

Tempe, Arizona  
July 28, 2021

**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 the Uniform Guidance**

The Arizona Auditor General  
The Board of Supervisors of  
Greenlee County, Arizona

**Report on Compliance for Each Major Federal Program**

We have audited Greenlee 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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's 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 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, Greenlee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

## **Other Matters**

The results of our auditing procedures disclosed another instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and that is described in the accompanying schedule of findings and questioned costs as item **2020-101**. Our opinion on the major federal program is not modified with respect to this matter.

## **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 the Uniform Guidance, 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 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item **2020-101**, that we consider to be a significant deficiency.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Greenlee County's response to findings**

Greenlee County's response to the finding identified in our audit is included in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

### **Report on schedule of expenditures of federal awards required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Greenlee County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 28, 2021, that contained unmodified opinions on those financial statements. 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 the Uniform Guidance 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.

*Snyder & Brown CPAs, PLLC*

Tempe, Arizona

July 28, 2021

**Greenlee County, Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:  
 Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Non-Compliance material to financial statements noted? No

***Federal Awards***

Internal control over major programs:  
 Material weaknesses identified? No

Significant deficiencies identified? Yes

Identification of major programs and type of auditor's report issued on compliance for major programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |            |
|----------------------------------|---|------------|
| 10.665                           | Forest Service Schools and Roads Cluster  | Unmodified |

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

***Other Matters***

Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR 200.511(b)? Yes



**Greenlee County, Arizona**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**Section II-Financial Statement Findings**

**2020-001- Cash Monitoring and Reconciliations (Material Weakness: Repeat Finding)**

*Criteria:* Pursuant to the Uniform Accounting Manual for Arizona Counties, Section VI-B-4 – *Reconciliation to the County Treasurer*, Counties should develop written policies to reconcile their cash balances by fund to the county treasurer’s records at least monthly, and at the fiscal year-end. Policies and procedures should also be established to ensure that cash activity relating to County departments is appropriately understood as to the availability of these resources, and that these accounts are appropriately reconciled and recorded in the County’s general ledger.

Condition: During 2020, the following was noted with respect to cash monitoring and reconciliations:

- Cash in total was reconciled between the Treasurer’s records and the County’s records. However, for the County funds, there was an overall unreconciled difference between the County records and the Treasurer’s records of \$60,482.
- Errors were made in prior years whereby \$165,965 of County funds was incorrectly reported as part of the fiduciary fund rather than the general fund. As a result, a prior period adjustment was recorded in the financial statements for fiscal year 2020.
- The cash on deposit at the courts totaling \$124,069 and various other accounts totaling \$35,334 are not recorded by the County on an ongoing basis. Rather, the activity for these accounts are only recorded when cash is deposited with the County Treasurer and any remaining cash balances have become part of the overall reconciliation that causes part of the unreconciled differences at year end.

*Cause and Effect:* The County has not established appropriate policies and procedures to monitor and reconcile all cash accounts on an ongoing basis.

*Auditors’ Recommendations:* The County should perform an analysis of all cash accounts at decentralized departments and at the County Treasurer to ensure that balances are properly recorded in the County funds and to ensure that these accounts are reconciled appropriately.

This finding is similar to prior-year finding 2019-001.

**2020-002- Credit Card Approval and Purpose (Significant Deficiency)**

*Criteria:* To help ensure that credit card purchases are appropriate and benefit the County as required by Arizona State law, policies should be established that require documentation of the legitimate purpose for all credit card purchases and these transactions should be approved prior to the transaction.

Condition: During fiscal year 2020 the County incurred approximately \$73,000 in credit card transactions. We selected a sample of 24 transactions totaling \$7,994. Two of these transactions totaling \$57.30 simply indicated “lunch meeting” in the purpose section of the “Greenlee County Visa Charges” form rather than indicating sufficient detail to verify if the lunch meeting benefited the County. One of the transactions totaling \$43.08 indicated “gas for travel” but did not indicate the purpose of the travel or location. None of the purchases selected for testing had any indication of prior approval by the County Manager as required by County policy.

**Greenlee County, Arizona**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

*Cause and Effect:* The County has not adequately communicated credit card policy to all users and does not sufficiently monitor compliance with County policy. As a result, it is more likely that credit cards can be used for purposes that do not have a clear and direct benefit to the County.

*Auditors' Recommendations:* The County should analyze its credit card policies and ensure that these policies are appropriate and adequately communicated to each credit card user. The credit card transactions should then be monitored for compliance with County policies.

