



REPORT HIGHLIGHTS

FINANCIAL AND SINGLE AUDITS

Subject

Yavapai County issues financial statements and a schedule of expenditures of federal awards annually. The County is responsible for preparing its statements and schedule, maintaining strong internal controls, demonstrating accountability for its use of public monies, and complying with federal program requirements. As the auditors, our job is to determine whether the County has met its responsibilities.

Our Conclusion

The information in the County's financial statements is fairly stated in all material respects and the Schedule of Expenditures of Federal Awards (SEFA) is fairly stated in all material respects in relation to these financial statements. A summary of this information is presented on page 2. However, auditors identified internal control weaknesses over compliance and noncompliance with federal program requirements, which are summarized on this page.



2011

Year Ended June 30, 2011

Summary of Audit Findings

For the financial and federal compliance audits, auditors found that the County did not always have adequate internal controls over federal program compliance and did not always comply with certain federal program requirements. For the federal compliance audit, auditors tested seven federal programs under the guidelines established by the Single Audit Act. The Schedule of Findings and Questioned Costs presented in the Single Audit Report includes further details and auditor recommendations to help correct the deficiencies noted. The findings are summarized below:

Federal Award Findings—

Energy Efficiency and Conservation Block Grant (EECGB), Grants to Health Center Programs (HCP), JAG Program Cluster, and State Fiscal Stabilization Fund Cluster (SFSF)—The County did not have procedures to ensure that vendors providing goods and services paid with federal monies had not been suspended, debarred, or otherwise excluded from federal contracts. Instances of noncompliance were identified for the HCP programs and SFSF Cluster.

Energy Efficiency and Conservation Block Grant (EECGB), Grants to Health Center Programs (HCP), JAG Program Cluster, and State Fiscal Stabilization Fund Cluster (SFSF)—The County did not have adequate internal control policies and procedures to separate employee responsibilities for preparing, approving, and submitting reimbursement requests and other federal reports. However, instances of noncompliance were not identified for the programs and clusters.

Summary of Financial Information

Yavapai County combines and reports its financial balances and activities in two basic financial statements that provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. A condensed summary of these statements and the County's Schedule of Expenditures of Federal Awards follows:

Statement of Net Assets—This statement reports all of Yavapai County's assets, liabilities, and net assets. Net assets, the difference between assets and liabilities, are reported in three major categories:

- Invested in capital assets, net of related debt, shows the equity in land, buildings, equipment, and infrastructure.
- Restricted net assets shows the net resources that must be used for restricted purposes as specified by other governments and external parties.
- Unrestricted net assets shows the net resources available for general operations.

Statement of Activities—This statement shows how net assets changed during the year. Revenues are reported as either program revenues (those generated by or dedicated to a specific program) or general revenues (taxes and revenues raised for general purposes). Additionally, revenues and expenses are reported as either governmental activities (principally supported by taxes and intergovernmental revenues) or business-type activities (principally supported by user fees and charges). The County's net assets increased by \$5.8 million during the fiscal year.

Schedule of Expenditures of Federal Awards—The County's governmental activities expenses included \$13.1 million in federal awards expended. This included \$2,483,000 in American Reinvestment and Recovery Act federal awards.

Condensed Statement of Net Assets Governmental and Business-Type Activities As of June 30, 2011 (In Thousands)	
Assets	
Current assets	\$136,167
Capital assets, net	240,453
Total assets	376,620
Current liabilities	
Current liabilities	25,863
Long-term liabilities	34,740
Total liabilities	60,603
Net assets	
Invested in capital assets, net of related debt	223,986
Restricted	50,469
Unrestricted	41,562
Total net assets	\$316,017

Condensed Statement of Activities Governmental and Business-Type Activities As of June 30, 2011 (In Thousands)	
Program revenues	
Governmental activities	\$55,500
Business-type activities	43,697
General revenues	
Governmental activities	110,293
Business-type activities	132
Total revenues	209,622
Expenses	
Governmental activities	162,714
Business-type activities	41,121
Total expenses	203,835
Change in net assets	5,787
Net assets—beginning	310,230
Net assets—ending	\$316,017

Condensed Schedule of Expenditures of Federal Awards by Grantor Agency Year Ended June 30, 2011 (In Thousands)	
Agriculture	\$4,210
Health and Human Services	3,070
Education	1,881
Labor	1,568
Other	2,381
Total federal expenditures	\$13,110

TO OBTAIN
MORE INFORMATION

The County's Single
Audit Report
is available at:
www.azauditor.gov

Contact person:
Victoria Fisher
(602) 553-0333

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Year Ended June 30, 2011