YUMA COUNTY, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2008

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Auditor General of the State of Arizona

The Board of Supervisors
Yuma County, Arizona

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yuma County, Arizona as of and for the year ended June 30, 2008, which collectively comprise Yuma County, Arizona's basic financial statements and have issued our report thereon dated October 31, 2008, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board (GASB) Statements Nos. 48 and 50. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Yuma County, Arizona's internal control over financial reporting as a basis for designing our auditing procedures 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 Yuma County, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Yuma County, Arizona's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yuma County, Arizona's basic financial statements are free of 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 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Yuma County, Arizona's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Yuma County, Arizona's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, and 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 31, 2008

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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

The Auditor General of the State of Arizona

The Board of Supervisors
Yuma County, Arizona

Members of the Board:

Compliance

We have audited the compliance of Yuma County, Arizona 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, 2008. Yuma County, Arizona'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 Yuma County, Arizona's management. Our responsibility is to express an opinion on Yuma County, Arizona's compliance based on our audit.

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 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 Yuma County, Arizona'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 Yuma County, Arizona's compliance with those requirements.

In our opinion, Yuma County, Arizona 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, 2008.

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Internal Control Over Compliance

The management of Yuma County, Arizona 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 Yuma County, Arizona's internal control over compliance with the 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, 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 Yuma County, Arizona's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yuma County, Arizona as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board (GASB) Statements Nos. 48 and 50. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Yuma County, Arizona'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, 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 Auditor General of the State of Arizona, the Board of Supervisors, management, and 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.

Heinfeld, Meech & Co., P.C

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

October 31, 2008

YUMA COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures & Transfers
U.S. Office of National Drug Control Policy			
Passed through Pima County:			
High Intensity Drug Trafficking Area Program	07.11PSAP549	01-11-Y-132422-1002	$ 354,065
	07.12PSAP549	01-11-Y-134152-1003	
	07.13PSAP549	01-11-0-128893-1000	
	07.14PSAP549	01-11-Y-130623-1001	
		01-11-Y-134152-1003	
Total U.S. Office of National Drug Control Policy			354,065
U.S. Department of Agriculture			
Direct Program:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	27,060
Passed through Arizona Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	KR10358	32,747
National School Lunch Program	10.555	KR10358	50,654
			83,401
Passed through Arizona Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	HG361072	971,319
State Administrative Matching Grants for Food Stamp Program	10.561	HI461238	283,454
			1,254,773
Total U.S. Department of Agriculture			1,365,234
U.S. Department of Housing and Urban Development			
Direct Programs:			
Public and Indian Housing	14.850	N/A	1,215,101
Section 8 Housing Choice Vouchers	14.871	N/A	2,353,236
Public Housing Capital Fund	14.872	N/A	156,923
Passed through City of Yuma:			
Community Development Block Grants/Entitlement Grants	14.218	H125-02, B01MC040508	18,952
Passed through Governor's Office of Housing Development:			
Community Development Block Grants/State's Program	14.228	109-03, 172-05, 174-05, 176-05 173-05, 178-05	208,722
HOME Investment Partnership Program	14.239	07-108	62,410
			271,132
Total U.S. Department of Housing and Urban Development			4,015,344
U.S. Department of Interior			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	1,910,901
Total U.S. Department of Interior			1,910,901
U.S. Department of Justice			
Direct Programs:			
Southwest Border Prosecution Initiative	16. UNKNOWN	N/A	41,839
Federal Equitable Sharing Program	16. UNKNOWN	N/A	25,989
State Criminal Alien Assistance Program	16.606	N/A	554,624
Passed through Arizona Criminal Justice Commission:			
Crime Victim Compensation	16.576	VC-05-063	51,170
Byrne Formula Grant Program	16.579	PC-040-05	114,168
			165,338
Passed through Arizona Department of Public Safety:			
Crime Victim Assistance	16.575	2003-054	154,009
Passed through Governor's Community Policy Office:			
Juvenile Accountability Incentive Block Grants	16.523	JB-GRA-035273	27,837
		JB-GRA-024182	
		JB-GRA-03532	
Total U.S. Department of Justice			969,636

See accompanying notes to schedule.

(Continued)

