

**REPORT HIGHLIGHTS**  
SINGLE AUDIT

**Subject**

Pima County spent \$55.9 million of federal monies and additional required matching monies this past year for 102 programs. The largest federal grants were for job training, housing, drug trafficking, and health and human services. 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. As the auditors, our job is to determine whether the County has met its responsibilities.

**Our Conclusion**

The County maintained adequate internal controls over financial reporting. However, auditors found an instance of noncompliance relating to state laws. Additionally, for three federal programs tested, auditors found that the County did not maintain adequate internal controls or comply with one or more of the compliance requirements applicable to those programs. See page 2 for further information.



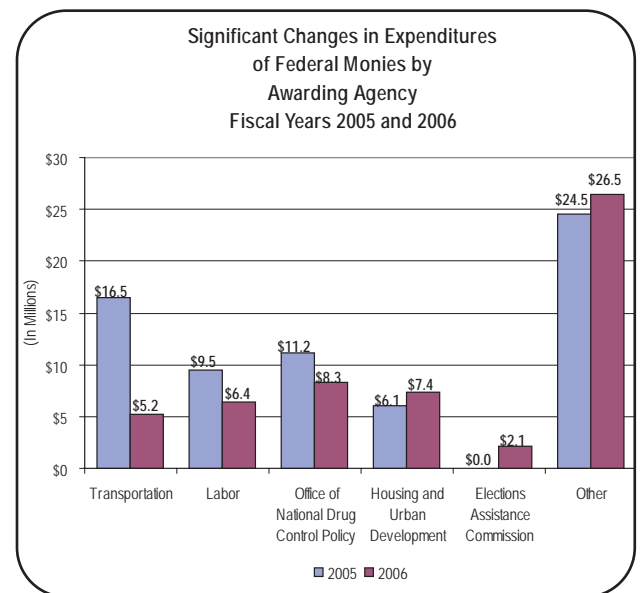
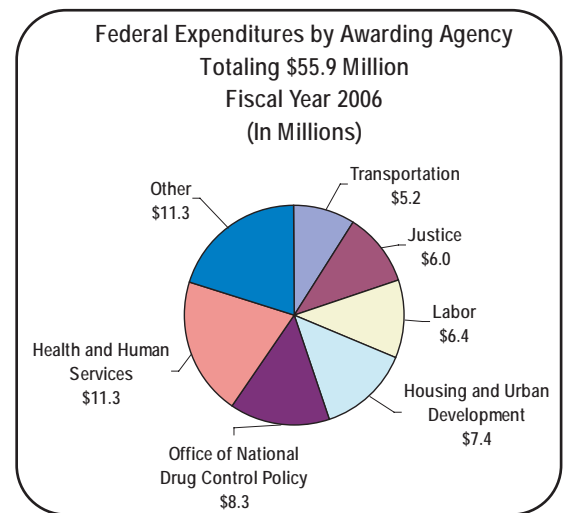
**2006**

Year Ended June 30, 2006

## The County Experienced an Overall Decrease in Expenditures of Federal Awards

Overall expenditures of federal awards decreased by approximately \$11.9 million. The decrease was the result of the following:

- \$11.3 million decrease in U.S. Department of Transportation programs related to a decrease in Highway Planning and Construction Program monies.
- \$3.1 million decrease in U.S. Department of Labor programs related primarily to reductions in the Youth Opportunities Grant Program and the Workforce Investment Act Cluster of Programs.
- \$2.9 million decrease in Office of National Drug Control Policy programs related to a reduction in High Intensity Drug Trafficking Areas monies that were passed through to other law enforcement agencies.
- \$1.3 million increase in U.S. Department of Housing and Urban Development programs related primarily to an increase in funds for the HOME Investment Partnerships Program.
- \$2.1 million of new Election Assistance Commission funding related to Help America Vote Act Requirements Payments.
- \$2.0 million net increase in various other federal programs.



## The County Did Not Always Comply with Restrictions on the Use of State Transportation Revenues

According to state law, the County must use Highway User Revenue Fund and certain vehicle license tax revenues only to purchase, construct, and repair highways and streets. However, when auditors tested the County's compliance with these

spending restrictions, they found that the County used \$3.2 million of these monies for public bus service. Because public bus service is not an allowed highway or street use, the County misspent \$3.2 million of state transportation revenue.

### 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.azauditor.gov](http://www.azauditor.gov)

Contact person for this report:  
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## The County Did Not Always Comply with Federal Program Requirements

Auditors identified and tested six federal programs (includes one program cluster) under the guidelines established by the Single Audit Act. Audit tests included evaluating the County's compliance with each program's federal regulations generally related to expending,

monitoring, matching, and reporting federal awards. Weaknesses in internal controls and instances of noncompliance were noted for three of the programs tested. The table below identifies the findings reported in our audit by program and type of compliance requirement.

Program	Type of Compliance Requirement				
	Cash	Costs	Monitor	Report	Procure
High Intensity Drug Trafficking Areas		X	X		X
Help America Vote Act	X				
Homeland Security Cluster				X	

Cash: Federal monies requested and received were in excess of immediate program needs.  
 Costs: Certain program expenses were unallowable based on federal requirements.  
 Monitor: Subrecipients were not monitored to ensure they received the federally required audits.  
 Report: Financial information reported to the federal grantor or pass-through agency was not accurate.  
 Procure: Minimum competitive procurement procedures were not performed for certain federal program purchases.

### The Single Audit Fact Sheet

- No weaknesses in financial reporting internal controls.
- One instance of noncompliance with state laws.
- Four weaknesses in federal compliance internal controls that resulted in immaterial violations of federal compliance requirements.
- Program costs totaling \$443,913 were questioned as a result of our audit.

## REPORT HIGHLIGHTS SINGLE AUDIT

Year Ended June 30, 2006