



SINGLE AUDIT REPORTING PACKAGE

Year Ended June 30, 2012





TOWN OF MARANA, ARIZONA  
SINGLE AUDIT REPORTING PACKAGE  
YEAR ENDED June 30, 2012

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HENRY & HORNE, LLP  
Certified Public Accountants

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 Honorable Mayor and Council  
Town of Marana, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Marana, Arizona (the "Town"), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 15, 2013. 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

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's 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*.

This report is intended solely for the information and use of management, Town Council, others within the entity, 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.

*Henry + Horne LLP*

Casa Grande, Arizona  
February 15, 2013



HENRY & HORNE, LLP  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Council  
Town of Marana, Arizona

Compliance

We have audited the compliance of the Town of Marana (the Town), 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, 2012. The Town's major federal programs are identified in the summary of auditor's 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 Town's management. Our responsibility is to express an opinion on the Town'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 the Town'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 on the Town's compliance with those requirements.

In our opinion, the Town of Marana, Arizona, complied, in all material respects, with the 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, 2012.

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## Internal Control Over Compliance

Management of the Town 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 Town'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 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 Town'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 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.

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 deficiencies, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Marana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 15, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Marana's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the Town's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Town's compliance but not to provide an opinion on the effectiveness of the Town's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

*Henry + Horne LLP*

Casa Grande, Arizona  
February 15, 2013



**TOWN OF MARANA, ARIZONA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Pima County -			
Community Development Block Grant 2011-2012	14.218	01-70-M-141622-1008	15,000
Community Development Block Grant 2009-2010	14.218	01-70-M-141622-1009	72,195
Community Development Block Grant 2010-2011	14.218	01-70-M-141622-1009	32,120
Total U.S. Department of Housing and Urban Development			<u>119,315</u>
 <u>U.S. Department of Interior</u>			
Direct Grant -			
Undocumented Immigrant Clean Up	15.239	L09AC15453	<u>2,172</u>
 <u>U.S. Department of Justice</u>			
Direct Grant -			
Bulletproof Vests	16.607	JAG-06-135	8,217
Passed through Drug Enforcement Administration -	UNKNOWN	2009-155	<u>19,508</u>
Total U.S. Department of Justice			<u>27,725</u>
 <u>U.S. Department of Transportation</u>			
Passed through Governor's Office of Highway Safety-			
DUI Taskforce	20.605	DUI-10-030 / 2012-AL-019 / 2011 AL-026	42,286
Highway Safety Plan (SPEED)	20.602	2009-PT-027	6,854
Passed through Arizona Department of Transportation -			
Highway Planning and Construction	20.205	TEA MRN-0(201)A	<u>13,894</u>
Total U.S. Department of Transportation			<u>63,034</u>
 <u>Environmental Protection Agency</u>			
Passed through Water Infrastructure Finance Authority of Arizona-			
Drinking Water State Revolving Fund	66-468	920193-10	<u>104,072</u>
 <u>U.S. Department of Energy</u>			
Passed through Arizona Department of Commerce Energy Office -			
Energy Efficiency Block Grant Program - ARRA	81.128	R016-10-35	<u>32,649</u>
 <u>Executive Office of the President, Office of National Drug Control Policy</u>			
Passed through Pima County -			
High Intensity Drug Trafficking Program	95.001	HT17-06-1711	<u>80,215</u>
 <u>U.S. Department of Homeland Security</u>			
Passed through Arizona Department of Emergency and Military Affairs			
Homeland Security Grant Program	97.067	777424-01, 777424-02	37,958 *
Homeland Security Grant Program	97.067	888425-01	34,107 *
SHSGP EOC Equipment	97.067	777407-01	45,127 *
TUASI Equipment	97.067	777901-01	33,666 *
TUASI Regional Planning Cooperative	97.067	555900-01, 777901-02	34,408 *
Total U.S. Department of Homeland Security			<u>185,265</u>
 <b>Total Expenditures of Federal Awards</b>			 <u><u>\$ 614,449</u></u>

\* - indicates major program

TOWN OF MARANA, ARIZONA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012

NOTE 1 BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal activity of Town of Marana, 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 2012 CFDA catalog.

TOWN OF MARANA, ARIZONA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

yes  no

yes  none reported

Noncompliance material to financial statements noted?

yes  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

yes  no

yes  none reported

Type of auditors’ report issued on compliance for each major program listed below

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

yes  no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes  no

TOWN OF MARANA, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None Noted

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None Noted

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.