

Greenlee County
Single Audit Reports

Year Ended June 30, 2015

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Single Audit Reports
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SINGLE AUDIT REPORTS

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REPORT ISSUED SEPARATELY

Annual Financial Report



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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 Auditor General of the State of Arizona

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 the aggregate remaining fund information of Greenlee County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2016.

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) to determine the 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 on the effectiveness of the County's internal control.

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 basic financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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*.

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.

Handwritten signature in cursive script that reads "Fester & Chapman P.C.".

March 29, 2016

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 OMB Circular A-133

The Auditor General of the State of Arizona

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, 2015. 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 laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' 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 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 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 each of its major federal programs for the year ended June 30, 2015.

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 OMB Circular A-133, 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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 29, 2016, that contained an 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 OMB Circular A-133 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.

A handwritten signature in cursive script that reads "Foster & Chapman P.C.".

March 29, 2016

Greenlee County, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency / CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		Arizona Department of Health Services	13-029585	\$ 129,643	\$ -
10.665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster	Arizona State Treasurer	None	667,612	367,613
	Total Department of Agriculture				<u>797,255</u>	<u>367,613</u>
Department of the Interior						
15.226	Payments in Lieu of Taxes			N/A	774,382	-
	Total Department of the Interior				<u>774,382</u>	<u>-</u>
Department of Justice						
16.738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-13-003, DC-13-053	21,821	-
	Total Department of Justice				<u>21,821</u>	<u>-</u>
Department of Transportation						
20.106	Airport Improvement Program			N/A	68,943	-
	Total Department of Transportation				<u>68,943</u>	<u>-</u>
Department of Health and Human Services						
93.069	Public Health Emergency Preparedness		Arizona Department of Health Services	12-007889	217,419	-
93.268	Immunization Cooperative Agreements		Arizona Department of Health Services	HG854286, 11-003824, 13-041541	48,264	-
93.563	Child Support Enforcement		Arizona Department of Economic Security	G1304AZ4004	6,872	-
93.940	HIV Prevention Activities - Health Department Based		Arizona Department of Health Services	HG852274	54,270	-
93.994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	11-005261	3,840	-
	Total Department of Health and Human Services				<u>330,665</u>	<u>-</u>
Department of Homeland Security						
97.042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	2012-EP-00003	95,332	-
	Total Department of Homeland Security				<u>95,332</u>	<u>-</u>
	Total expenditures of federal awards				<u>\$ 2,088,398</u>	<u>\$ 367,613</u>

See accompanying notes to schedule.

Greenlee County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes Greenlee County's federal grant activity 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 2015 *Catalog of Federal Domestic Assistance*.

NOTE 3 - SUBRECIPIENTS

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Schools and Roads - Grants to States	10.665	\$ 367,613

Greenlee County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u>	<u> X </u>
Significant deficiency(ies) identified?	<u> </u>	<u> X </u>
		(None reported)
Noncompliance material to the financial statements noted?	<u> </u>	<u> X </u>

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u>	<u> X </u>
Significant deficiency(ies) identified?	<u> </u>	<u> X </u>
		(None reported)

Type of auditors' report issued on compliance for major programs:	Unmodified	
Any findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u> </u>	<u> X </u>

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.665	Schools and Roads - Grants to States
15.226	Payments in Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	<u> </u>	<u> X </u>
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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>	<u> </u>
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Greenlee County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

DEBORAH K. GALE
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Clerk of the Board
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March 29, 2016

Ms. Debbie Davenport, Auditor General
State of Arizona, Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport:

We have prepared the accompanying Summary Schedule of Prior Audit Findings as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of the audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards.

Please do not hesitate to contact my office if you have any questions or need further information.

Sincerely,

Deborah K. Gale, County Administrator
Greenlee County

Greenlee County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Status of Federal Award Findings and Questioned Costs

CFDA No: Not applicable.
Finding No: 2014-101.
Status: Fully corrected.