**Greenlee County, Arizona  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

**Section III-Federal Award Findings and Questioned Costs**

**2020-101- Allowable Costs/Cost Principles (Significant Deficiency, Compliance Finding)**

*Federal program information:*

|                            |  |
|----------------------------|--|
| Funding agencies:          | U.S. Department of Agriculture           |
| Titles:                    | Forest Service Schools and Roads Cluster |
| Assistance Listing Number: | 10.665                                   |
| Award numbers and years    | July 1, 2019 through June 30, 2020       |
| Pass-through grantor       | N/A                                      |
| Compliance Requirements:   | Allowable Costs/Cost Principles          |
| <i>Questioned Costs:</i>   | None                                     |

*Criteria:* The County received \$669,633 of Title I funding related to the Forest Service Schools and Roads Cluster. These funds are to be used for public roads and public schools of the County in which the national forest is situated. The Uniform Guidance requires nonfederal entities that receive federal funding to identify in its accounts the specific expenditures that are paid for by each federal assistance program.

*Condition:* During fiscal year 2020, \$369,633 of the grant funding was passed through to various schools located within the County and \$300,000 was transferred to the County's Road Fund. Sufficient expenditures appeared to have been incurred in the Road Fund during 2020 that were not funded by other sources to account for the allowable federal expenditures of this \$300,000. However, the County does not specifically identify the expenditures incurred that are being allocated to this federal funding.

*Cause and Effect:* The County has typically transferred these funds to the Road Fund and has assumed that all costs incurred within the Road Fund are allowable under the Schools and Roads-Grants to State program. Because these federal expenditures are not separately identified and budgeted each year, there is an increased possibility that federal expenditures could be used for unallowed purposes.

*Auditors' Recommendations:* The County should establish policies to ensure that all federal expenditures are budgeted and separately identifiable.

## **County's Section**

**Greenlee County Arizona  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

| Federal Grantor/Program Title/Pass-Through Grantor   | Assistance Listing Number | Pass-through Grantor's Number | Program expenditures | Amount provided to subrecipients |
|--|---------------------------|-------------------------------|----------------------|----------------------------------|
| <b><u>U.S. Department of Agriculture</u></b>   |                           |                               |                      |                                  |
| <b><i>Passed through the Arizona Department of Health Services</i></b>   |                           |                               |                      |                                  |
| Special Supplemental Nutrition Program for Women, Infants, and Children  | 10.557                    | ADHS19-206550                 | \$ 117,286           | \$ -                             |
| <i>Forest Service Schools and Roads Cluster</i>  |                           |                               |                      |                                  |
| Schools and Roads - Grants to States   | 10.665                    | None                          | 669,633              | 369,633                          |
| <b>Total U.S. Department of Agriculture</b>  |                           |                               | <u>786,919</u>       | <u>369,633</u>                   |
| <b><u>U.S. Department of Justice</u></b>   |                           |                               |                      |                                  |
| <b><i>Passed through the Arizona Criminal Justice Commission</i></b>   |                           |                               |                      |                                  |
| Edward Byrne Memorial Justice Assistance Grant Program   | 16.738                    | DC-19-006;<br>DC-19-025       | 38,608               | -                                |
| <b>Total U.S. Department of Justice</b>  |                           |                               | <u>38,608</u>        | <u>-</u>                         |
| <b><u>U.S. Department of Transportation</u></b>  |                           |                               |                      |                                  |
| <b><i>Passed through the Governor's Office of Highway Safety</i></b>   |                           |                               |                      |                                  |
| State and Community Highway Safety   | 20.600                    | 2019-PTS-020;<br>2020-PTS-026 | 21,208               | -                                |
| <b>Total U.S. Department of Transportation</b>   |                           |                               | <u>21,208</u>        | <u>-</u>                         |
| <b><u>U.S Election Assistance Commission</u></b>   |                           |                               |                      |                                  |
| <b><i>Passed through the Arizona Secretary of State</i></b>  |                           |                               |                      |                                  |
| HAVA Selection Security Grants   | 90.404                    | AZ18101001                    | 71,854               | -                                |
| <b>Total U.S Election Assistance Commission</b>  |                           |                               | <u>71,854</u>        | <u>-</u>                         |
| <b><u>U.S. Department of Health and Human Services</u></b>   |                           |                               |                      |                                  |
| <b><i>Passed through the Southeastern Arizona Governments Organization</i></b>   |                           |                               |                      |                                  |
| Special Programs for the Aging, Title III, Part B,<br>Grants for Supportive Services and Senior Centers  | 93.044                    | None                          | 87,213               | -                                |
| <b><i>Passed through the Arizona Department of Health Services</i></b>   |                           |                               |                      |                                  |
| Public Health Emergency Preparedness   | 93.069                    | ADHS17-133192                 | 174,096              | -                                |
| COVID-19 Public Health Emergency Preparedness  | 93.069                    | ADHS17-133192                 | 68,359               | -                                |
| PPHF Capacity Building Assistance to Strengthen Public Health<br>Immunization Infrastructure and Performance financed in part by<br>Prevention and Public Health Funds | 93.539                    | ADHS18-77681                  | 48,624               | -                                |
| <b><i>Passed through the Arizona Department of Economic Security</i></b>   |                           |                               |                      |                                  |
| Child Support Enforcement  | 93.563                    | None                          | 132                  | -                                |
| <b><i>Passed through the Arizona Department of Health Services</i></b>   |                           |                               |                      |                                  |
| Maternal and Child Health Services Block Grant to the States   | 93.994                    | ADHS15-094972                 | 45,784               | -                                |
| <b>Total U.S. Department of Health and Human Services</b>  |                           |                               | <u>424,208</u>       | <u>-</u>                         |
| <b><u>U.S. Department of Homeland Security</u></b>   |                           |                               |                      |                                  |
| <b><i>Passed through the Arizona Department of Emergency and Military Affairs</i></b>  |                           |                               |                      |                                  |
| Emergency Management Performance Grants  | 97.042                    | EMF-2017-EP-00008             | 115,684              | -                                |
| <b><i>Passed through the Arizona Department of Homeland Security</i></b>   |                           |                               |                      |                                  |
| Homeland Security Grant Program  | 97.067                    | 180416-01                     | 120,329              | -                                |
| <b>Total U.S. Department of Homeland Security</b>  |                           |                               | <u>236,013</u>       | <u>-</u>                         |
| <b>Total expenditures of federal awards</b>  |                           |                               | <u>\$1,578,810</u>   | <u>\$ 369,633</u>                |

