A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Pima County

Year Ended June 30, 2008

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

Debra K. Davenport
Auditor General

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Pima County, Arizona
Single Audit Reporting Package
Year Ended June 30, 2008

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Comprehensive Annual Financial Report

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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 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
Pima County, Arizona

Compliance

We have audited the compliance of Pima 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, 2008. 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, Pima 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and that are described in the accompanying Schedule of Findings and Questioned Costs as items 08-101 and 08-102.

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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 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 County's internal control over compliance.

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

A control deficiency in the County'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 County'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 County's internal control. We consider items 08-101 and 08-102 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

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 County's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. Our report was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement Nos. 45, 48, 49, and 50. Our audit was performed 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 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.

Pima County's responses to the findings identified in our audit are presented on pages 16 through 19. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

Jay Zsorey, CPA
Financial Audit Director

March 26, 2009, except for the
Schedule of Expenditures of Federal Awards,
for which the date is December 19, 2008

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Office of National Drug Control Policy			
High-Intensity Drug Trafficking Areas	07.I3PSAP549Z		$ 125,424
High-Intensity Drug Trafficking Areas	07.I4PSAP549Z		171,033
High-Intensity Drug Trafficking Areas	07.I5PSAP549Z		721,695
High-Intensity Drug Trafficking Areas	07.I4PSAP999Z		341,239
Passed through the Arizona Criminal Justice Commission			
High-Intensity Drug Trafficking Areas	07.I6PSAP501Z	HT16-06-0211, HT16-06-0410, HT16-06-0810, HT16-06-0310, HT16-06-0714, HT16-06-1411, HT16-06-0713, HT16-06-1612, HT16-06-1714	249,184
High-Intensity Drug Trafficking Areas	07.I7PSAP501Z	HT17-07-1714, HT17-07-1411, HT17-07-2411, HT17-07-0610, HT17-07-1713, HT17-07-1611, HT17-07-0410, HT17-07-0714, HT17-07-0211, HT17-07-1612, HT17-07-2011, HT17-07-0713	1,409,414
High-Intensity Drug Trafficking Areas	07.I8PSAP501Z	HT18-08-0211, HT18-08-1714, HT18-08-1411, HT18-08-1612, HT18-08-2411, HT18-08-1713	250,845
Passed through the County of El Paso, Texas			
High-Intensity Drug Trafficking Areas	07.I3PSBP999	I3PSBP999	258,436
Total U.S. Office of National Drug Control Policy			3,527,270
U.S. Department of Agriculture			
Passed through the Arizona Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	ED05-0001	80,751
National School Lunch Program	10.555	ED05-0001	150,765
Total Child Nutrition Cluster			231,516
Passed through the Arizona Department of Health Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG 361077, HG861087	1,762,311
Commodity Supplemental Food Program	10.565	HG 361103, HG861194	89,099
WIC Farmers' Market Nutrition Program (FMNP)	10.572	HG 361288, HG861329	3,031
Passed through the Arizona State Treasurer			
Schools and Roads—Grants to States	10.665	NFF	77,066
Passed through the Community Food Bank			
Community Facilities Loans and Grants	10.766	138616	11,690
Water and Waste Disposal Loans and Grants (Section 306C)	10.770		3,584
Total U.S. Department of Agriculture			2,178,297
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		2,729,232
Emergency Shelter Grants Program	14.231		133,652
Supportive Housing Program	14.235		1,861,375
Passed through the City of Tucson			
Supportive Housing Program	14.235	0074-08	84,111
Total Supportive Housing Program			1,945,486
Passed through the City of Tucson			
HOME Investment Partnerships Program	14.239	0621-01, 0047-08	440,202

