



## REPORT HIGHLIGHTS

### FINANCIAL STATEMENT AND SINGLE AUDITS

### Our Conclusion

Yavapai County is responsible for preparing annual financial statements and a schedule of expenditures of federal awards, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the County's financial statements, schedule, and major federal programs annually. A summary of the financial statements and schedule of expenditures of federal awards is presented to the right.

Based on our audits, we issued opinions on the County's financial statements and its schedule of expenditures of federal awards and reports on its internal control and compliance over financial reporting and major federal programs. The information in the County's fiscal year 2014 financial statements and schedule of federal awards is reliable. Our Office identified internal control deficiencies and instances of noncompliance over major federal programs. These findings are summarized on the next page.



2014

Year Ended June 30, 2014

## Condensed financial information

**Statement of net position**—This statement reports all of Yavapai County's assets, liabilities, and net position. Net position is reported in three major categories:

- **Net investment in capital assets**—shows the equity in land, buildings, equipment, and infrastructure.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the resources available for general operations.

**Statement of activities**—This statement reports all revenues, expenses, and the year's change in net position. Revenues include program revenues—those generated by or dedicated to a specific program—and general revenues such as taxes raised for general purposes. During fiscal year 2014, net position increased by \$677,055, or less than 1 percent, as compared to a decrease of \$6.7 million, or 2.2 percent, in fiscal year 2013.

**Schedule of expenditures of federal awards**—During fiscal year 2014, the County expended \$10.3 million in federal awards. The County's federal award expenditures decreased by nearly \$9.2 million, or 47 percent, compared to fiscal year 2013.

### Condensed statement of net position Governmental activities As of June 30, 2014 (In thousands)

<b>Assets</b>	
Current assets	\$ 79,923
Capital assets, net	268,836
Total assets	<u>348,759</u>
<b>Liabilities</b>	
Current	7,914
Noncurrent	32,277
Total liabilities	<u>40,191</u>
<b>Net position</b>	
Net investment in capital assets	244,886
Restricted	29,400
Unrestricted	34,282
Total net position	<u>\$308,568</u>

### Condensed statement of activities Governmental activities For the year ended June 30, 2014 (In thousands)

<b>Program revenues</b>	
Charges for services	\$ 20,458
Operating grants and contributions	30,662
Capital grants and contributions	3,240
Total program revenues	<u>54,360</u>
<b>General revenues</b>	
Property taxes	52,112
Sales taxes	46,975
Other	15,307
Total general revenues	<u>114,394</u>
Total revenues	<u>168,754</u>
<b>Expenses</b>	
Changes in net position	677
Net position—beginning, as restated	307,891
Net position—ending	<u>\$308,568</u>

### Condensed schedule of expenditures of federal awards by grantor agency For the year ended June 30, 2014 (In thousands)

Department of Agriculture	\$ 3,988
Department of Health and Human Services	2,532
Department of Labor	1,122
Department of Education	857
Other	1,755
Total federal expenditures	<u>\$ 10,254</u>

## Summary of audit findings and recommendations

For the financial statement audit, we reported no internal control weaknesses. For the federal compliance audit, we tested seven federal programs under the major program guidelines established by the Single Audit Act and found that the County did not always have adequate internal controls and did not always comply with federal program requirements for three of its programs. Our Single Audit Report contains further details to help the County correct these deficiencies. The most significant deficiency is summarized below.

### Noncompliance with federal program requirements

The County charged \$386,456 in payroll costs to the Maternal and Child Health Services Block Grant to the States program based on budget estimates and did not always have employees complete time-and-effort reports or certify that they worked on the program's activities. As a result, the County may have charged inappropriate payroll costs to the program.

#### Recommendation

To help improve internal controls over its federal programs and help ensure compliance with federal requirements, the County should develop and implement policies and procedures to help ensure employees comply with federal payroll requirements.