

May 20, 2014

Karen Ziegler, Deputy Director
Arizona Criminal Justice Commission
1110 W. Washington, Suite 230
Phoenix, AZ 85007

Dear Ms. Ziegler:

Enclosed are the Arizona Criminal Justice Commission Report on Audit of Summary of Drug and Gang Enforcement Account Distributions for the fiscal year ended June 30, 2013.

In addition to the items listed above, you will find a letter addressed to your Governing Body. Professional standards require the auditors to communicate various items to those at your Organization who are charged with governance. Please forward this required communication to your Governing Body. The letter includes information regarding fraud and steps management can take to prevent fraud. This information is presented as additional information that your Governing Body may find helpful.

On behalf of Chris Goeman and the rest of the staff at Heinfeld, Meech & Co., P.C., I would like to take this opportunity to thank you for the assistance provided by you and your staff in completing the audit and preparing the report in a timely manner. It has been a pleasure working with you and your staff. If you should have any questions, please do not hesitate to call us at (602) 277-9449.

Sincerely,



Jill A. Shaw, CPA
Partner

Enclosures

**ARIZONA CRIMINAL JUSTICE COMMISSION
REPORT ON AUDIT OF SUMMARY OF
DRUG AND GANG ENFORCEMENT
ACCOUNT DISTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2013
AND FROM INCEPTION TO JUNE 30, 2013**

**ARIZONA CRIMINAL JUSTICE COMMISSION
JUNE 30, 2013**

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DISTRIBUTIONS**

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**REPORT ON AUDIT OF SUMMARY OF DRUG AND
GANG ENFORCEMENT ACCOUNT DISTRIBUTIONS**



INDEPENDENT AUDITOR'S REPORT

Members of the Arizona State Legislature
The Honorable Janice K. Brewer, Governor
The Arizona Criminal Justice Commission

Report on the Summary

We have audited the accompanying Summary of Drug and Gang Enforcement Account Distributions (Summary) for the year ended June 30, 2013, and the related notes to the Summary pursuant to Arizona Revised Statutes (A.R.S.) §41-2402.

Management's Responsibility for the Summary

Management is responsible for the preparation and fair presentation of the Summary in accordance with A.R.S. §41-2402; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Summary that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this Summary based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Summary is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Summary. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Summary, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the Summary in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Summary. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Summary referred to above presents fairly, in all material respects, the Arizona Criminal Justice Commission's distributions for the year ended June 30, 2013, of Drug and Gang Enforcement Account monies by type of activity specified by A.R.S. §41-2402.

Distributions from Inception in August 1987 to June 30, 2010

The distributions from inception in August 1987 to June 30, 2010 in the accompanying Summary were audited by other accountants and are included for additional analysis only. Neither we nor the other accountants have performed any auditing procedures on this information since the date of their report.

Basis of Accounting

The accompanying Summary was prepared for the purpose of complying with A.R.S. §41-2402 as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Restriction on Use

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governor, the Arizona Criminal Justice Commission, and management 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.
CPAs and Business Consultants

May 9, 2014

ARIZONA CRIMINAL JUSTICE COMMISSION
SUMMARY OF DRUG AND GANG ENFORCEMENT ACCOUNT DISTRIBUTIONS
YEAR ENDED JUNE 30, 2013, AND FROM INCEPTION TO JUNE 30, 2013

Distributions for Year Ended June 30, 2013

Type of Activity	Federal	Federal/ARRA (Note 6)	Nonfederal (Note 3)	Reversions (Note 4)	Total
Investigation	\$ 2,155,520		\$ 934,070		\$ 3,089,590
Prosecution:					
State and county prosecution	2,654,569		1,246,566		3,901,135
City and town prosecution	192,832		90,351		283,183
Adjudication			1,608,247		1,608,247
Forensics	183,858		137,132		320,990
Priority 5 projects (Note 7)			69,300		69,300
Criminal Justice Records					
Improvement Program	335,393	\$ 89,600			424,993
Total distributions for year ended June 30, 2013	<u>\$ 5,522,172</u>	<u>\$ 89,600</u>	<u>\$ 4,085,666</u>	<u>\$ -</u>	<u>\$ 9,697,438</u>