YUMA COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(CONCLUDED)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures & Transfers
U.S. Department of Labor			
Passed through Arizona Department of Economic Security:			
WIA Cluster			
WIA Adult Program	17.258	E5704014, E5705014, E5706014	$ 2,404,492
WIA Youth Activities	17.259	E5704014, E5705014, E5706014	1,585,864
WIA Dislocated Workers	17.260	E5704014, E5705014, E5706014	415,761
Total U.S. Department of Labor			4,406,117
U.S. Department of Treasury			
Direct Program:			
Federal Equitable Sharing Program	21.000	N/A	22,763
Total U.S. Department of Treasury			22,763
Institute of Museum and Library Services			
Passed through the Department of Library, Archives and Public Records:			
State Library Program	45.310	241-6-1-(07), 241-3-1-(15)	34,012
Total Institute of Museum and Library Services			34,012
U.S. Department of Education			
Passed through Arizona Department of Education:			
Title I Grants to Local Educational Agencies	84.010	05FAATTI-560112-02A	36,672
Special Education - Grants to States	84.027	08FESCBG-870067-04A 08FESSCG-870067-02A 08FESCBG-870067-03A	228,472
Improving Teacher Quality State Grants	84.367	08FAAAZE-870067-01A	63,627
			328,771
Passed through Arizona Supreme Court:			
Title I Program for Neglected and Delinquent Children	84.013	05FAANAD-570887-03A	30,060
Total U.S. Department of Education			358,831
U.S. Department of Health and Human Services			
Passed through Arizona Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HG352245	66,136
Immunization Grants	93.268	HG352245	122,766
HIV Care Formula Grants	93.917	HG352332, HG552273	131,470
HIV Prevention Activities - Health Department Based	93.940	HG352238, HG352232	1,508
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	HG354256	25,640
Maternal and Child Health Services Block Grant to the States	93.994	HG361143, HG461413-007	112,560
			460,080
Passed through University of Arizona:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	Y404840	90,060
Passed through Arizona Department of Health Services:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	252041	538,769
Total CFDA 93.283			628,829
Passed through Arizona Department of Economic Security:			
Child Support Enforcement	93.563	E7204027, E7203027	117,630
Total U.S. Department of Health and Human Services			1,206,539
U.S. Department of Homeland Security			
Passed through Arizona Department of Emergency and Military Affairs:			
Homeland Security Cluster			
State Domestic Preparedness Equipment Support Program	97.004	2003-MU-T3-0034	158,744
Homeland Security Grant Program	97.067	2005-GE-T5-0030	106,327
Total Homeland Security Cluster			265,071
Disaster Grants - Public Assistance	97.036	PCA26001	2,992
Total U.S. Department of Homeland Security			268,063
Total Expenditures of Federal Awards			$ 14,911,505

See accompanying notes to schedule.

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Yuma County, Arizona 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*.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2008 *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 was used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word "unknown" was used.

NOTE 3 - SUBRECIPIENTS

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

Program Title	CFDA Number	Amount
Workforce Investment Act - Adult	17.258	$ 2,404,492
Workforce Investment Act - Youth	17.259	1,585,864
Workforce Investment Act - Dislocated Workers	17.260	415,761

YUMA COUNTY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ____ yes X no
- Significant deficiency identified that is not considered to be a material weakness? X yes ____ none reported

Noncompliance material to financial statements noted? ____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness identified? ____ yes X no
- Significant deficiency identified that is not considered to be a material weakness? ____ yes X 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 section 510(a) of OMB Circular A-133? ____ yes X no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
16.606	State Criminal Alien Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: $447,345

Auditee qualified as low-risk auditee? X yes ____ no

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (Section 315[b])? X yes ____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

08-1 CRITERIA

The County's management is responsible for establishing and maintaining internal controls that prevent or detect material misstatements to the financial statements and related notes to the financial statements. This includes ensuring financial statements are prepared in accordance with generally accepted accounting principles (GAAP), including implementation of all required Governmental Accounting Standards Board (GASB) pronouncements.

CONDITION/CONTEXT

The County's management did not have adequate internal control procedures in place over the preparation of the financial statements issued by the County. The County did not initially disclose the implementation of the GASB Statement Nos. 48 and 50 in the notes to the financial statements. The County has since made revisions and the required disclosures have been included in the final audit report.

EFFECT

The County's internal controls over financial reporting of the notes to the financial statements were not adequate to ensure that a misstatement would be prevented and/or detected. The County originally omitted two required GASB's from the note disclosures.

CAUSE

The County was aware of both GASB Nos. 48 and 50; however, the County misinterpreted the implementation requirements.

RECOMMENDATION

The County must design and implement effective internal control procedures to ensure the financial statements and related notes are free from material misstatements. Specifically, the County should evaluate all new GASB pronouncements to determine the implementation requirement of each. Additionally, the County should review the County Reporting Guidelines issued by the Office of the Auditor General each year for any changes and updates that need to be incorporated into the financial report.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The responsible party misinterpreted the pronouncements and failed to secure a second opinion. In the coming year, new GASB pronouncements will be reviewed by multiple staff members to ensure understanding and compliance. The new pronouncements will be purchased and reviewed immediately once they are published by the GASB.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Status of Federal Award Findings and Questioned Costs

CFDA No. 93.268
Program Name: Immunization Grants
Finding No. 07-1

Status: Not corrected. The Vaccine Order/Reporting Form submitted to the Arizona Department of Health Services for the months of November 2007 and February 2008 did not report the correct number of eligible children who received a vaccine or the correct number of doses on hand. The County reported a total of 14,738 doses, however 17,039 doses were actually on hand. The County also reported 1,630 children who received a vaccine, however, the County only had record of 533 children receiving a vaccine.

Views of Responsible Officials and Planned Corrective Actions:

The Health Department will perform additional internal audits of receipts, transfers, and usages of vaccines to ensure accuracy and safety of vaccines.

CFDA Nos. 10.557, 14.871, 17.258, 17.259, 17.260
Program Names: Special Supplemental Nutrition Program for Women, Infants and Children
Section 8 Housing Choice Vouchers
Workforce Investment Act Cluster
Finding No. 07-2

Status: Fully corrected.