See Accompanying Notes to Schedule.

**Greenlee County Arizona**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

**Note 1 – Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes Greenlee County's federal grant activity for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 2 - Summary of significant accounting policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 3 – Assistance Listing Number**

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or the 2020 Federal Assistance Listings.

**Note 4 - Indirect cost rate**

The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

## **Corrective Action Plan**

DEREK D. RAPIER  
County Administrator  
Clerk of the Board  
(928) 865-2072  
FACSIMILE (928) 865-9332



BOARD OF SUPERVISORS  
P.O. BOX 908  
253 5<sup>TH</sup> STREET  
CLIFTON, AZ 85533

DAVID GOMEZ  
District 1

RON CAMPBELL  
District 2

RICHARD LUNT  
Chairman - District 3

## Corrective Action Plan

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Specifically, for each finding we are providing you with the name of the contact individual responsible for corrective action, the corrective action planned, and the anticipated completion date. The findings below are consistently numbered with the finding numbers assigned in the schedule of findings and questioned costs.

### Financial Statement Findings

#### **2020-001- Cash Monitoring and Reconciliations (Material Weakness: Repeat Finding)**

Condition and Context: During 2019, the following was noted with respect to cash monitoring and reconciliations:

- Cash in total was reconciled between the Treasurer's records and the County's records. However, for the County funds, there was an overall unreconciled difference between the County records and the Treasurer's records of \$60,482.
- Errors were made in prior years whereby \$165,965 of County funds were incorrectly reported as part of the fiduciary fund rather than the general fund. As a result, a prior period adjustment was recorded in the financial statements for fiscal year 2020.
- The cash on deposit at the courts totaling \$124,069 and various other accounts totaling \$35,334 are not recorded by the County on an ongoing basis. Rather, the activity for these accounts is only recorded when cash is deposited with the County Treasurer and any remaining cash balances have become part of the overall reconciliation that causes part of the unreconciled differences at year end.

Recommendation: The County should perform an analysis of all cash accounts at decentralized departments and at the County Treasurer to ensure that balances are properly recorded in the County funds and to ensure that these accounts are reconciled appropriately.

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will develop and implement a written procedure to reconcile cash balances by fund to the County Treasurer's records on a monthly basis.

