



Navajo County

REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Subject

The County is responsible for preparing financial statements, complying with federal and state laws, and maintaining strong internal controls over compliance and financial reporting. As the auditors, our job is to determine whether the County has met its responsibilities.

Our Conclusion

The County did not meet their responsibilities to maintain strong internal controls over financial reporting. As a result, the auditors were unable to express an opinion on Navajo County's financial statements.

Navajo County Taking Steps To Improve Financial Accountability

In an effort to reverse Navajo County's trend of increasingly late filing of its financial reports, the County's management met with members of the Auditor General's Office in September 2006 to develop a corrective action plan for its 2004-2006 reports. Though certain of the agreed upon dates for the completion and issuance of those reports have not been met, the County has made great strides toward meeting its statutory deadlines.

For instance, in the past 14 months, the County has completed and issued the 2003-2005 financial statement reports. During that same time period, the Single Audit Reporting Packages and Annual Expenditure Limitation Reports (AELR) have been issued for 2003 and 2004. Further, the County's Single Audit Reporting Package and AELR for fiscal year ended June 30, 2005, are expected to be issued by December 31, 2007.

It is also important to note that the County's 2006 financial reports appear to be on schedule to allow the financial statements to be issued in the Spring of 2008.

As part of that same meeting, the County acknowledged certain accounting and record keeping deficiencies impacting the auditors' opinion on the 2004-2006 financial reports. The County has put together a corrective action to correct those deficiencies with the desire to receive an unqualified auditors' opinion for its 2007 statements. To that end, the County has contracted to have its capital asset records brought current and in compliance with governmental accounting standards. Further, the County, working in conjunction with its healthcare partners, anticipates correcting its health insurance trust fund records beginning with fiscal year 2007. Finally, management expects properly posting accruals to its accounting system in 2007, as well.



2005

Year Ended June 30, 2005



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Year Ended June 30, 2005