



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Pinal County

Year Ended June 30, 2005



Debra K. Davenport
Auditor General

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Pinal County
Single Audit Reporting Package
Year Ended June 30, 2005

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**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***

Members of the Arizona State Legislature

The Board of Supervisors of
Pinal County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Pinal County as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 2, 2006. Our report was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 40 and was modified due to our reliance on the report of the other auditors. 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.

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 an opinion on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We and the report of the other auditors noted no matters involving internal control over financial reporting and its operation that we and the other auditors consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we will report to the County's management in a separate letter at a future date.

Compliance and Other Matters

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 agreements, noncompliance with which could have a direct and material effect on the determination of 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 and the report of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that we will report to the County's management in a separate letter at a future date.

This report is intended solely for the information and use of the members of the Arizona State Legislature, 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.

Dennis L. Mattheisen, CPA
Financial Audit Director

March 2, 2006



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**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**

Members of the Arizona State Legislature

The Board of Supervisors of
Pinal County, Arizona

Compliance

We have audited the compliance of Pinal 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, 2005. 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, Pinal 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, 2005.

Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the 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 internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 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 aggregate remaining fund information of Pinal County as of and for the year ended June 30, 2005, and have issued our report thereon dated March 2, 2006. Our report was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 40 and was modified due to our reliance on the report of the other auditors. Our audit was performed for the purpose of forming 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, 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 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.

Dennis L. Mattheisen, CPA
Financial Audit Director

March 2, 2006

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas, passed through Pima County	07.14PSAP549	01-11-P-134370-1003	\$ 255,838
High Intensity Drug Trafficking Areas, passed through Pima County	07.15PSAP549	01-11-P-136428-1004	<u>7,708</u>
Total U.S. Office of National Drug Control Policy			<u>263,546</u>
U.S. Department of Agriculture			
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG361078	991,949
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	KR02-1170-ALS	5,469
State Administrative Matching Grants for Food Stamp Program, passed through the Arizona Department of Health Services	10.561	HI461271	75,822
Commodity Supplemental Food Program, passed through the Arizona Department of Health Services	10.565	HG361104	30,670
Grant Program to Establish a Fund for Financing Water and Wastewater Projects	10.864		<u>80,000</u>
Total U.S. Department of Agriculture			<u>1,183,910</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/State's Program, passed through the Arizona Department of Housing	14.228	141-03, 117-04, 176-04SSP, 127-05	268,444
Public and Indian Housing	14.850		318,819
Section 8 Housing Choice Vouchers	14.871		3,176,025
Public Housing Capital Fund	14.872		<u>388,975</u>
Total U.S. Department of Housing and Urban Development			<u>4,152,263</u>
U.S. Department of the Interior			
Payments in Lieu of Taxes	15.226		842,978
Distribution of Receipts to State and Local Governments	15.227		<u>48,048</u>
Total U.S. Department of the Interior			<u>891,026</u>
U.S. Department of Justice			
DEA—Domestic Cannabis Eradication and Suppression Program	16.unknown		17,464

(Continued)

See accompanying notes to schedule.

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Juvenile Accountability Incentive Block Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.523	JB-GRA-02-4182-11 JB-GRA-03-5273-10	\$ 66,546
Juvenile Justice and Delinquency Prevention—Allocation to States	16.540		7,392
National Criminal History Improvement Program (NCHIP), passed through the Arizona Criminal Justice Commission	16.554	NCH-04-103, NCH-05-105	68,856
Crime Victim Assistance, passed through the National Sheriffs Association	16.575	2002-VF-GX-K003	46,908
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC-05-060	43,637
Byrne Formula Grant Program, passed through the Arizona Criminal Justice Commission	16.579	AC-100-05, PC-070-05	310,610
Violence Against Women Formula Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.588	AD030003-001, AD030003-007, ST-WSG-04-6031-008Y1 ST-WSG-04-6031-014Y1,	177,589
Local Law Enforcement Block Grants Program	16.592		837
State Criminal Alien Assistance Program	16.606		55,072
Bulletproof Vest Partnership Program	16.607		3,502
Community Prosecution and Project Safe Neighborhoods, passed through the Arizona Criminal Justice Commission	16.609	2003-GP-CX-0571	20,834
Public Safety Partnership and Community Policing Grants	16.710		17,483
Total U.S. Department of Justice			<u>836,730</u>
U.S. Department of Transportation			
Highway Planning and Construction, passed through the Arizona Department of Transportation	20.205	JPA 02-008, JPA 02-69	127,467
State and Community Highway Safety, passed through the Governor's Office of Highway Safety	20.600	2004-PT-016	30,436
Interagency Hazardous Materials Public Sector Training and Planning Grants, passed through the Arizona Department of Emergency and Military Affairs	20.703	None	2,843
Total U.S. Department of Transportation			<u>160,746</u>

(Continued)

See accompanying notes to schedule.