Anticipated Completion Date: December 31, 2021



### **2020-002- Credit Card Approval and Purpose (Significant Deficiency)**

Condition and Context: During fiscal year 2020 the County incurred approximately \$73,000 in credit card transactions. We selected a sample of 24 transactions totaling \$7,994. Two of these transactions totaling \$57.30 simply indicated “lunch meeting” in the purpose section of the “Greenlee County Visa Charges” form rather than indicating sufficient detail to verify if the lunch meeting benefited the County. One of the transactions totaling \$43.08 indicated “gas for travel” but did not indicate the purpose of the travel or location. None of the purchases selected for testing had any indication of prior approval by the County Manager as required by County policy.

Recommendation: The County analyze it credit card policies and ensure that these policies are appropriate and adequately communicated to each credit card user. The credit card transactions should then be monitored for compliance with County policies.

Contact Name: Rene Ontiveros

Corrective Action Planned: The County will review credit card policies and amend them as necessary to ensure proper approvals and monitoring take place. The County will further communicate the revised policies to credit card users and apply the policy to all users and transactions.

Anticipated Completion Date: December 31, 2021

### **Federal Award Findings and Questioned Costs**

#### **2020-101- Allowable Costs/Cost Principles (Significant Deficiency, Compliance Finding)**

Federal program information:

|   |   |
|---|---|
| Funding agencies:                       | U.S. Department of Agriculture              |
| Titles:                                 | Schools and Roads-Grants to States CFDA     |
| numbers:                                | 10.665                                      |
| Award numbers and years through grantor | July 1, 2019 through June 30, 2020 Pass-N/A |
| Compliance Requirements:                | Allowable Costs/Cost Principles Questioned  |
| Costs:                                  | N/A   |

Condition and Context: During fiscal year 2020, \$369,633 of the grant funding was passed through to various schools located within the County and \$300,000 was transferred to the County’s Road Fund. Sufficient expenditures appeared to have been incurred in the Road Fund during 2020 that were not funded by other sources to account for the allowable federal expenditures of this \$300,000. However, the County does not specifically identify the expenditures incurred that are being allocated to this federal funding.

Recommendation: The County should establish policies to ensure that all federal expenditures are budgeted and separately identifiable.

Contact Name: Rene Ontiveros

Corrective Action Planned: Funds received by the County through the Secure Rural Schools grant program are deposited into and used exclusively by the Greenlee County Road Department for maintenance of county roads. These funds are subject to an annual Federal Funds audit in addition to the annual Single Audit. The County's long-standing practice with regards to these funds has never been found to be a significant deficiency or otherwise noted in any previous audit.

Notwithstanding the positive audit history for these funds and that additional internal accounting procedures will not change the effective management of these funds, the County will create an additional function code to identify expenditures for this federal funding.

Anticipated Completion Date: December 31, 2021

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Chairman - District 3

## Summary Schedule of Prior Audit Findings

We have prepared the accompanying summary schedule of prior year findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs.

The findings below are numbered with the finding numbers assigned in the 2019 schedule of findings and questioned costs.

### Financial Statement Finding

#### **Finding 2019-001 – Reconciliation of Cash Balances by Fund - (Material Weakness)**

Condition and Context – During 2019, the County did reconcile the accounting records in total to the Treasurer's records; however, the County did not reconcile the cash balances by fund to the Treasurer's records. The accounting records indicate the general fund had an unreconciled difference of \$263,229, offset by undocumented surpluses in the health services fund of \$189,508, the fair fund of \$33,972, and the other governmental funds of \$34,277.

Recommendation – The auditors recommend the County develop and implement written procedures to reconcile the cash balances by fund to the county treasurer's records on a monthly basis.

Status – not corrected, the County is balancing to the appropriate sections for correction. See current year corrective action for finding 2020-001.

### Federal Award Finding

#### **Finding 2019-101 - Single Audit Reporting Package Not Filed Timely - (Significant Deficiency)**

**CFDA Number:** 10.665

**Cluster Title:** Forest Service Schools and Roads Cluster

Condition and context – The County's single audit reporting package for the fiscal year ended June 30, 2019, was not submitted to the FAC within nine months after the County's year-end.

Recommendation – The auditors recommend that the County evaluate its resources necessary to complete the year-end closing and financial reporting process and consider the need to devote additional resources to the financial reporting process. Doing so will improve the timeliness of the County’s submittal to the FAC.

Status - Corrected