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Passed through the Corporation for Enterprise Development			
HOME Investment Partnerships Program	14.239	None	$ 1,831
Total HOME Investment Partnerships Program			442,033
Housing Opportunities for Persons with AIDS	14.241		399,694
Total U.S. Department of Housing and Urban Development			5,650,097
U.S. Department of the Interior			
Bureau of Land Management—Law Enforcement	15.DAU		5,000
Sonoran Desert Conservation Plan	15.FFB		1,169
Payments in Lieu of Taxes	15.226		1,863,459
Passed through the Arizona State Treasurer			
Distribution of Receipts to State and Local Governments	15.227	TAYLO	11,467
Fish, Wildlife and Plant Conservation Resource Management	15.231		40,428
Total U.S. Department of the Interior			1,921,523
U.S. Department of Justice			
Federal Equitable Sharing Program	16.unknown		159,523
Passed through the Arizona Governor's Office for Children, Youth and Families, Division for Community and Youth Development			
Juvenile Accountability Incentive Block Grants	16.523	JB-IGA-05-7273-03, JB-CSG-07-8274-09, JB-CSG-08-9273-08	95,812
Passed through the Arizona Governor's Office for Children, Youth and Families, Division for Children			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	J5-CSG-08-8335-00, J5-CSG-07-8281-00	98,967
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		532,789
Passed through the Arizona Criminal Justice Commission			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	FDC-06-207	60,000
Total National Institute of Justice Research, Evaluation, and Development Project Grants			592,789
Passed through the Arizona Department of Public Safety			
Crime Victim Assistance	16.575	2006-422	131,465
Passed through the Arizona Criminal Justice Commission			
Crime Victim Compensation	16.576	VC-08-059	355,661
Passed through the City of Tucson			
Edward Byrne Memorial Formula Grant Program	16.579	0277-05	378,764
Passed through the Arizona Governor's Office for Children, Youth and Families, Division for Women			
Violence Against Women Formula Grants	16.588	ST-WSG-07-7365-20 2006-WF-AX-007	320,118
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		35,809
Passed through the Arizona Governor's Office for Children, Youth and Families, Division for Women			
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	RD-GRD-07-8366-03	14,809
Total Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program			50,618

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		$ 22,475
State Criminal Alien Assistance Program	16.606		900,582
Community Prosecution and Project Safe Neighborhoods	16.609		84,497
Public Safety Partnership and Community Policing Grants	16.710		1,055,299
Passed through the Arizona Governor's Office of Highway Safety			
Enforcing Underage Drinking Laws Program	16.727	2007-OJJDP-007	24,626
Passed through the Arizona Supreme Court			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	None	104,641
Passed through the City of Tucson			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	0302-06, 0319-06	217,724
Passed through the Arizona Criminal Justice Commission			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PC-08-030	188,772
Total Edward Byrne Memorial Justice Assistance Grant Program			511,137
Passed through the Arizona Criminal Justice Commission			
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CVF6-07-308	2,196
Total U.S. Department of Justice			4,784,529
U.S. Department of Labor			
WIA Cluster:			
Passed through the Arizona Department of Economic Security			
WIA Adult Program	17.258	DE070302001, E5706011	1,581,341
WIA Youth Activities	17.259	DE070302001, E5706011	1,636,703
Passed through the Arizona Department of Economic Security			
WIA Dislocated Workers	17.260	DE070302001, E5706011	1,164,768
Passed through the Home Builder's Institute			
WIA Dislocated Workers	17.260	None	104,175
Total WIA Dislocated Workers			1,268,943
Total WIA Cluster			4,486,987
Passed through the Advance Ceramics Research Foundation			
WIA Pilots, Demonstrations, and Research Projects	17.261	DOL#EA-15574-06-60	122,148
Passed through the Arizona Department of Economic Security			
Incentive Grants—WIA Section 503	17.267	DE071143,DE081033-001	60,517
Passed through the Arizona Department of Commerce			
H-1B Job Training Grants	17.268	G021-08	305,411
Community Based Job Training Grants	17.269		2,218
Veterans' Employment Program	17.802		737,567
Homeless Veterans Reintegration Project	17.805		249,734
Total U.S. Department of Labor			5,964,582
U.S. Department of Transportation			
Passed through the Arizona Department of Transportation			
Highway Planning and Construction	20.205	SL52402D, SL 541-01X	286,975
Formula Grants for Other than Urbanized Areas	20.509	SD010-01C, SL525-01X, JPA 06-018T, JPA05-029P	526,256
Passed through the City of Tucson			
Job Access-Reverse Commute	20.516	0247-05	318,002