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
National Foundation on the Arts and the Humanities			
State Library Program, passed through the Arizona Department of Library, Archives and Public Records	45.310	231-2-2-(04), 231-3-1-(03), 241-3-1-(11)	\$ <u>31,188</u>
Environmental Protection Agency			
Air Pollution Control Program Support, passed through the Arizona Department of Environmental Quality	66.001	EV02-0101, EV05-0016	<u>46,328</u>
U.S. Department of Education			
Title I Grants to Local Educational Agencies, passed through the Arizona Department of Education	84.010	05FAATTI-560979-06A	130,938
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	05FESCBG-560979-04A	30,100
Safe and Drug-Free Schools and Communities—State Grants, passed through the Arizona Department of Education	84.186	05FBPIVB-570733-04A	80,515
Fund for the Improvement of Education	84.215		398,146
Tech-Prep Education, passed through the Arizona Department of Education	84.243	04FCTDTP-470734-01A, 05FCTDTP-570734-03A, 05FCTDTP-570734-08A	151,075
State Grants for Innovative Programs, passed through the Arizona Department of Education	84.298	05FAATVA-560979-08A	2,046
Education Technology State Grants, passed through the Arizona Department of Education	84.318	05FAAETF-560979-02A, 05FAAETD-570733-01A, S318X040003A	110,080
Reading First State Grants, passed through the Arizona Department of Education	84.357	05FSARF-560979-09A, 05FSASRS-570734-04A, 05FSACRS-570734-06A	202,212
Literacy Through School Libraries, passed through the Arizona Department of Education	84.364	S364A040124	120,343
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	05FAAENG-570733-06A, 05FAARCC-570733-05A	143,387
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	05FAAT13-570734-01A, 05FAATII-560979-07A	<u>73,051</u>
Total U.S. Department of Education			<u>1,441,893</u>

(Continued)

See accompanying notes to schedule.

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Family Planning—Services, passed through the Arizona Family Planning Council	93.217	None	\$ 188,189
Abstinence Education Program, passed through the Arizona Department of Health Services	93.235	HP361258-002	75,365
Policy Research and Evaluation Grants, passed through the Arizona Department of Health Services	93.239	H1454353	15,690
Immunization Grants, passed through the Arizona Department of Health Services	93.268	HG352197	212,684
Centers for Disease Control and Prevention— Investigations and Technical Assistance, passed through the Arizona Department of Health Services	93.283	252035	438,979
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	G-04-04-AZ-4004	1,895,090
Grants to States for Access and Visitation Programs, passed through the Arizona Department of Economic Security	93.597	E7205321	3,154
Social Services Block Grant, passed through the Pinal/ Gila Council for Senior Citizens	93.667	0005-308	141,848
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912		171,794
HIV Emergency Relief Project Grants, passed through the Area Agency on Aging Region One	93.914	2005-01-PIN, 2006-01-PIN	148,970
HIV Emergency Relief Project Grants, passed through the Maricopa County Department of Public Health	93.914	C86-04-808-2, C86-04-818-2	10,022
Total HIV Emergency Relief Project Grants			<u>158,992</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs, passed through the Arizona Department of Health Services	93.919	HG361206	119,868
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	HG352262	23,158
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Family Planning Council	93.977	None	1,032
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems, passed through the Arizona Department of Health Services	93.988	E5H96928	6,189
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG354185, HG361119	75,600

(Continued)

See accompanying notes to schedule.

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	261187, HP461323-005, HP461413-013	\$ 249,560
Total U.S. Department of Health and Human Services			<u>3,777,192</u>
U.S. Department of Homeland Security			
State and Local All Hazards Emergency Operations Planning, passed through the Arizona Department of Emergency and Military Affairs	97.051	None	<u>43,520</u>
Homeland Security Grant Program Cluster			
U.S. Department of Justice:			
State Domestic Preparedness Equipment Support Program, passed through the Arizona Department of Emergency and Military Affairs	16.007	2002-TE-CX-0142, 2003-MU-T3-0034, 2003-TE-TX-0196	1,022,251
U.S. Department of Homeland Security: Citizen Corps, passed through the Arizona Department of Emergency and Military Affairs	97.053	None	<u>16,884</u>
Total Homeland Security Grant Program Cluster			<u>1,039,135</u>
Total Expenditures of Federal Awards			<u>\$ 13,867,477</u>

See accompanying notes to schedule.

Pinal County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pinal 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.

Of the amount reported for the Immunization Grants program (CFDA number 93.268), \$137,370 represents the value of noncash assistance expended.

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 2005 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word "unknown" were used.

Note 3 - Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program Title	CFDA Number	Amount
DEA—Domestic Cannabis Eradication and Suppression Program	16.unknown	\$ 7,954
Fund for the Improvement of Education	84.215	138,128
State Domestic Preparedness Equipment Support Program	16.007	497,062

Pinal County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2005

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
	Yes	No	
Material weakness identified in internal control over financial reporting?	___	<u>X</u>	
Reportable condition identified not considered to be a material weakness?	___	<u>X</u> (None reported)	
Noncompliance material to the financial statements noted?	___	<u>X</u>	

Federal Awards

Material weakness identified in internal control over major programs?	___	<u>X</u>	
Reportable condition identified not considered to be a material weakness?	___	<u>X</u> (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])?	___	<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
14.871	Section 8 Housing Choice Vouchers
16.007	Homeland Security Grant Program Cluster
97.053	State Domestic Preparedness Equipment Support Program Citizen Corps

Dollar threshold used to distinguish between Type A and Type B programs:	\$416,024		
Auditee qualified as low-risk auditee?	<u>X</u>	___	

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	<u>X</u>	___	
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Pinal County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2005

Status of Federal Award Findings and Questioned Costs

CFDA No.: 97.004 **State Domestic Preparedness Equipment Support Program**
Finding No.: 04-101
Status: Fully corrected