Distributions from Inception in August 1987 to June 30, 2013

Type of Activity	Federal	Federal/ARRA (Note 6)	Nonfederal (Note 3)	Reversions (Note 4)	Total
Investigation	\$ 59,906,541	\$ 8,649,915	\$ 28,965,400	\$ 1,580,666	\$ 95,941,190
Prosecution:					
State and county prosecution	55,745,242	10,726,231	29,075,300	552,101	94,994,672
City and town prosecution	4,669,874	710,904	2,447,339	209,713	7,618,404
Adjudication	6,998,480		49,892,237	1,399,246	55,491,471
Detention	1,407,397		6,061,249	64,605	7,404,041
Drug abuse education	1,183,862		190,123	44,764	1,329,221
Forensics	3,129,280	1,190,560	8,652,508	39,277	12,933,071
Priority 5 projects (Note 7)	1,677,475	846,044	461,748	35,104	2,950,163
Arizona Drug and Gang Prevention					
Resource Center			4,238,300		4,238,300
State General Fund			200,000		200,000
Criminal Justice Records					
Improvement Program	7,207,177	1,257,102	1,760,504	146,913	10,077,870
State matching for Edward Byrne					
Memorial Formula Grant Program (formerly entitled Drug Control and System Improvement - Formula Grant)	(2,894,192)		2,894,192		
Total distributions from inception to June 30, 2013	<u>\$ 139,031,136</u>	<u>\$ 23,380,756</u>	<u>\$ 134,838,900</u>	<u>\$ 4,072,389</u>	<u>\$ 293,178,403</u>

**ARIZONA CRIMINAL JUSTICE COMMISSION
NOTES TO SUMMARY OF DRUG AND GANG ENFORCEMENT
ACCOUNT DISTRIBUTIONS
YEAR ENDED JUNE 30, 2013, AND FROM INCEPTION TO JUNE 30, 2013**

NOTE 1

Arizona Revised Statutes (A.R.S.) §41-2402(A) established the Drug and Gang Enforcement Account (Account) within the Criminal Justice Enhancement Fund to be used for the purpose of enhancing efforts to deter, investigate, prosecute, adjudicate, and punish drug offenders and members of criminal street gangs. To fund this effort, A.R.S. §41-2402(B) and (C) require the Arizona Criminal Justice Commission (Commission) to distribute monies from the Account within prescribed limits based on a plan of expenditures. Further, A.R.S. §41-2402(F) requires that any federal monies or state matching monies in the Account be allocated by the Commission pursuant to a plan approved by the federal government, notwithstanding the limitations prescribed in subsection B of the statute. The Summary of Drug and Gang Enforcement Account Distributions (Summary) presents distributions by type of activity specified by A.R.S. §41-2402 for the year ended June 30, 2013, and since the Account's inception in August 1987 to June 30, 2013.

NOTE 2

The proceedings of the Commission's open meeting, dated May 24, 2012, and submitted to the Joint Legislative Budget Committee established the proposed distribution by activity (i.e., investigation, prosecution, adjudication, detention, forensics, and so forth) for the Account for fiscal year 2013.

NOTE 3

Nonfederal distributions for the Arizona Drug and Gang Prevention Resource Center were made from state appropriations of the fees collected pursuant to A.R.S. §12-284 and distributed pursuant to A.R.S. §12-284.03(A)(1). Beginning in fiscal year 2010, the Legislature appropriated these monies to support the Arizona Youth Survey conducted by the Commission. These monies are no longer distributed to the Arizona Drug and Gang Prevention Resource Center and, therefore, are no longer reported in the current year distributions. For all other activities, nonfederal distributions were made from fines and fees collected pursuant to A.R.S. §13-811(C) and the subrecipients' matching contributions to the program.

NOTE 4

Reversions consist of adjustments resulting from subrecipient-monitoring reviews performed by the Commission. These reversions are either deposited into the Account for redistribution in the following year or reverted to the federal government.

**ARIZONA CRIMINAL JUSTICE COMMISSION
NOTES TO SUMMARY OF DRUG AND GANG ENFORCEMENT
ACCOUNT DISTRIBUTIONS
YEAR ENDED JUNE 30, 2013, AND FROM INCEPTION TO JUNE 30, 2013**

NOTE 5

During fiscal year 2004, the Commission changed its method of accounting for subrecipient matching monies. Matching monies from subrecipients are no longer collected by the Commission and distributed from the Account. Subrecipients report spent matching monies on their monthly financial reports. As of July 1, 2003, subrecipient matching monies are excluded from the Summary since they are no longer considered distributions from the Account. However, total distributions from inception to June 30, 2013 still include subrecipient matching monies through June 30, 2003.

NOTE 6

The Commission first distributed American Recovery and Reinvestment Act (ARRA) monies in fiscal year 2010. A separate column is added to the Summary to separately identify ARRA monies from other federal monies as required by ARRA.

NOTE 7

In fiscal year 2010, the Commission expanded the funding priorities to include a Priority 5 category. Priority 5 projects include all other projects eligible under the federal Byrne/Justice Assistance Grant that do not fall under Investigation, Prosecution, Adjudication, Detention, Drug Abuse Education, Forensics and Criminal History Records Improvement.