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Passed through the Arizona Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	2007-AL-001	$ 10,303
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	207-K8-001, 2007-K8-041 2007-410-003	178,664
Passed through the Arizona Emergency Response Commission			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	None	5,248
Total U.S. Department of Transportation			1,325,448
U.S. Department of Treasury			
Federal Equitable Sharing Program	21.unknown		3,755
State and Local Overtime and Authorized Expense Program	21.unknown		77,246
Total U.S. Department of Treasury			81,001
U.S. Institute of Museum and Library Services			
Passed through the Arizona State Library, Archives and Public Records			
Grants to States	45.310	261-6-1(08), 261-6-1(07) 261-3-1(13), 261-7-7(01) 261-5-1(11), 271-05-01-(08) 271-06-01-(07)	64,239
U.S. Environmental Protection Agency			
Air Pollution Control Program Support	66.001		344,723
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		183,672
Total U.S. Environmental Protection Agency			528,395
U.S. Department of Education			
Passed through the Arizona Department of Education			
Adult Education—State Grant Program	84.002	08FAEABE-870731-01A	113,876
Title I Grants to Local Educational Agencies	84.010	S010A060003, S010A040003, S010A070003	112,988
Passed through the Arizona Supreme Court			
Title I Grants to Local Educational Agencies	84.010	0138A133894-703	87,552
Total Title I Grants to Local Educational Agencies			200,540
Passed through the Arizona Department of Education			
Special Education—Grants to States	84.027	H027A0050007, H027A0070007	134,068
Passed through the Arizona Department of Economic Security			
Rehabilitation Services—Vocational Rehabilitation Grants to States	84.126	E1225014	521,630
Passed through the Vail School District			
Safe and Drug-Free Schools and Communities—National Programs	84.184	None	7,986
Safe and Drug-Free Schools and Communities—State Grants	84.186		611
Passed through the Arizona Department of Education			
Education for Homeless Children and Youth	84.196	S196A07003	10,000
Tech-Prep Education	84.243	V243A060003	312,497
State Grants for Innovative Programs	84.298	S298A020003	361
Education Technology State Grants	84.318	S318X070003	1,048,888
Tech-Prep Demonstration Grants	84.353		82,672

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Passed through the Arizona Department of Education			
Reading First State Grants	84.357	S357A0700003	$ 220,797
English Language Acquisition Grants	84.365	T365A30003A	25,854
Mathematics and Science Partnerships	84.366	S366B070003	99,022
Improving Teacher Quality State Grants	84.367	S281A030003, S367A070049	142,041
Passed through the Arizona Supreme Court			
Improving Teacher Quality State Grants	84.367	None	30,506
Total Improving Teacher Quality State Grants			172,547
Total U.S. Department of Education			2,951,349
Elections Assistance Commission (EAC)			
Passed through the Arizona Secretary of State			
Help America Vote Act Requirements Payments	90.401	None	7,314
U.S. Department of Health and Human Services			
Passed through the Pima Council on Aging			
Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	93.043	139696	11,168
Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	07-15-P-138-146-0706	593,960
National Family Caregiver Support	93.052	07-15-P-138-146-0706	269,689
Passed through the Arizona Early Childhood Development & Health Board			
Maternal and Child Health Federal Consolidated Programs	93.110	2008-STA-GRA-HLTH-0808-001	3,641
Passed through the Arizona Department of Health Services			
Maternal and Child Health Federal Consolidated Programs	93.110	HG561232	3,585
Total Maternal and Child Health Federal Consolidated Programs			7,226
Passed through the Arizona Department of Health Services			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HG352248, HG852307	55,161
Passed through the Arizona Family Planning Council			
Family Planning—Services	93.217	02-01-A-139165-0107, 02-01-A-140664-0108	842,693
Consolidated Knowledge Development and Application (KD&A) Program	93.230		465,647
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243		360,510
Passed through the University of Arizona			
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Y453010, Y772782	87,830
Passed through the Jewish Family & Children's Service			
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	SAMSHA/NCTSI-TX#1U79-SM57216-01	24,502
Passed through COPE Behavioral Services Inc.			
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	pchd.02/03.03	45,561
Passed through Southern Arizona AIDS Foundation			
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	V908-380-101	38,041
Total Substance Abuse and Mental Health Services—Projects of Regional and National Significance			556,444

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Passed through the Arizona Department of Health Services			
Immunization Grants	93.268	HG352196	$ 308,230
Passed through the Arizona Administrative Office of the Courts			
Substance Abuse and Mental Health Services—Access to Recovery	93.275	None	3,640
Passed through the Arizona Department of Health Services			
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	HG754202	1,356,296
Passed through the Arizona Department of Economic Security			
Temporary Assistance for Needy Families	93.558	E6306007	950,330
Child Support Enforcement	93.563	E7200019, G04-04-AZ-4004	853,987
Passed through the Arizona Supreme Court			
Child Support Enforcement	93.563	DR 10-62-04-0111	13,219
Total Child Support Enforcement			867,206
Passed through the Arizona Department of Economic Security			
Low-Income Home Energy Assistance	93.568	E6306007	323,305
Passed through the Arizona Department of Commerce			
Low-Income Home Energy Assistance	93.568	C082-06	92,273
Total Low-Income Home Energy Assistance			415,578
Passed through the Arizona Department of Economic Security			
Community Services Block Grant	93.569	E6306007	732,226
Social Services Block Grant	93.667	E6206009, E6306007	1,156,134
Passed through the Arizona Department of Health Services			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	HG361209	342,125
Passed through the Arizona Department of Health Services			
HIV Prevention Activities—Health Department Based	93.940	HG454517, HG654115, HG652199	335,745
Passed through the University of Arizona			
HIV Prevention Activities—Health Department Based	93.940	Y480590	40,862
Total HIV Prevention Activities—Health Department Based			376,607
Passed through the Arizona Department of Health Services			
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	HG354252, HG854318	199,255
Passed through the Arizona Family Planning Council			
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	02-01-A-139165-0107	7,083
Total Preventive Health Services—Sexually Transmitted Diseases Control Grants			206,338
Passed through the Arizona Department of Health Services			
Preventive Health and Health Services Block Grant	93.991	HG354184, HG354374	104,834
Maternal and Child Health Services Block Grant to the States	93.994	HG361165, HG861299, HG461413	115,267
Total U.S. Department of Health and Human Services			9,736,799
U.S. Department of Homeland Security			
Homeland Security Grant Program Cluster:			
Passed through the Arizona Department of Emergency and Military Affairs			
Homeland Security Grant Program	97.067	2005-GE-T5-0030	153,206

(Continued)

See accompanying notes to schedule.

Pima County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Passed through the Arizona Department of Homeland Security			
Homeland Security Grant Program	97.067	222414-01, 333904-01, 333420-02, 333903-01, 333427-02, 333427-01, 222416-02, 222416-03, 222415-01, 333406-03 & 04	$ 2,478,292
Total Homeland Security Grant Program			2,631,498
Passed through the Arizona Department of Homeland Security			
Law Enforcement Terrorism Prevention Program	97.074	222416-01	208,347
Total Homeland Security Grant Program Cluster			2,839,845
Passed through the Arizona Department of Emergency and Military Affairs			
Pre-Disaster Mitigation (PDM) Competitive Grants	97.017	PDMC-PJ-09-AZ-2003-02	245,658
Passed through the United Way			
Emergency Food and Shelter National Board Program	97.024	Phase 25-07200-015	
		Phase 26-07200-015	154,980
Passed through the Arizona Department of Emergency and Military Affairs			
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1660	1,518,308
Emergency Management Performance Grants	97.042	None	167,223
Total U.S. Department of Homeland Security			4,926,014
Total Expenditures of Federal Awards			$ 43,646,857

See accompanying notes to schedule.

Pima County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Note 1 - Basis of Accounting

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

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 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 or identifier 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 or Cluster Title	CFDA Number	Amount
High-Intensity Drug Trafficking Areas	07.I3PSAP549Z	$121,546
High-Intensity Drug Trafficking Areas	07.I4PSAP549Z	78,826
High-Intensity Drug Trafficking Areas	07.I5PSAP549Z	402,781
High-Intensity Drug Trafficking Areas	07.I4PSAP999Z	50,000
High-Intensity Drug Trafficking Areas	07.I3PSBP999	76,921
Community Development Block Grants/ Entitlement Grants	14.218	713,834
Emergency Shelter Grants Program	14.231	104,942
Housing Opportunities for Persons with AIDS	14.241	62,436
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	5,000
Highway Planning and Construction	20.205	125,000
Consolidated Knowledge Development and Application (KD&A) Program	93.230	313,329
Substance Abuse and Mental Health Services— Projects of Regional and National Significance	93.243	168,406
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	177,849
Homeland Security Grant Program Cluster	97.067, 97.074	4,893

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
	Yes	No
Material weaknesses identified in internal control over financial reporting?	X	
Significant deficiencies identified not considered to be material weaknesses?		X (none reported)
Noncompliance material to the financial statements noted?		X

Federal Awards

Material weaknesses identified in internal control over major programs?		X
Significant deficiencies identified not considered to be material weaknesses?	X	
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])?	X	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
07.I3PSAP549Z	High-Intensity Drug Trafficking Areas
07.I4PSAP549Z	
07.I5PSAP549Z	
07.I4PSAP999Z	
07.I6PSAP501Z	
07.I7PSAP501Z	
07.I3PSAP999	
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	Community Development Block Grants/Entitlement Grants
14.235	Supportive Housing Program
15.226	Payments in Lieu of Taxes
	WIA Program Cluster:
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
93.283	Centers for Disease Control and Prevention—Investigations and Technical Assistance
97.036	Disaster Grants—Public Assistance (Presidentially Declared Disasters)
	Homeland Security Grant Program Cluster:
97.067	Homeland Security Grant Program
97.074	Law Enforcement Terrorism Prevention Program

Dollar threshold used to distinguish between Type A and Type B programs: $1,309,406

	Yes	No
Auditee qualified as low-risk auditee?	___	X

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	X	___

Pima County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Financial Statement Findings

Financial statement findings were reported in the separately issued Report on Internal Control over Financial Reporting and on Compliance and Other Matters Performed in Accordance with *Government Auditing Standards*.

Federal Award Findings and Questioned Costs

08-101
CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
U.S. Department of Agriculture, passed through the Arizona Department of Health Services
Award Year: 2008
Award Numbers: HG 361077, HG 861087
Eligibility

Questioned Cost: None

The County Health Department did not have adequate controls in place to ensure that income eligibility was properly documented in the State's WIC certification system. Under federal WIC program eligibility requirements, an applicant is adjunctively or automatically income-eligible for WIC if that individual is eligible to participate in the Food Stamp Program, Arizona Health Care Cost Containment System, Temporary Assistance for Needy Families Program, or Medicaid. According to Chapter 3, Section E, of the *Arizona WIC Policies and Procedures Manual,* when an applicant participates in an adjunctively eligible federal or state program, the applicant is allowed to enroll in the WIC program without repeating the initial income screening. However, for 8 of the 42 sampled WIC participants, the Health Department did not document that the participants were adjunctively income-eligible in the State's certification system, despite the fact that those participants provided proof of participation in one or more of the adjunctively eligible programs. In addition, for one sampled participant, auditors noted that the Health Department mistakenly entered the participant's reported income several times in the State's certification system. The inadequate and inaccurate income eligibility documentation could have resulted in denial of WIC program services for these participants even though it didn't in these instances.

To help ensure that all eligible applicants receive WIC benefits, the County Health Department should continue to provide ongoing training to employees to ensure that income eligibility is accurately documented in the State's WIC certification system in accordance with federal and state income eligibility documentation requirements.

08-102
CFDA No.: 93.283 Centers for Disease Control and Prevention—Investigations and Technical Assistance
U.S. Department of Health and Human Services, passed through the Arizona Department of Health Services
Award Year: 2008
Award Numbers: HG754202
Allowable costs/cost principles

Questioned Cost: $7,397

The County Health Department did not have adequate policies and procedures in place to ensure compliance with federal allowable costs/cost principles requirements for this program. The Department spent $751,404, or 56 percent, of program monies on salaries and benefits. However, the Department lacked policies and procedures to ensure that salary and benefit costs were charged to the program based on actual time spent for the program. For two out of 15 employees and six pay periods, auditors noted that salary and benefits totaling $7,397 were automatically charged to the program in error through systematic time distributions, even though the time and effort forms the employees prepared showed that they did not work on the program during those pay periods.

It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding.

To help ensure compliance with federal allowable costs/cost principles requirements as defined in OMB Circular A-87, Attachment B, and with the grant agreement, the County should establish policies and procedures that ensure that salaries and benefits charged to federal programs are based on actual time and effort spent for the federal programs.

PIMA COUNTY
DEPARTMENT OF FINANCE AND RISK MANAGEMENT

Thomas E. Burke, Director

March 24, 2009

Ms. Debbie Davenport
Auditor General
2910 N. 44th St., Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

The following corrective action plan has been prepared as required by the U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's schedule of findings and questioned costs.

Very truly yours,

Thomas E. Burke, Director
Department of Finance and Risk Management

130 West Congress Street, 6th Floor, Tucson, Arizona 85701-1317 Ph. (520) 740-8041 Fax (520) 243-2329

PIMA COUNTY
Corrective Action Plan
Year Ended June 30, 2008

08-101
CFDA No.: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
U.S. Department of Agriculture, passed through the Arizona Department of Health Services
Award Year: 2008
Award Number: HG 361077, HG861087
Eligibility **Questioned Cost: None**

Contact Person – Rebecca Melland
Anticipated Completion Date – March 31, 2009

The County concurs with the finding and has begun training sessions with staff regarding the proper way to document adjunct eligibility and other trainings regarding the appropriate data entry of income information.

08-102
CFDA No.: 93.283 Centers for Disease Control and Prevention-Investigations and Technical Assistance
U.S. Department of Health and Human Services, passed through the Arizona Department of Health Services
Award Year: 2008
Award Number: HG754202
Allowable costs/cost principles **Questioned Cost: $7,397**

Contact Person – Rebecca Melland
Anticipated Completion Date – March 31, 2009

The County concurs and has implemented a procedure that reconciles labor reports with individual time and effort forms. This reconciliation is completed prior to submission of reimbursement requests to ensure that only actual time and effort spent on the grant is correctly reported.

PIMA COUNTY
DEPARTMENT OF FINANCE AND RISK MANAGEMENT

Thomas E. Burke, Director

February 23, 2009

Ms. Debbie Davenport
Auditor General
2910 N. 44th St., Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport,

The following summary schedule of prior audit findings has been prepared as required by the U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs related to federal awards.

Sincerely,

Thomas E. Burke,
Finance Director

130 West Congress Street, 6th Floor, Tucson, Arizona 85701-1317 Ph. (520) 740-8041 Fax (520) 243-2329

PIMA COUNTY
Schedule of Prior Year Audit Findings
Year Ended June 30, 2008

Federal Award Findings and Questioned Costs

07-101
CFDA No.: 20.205 Highway Planning and Construction
U.S. Department of Transportation (DTRH68-7-E-00023) and passed through the Arizona Department of Transportation (SL525-01X and SL541-01X)
Status – **Fully Corrected**

07-102
CFDA No.: 20.205 Highway Planning and Construction
U.S. Department of Transportation –Federal Highway Administration (FHWA)
Status – **Fully Corrected**

07-103
CFDA Nos.: 20.205 Highway Planning and Construction
U.S. Department of Transportation –Federal Highway Administration (FHWA)
Status – **Fully Corrected**

07-104
CFDA No.: 97.067 Homeland Security Grant Program
Department of Homeland Security, passed through the Arizona Department of Emergency and Military Affairs
Status – **Fully Corrected**