

Coconino County, Arizona
Single Audit Reporting Package

Year Ended June 30, 2010

Coconino County, Arizona
Single Audit Reports
Year Ended June 30, 2010
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Annual Financial Report

Issued separately

Single Audit Section

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

The Auditor General of the State of Arizona

The Board of Supervisors of
Coconino County, Arizona

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coconino County, Arizona as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 21, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards 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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic 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 the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, others within the County, 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. However, this report is a matter of public record, and its distribution is not limited.

Fester & Chapman P.C.

January 21, 2011

**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 Auditor General of the State of Arizona

The Board of Supervisors of
Coconino County, Arizona

Compliance

We have audited Coconino County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the Summary of Auditors' 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 County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 County'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 of the County's compliance with those requirements.

In our opinion, Coconino County 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, 2010.

Internal Control over Compliance

The County's management 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 County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 County'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 a 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, each major fund, and the aggregate remaining fund information of Coconino County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 21, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, others within the County, 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. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script that reads "Fester & Chapman P.C.".

March 11, 2011, except for the Schedule of Expenditures of Federal Awards, for which the date is January 21, 2011.

Coconino County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Food Donation, passed through the Arizona Department of Education	10.550	ED09-001	\$ 1,855
Child Nutrition Cluster, passed through the Arizona Department of Education			
School Breakfast Program	10.553	ED09-001	13,565
National School Lunch Program	10.555	ED09-001	20,725
Total Child Nutrition Cluster			<u>34,290</u>
Special Supplemental Nutrition Program for Women, Infants and Children, passed through the Arizona Department of Health Services	10.557	HG861083, HG961187	745,489
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, passed through the Arizona Department of Health Services	10.561	HI050075	509,736
Commodity Supplemental Food Program, passed through the Arizona Department of Health Services	10.565	HG861147-2	8,684
WIC Farmers' Market Nutrition Program (FMNP), passed through the Arizona Department of Health Services	10.572	HG861330	627
Cooperative Forestry Assistance, passed through the Arizona State Land Department	10.664	SFA08-001, WFHF 09-023, SFA 7002, SFA 09-001, WBB1-08-002	210,339
Secure Payments for States and Counties Containing Federal Lands, passed through the Arizona State Treasurer	10.665	None	4,307,841
Total U.S. Department of Agriculture			<u>5,818,861</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants, passed through the City of Flagstaff	14.218	B09-MC-05-0510	41,721
Community Development Block Grants/Entitlement Grants, passed through the Arizona Department of Housing	14.218	160-09, 142-10	387,378
Total Community Development Block Grants			<u>429,099</u>
Emergency Shelter Grants Program, passed through the Arizona Department of Economic Security	14.231	E6306011	13,246
ARRA - Homeless Prevention and Rapid Re-Housing Program Technical Assistance, passed through the Arizona Department of Housing	14.262	505-10	5,985
ARRA - Homeless Prevention and Rapid Re-Housing Program Technical Assistance, passed through the City of Flagstaff	14.262	B-09-MY-04-0510	19,480
Total ARRA - Homeless Prevention and Rapid Re-Housing Program Technical Assistance			<u>25,465</u>
Total U.S. Department of Housing and Urban Development			<u>467,810</u>
U.S. Department of the Interior			
Payments in Lieu of Taxes	15.226		<u>1,563,802</u>
U.S. Department of Justice			
DEA Marijuana Eradication in Northern Arizona	16.unknown		4,240
Juvenile Accountability Block Grants, passed through the Arizona Governor's Division for Children	16.523	JB-CSG-07-82	12,566
ARRA - National Criminal History Improvement Program (NCHIP), passed through the Arizona Criminal Justice Commission	16.554	NCP09-10-115	12,215
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		69,068
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC09-051, VC10-051	10,254
State Criminal Alien Assistance Program	16.606		64,977
Public Safety Partnership and Community Policing Grants	16.710		12,419
Edward Byrne Memorial Justice Assistance Grant Program, passed through the City of Flagstaff	16.738	2009-G8721-AZ-DJ	10,242
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		70,882
Southwest Border Prosecution Initiative Program	16.755		22,397

See accompanying notes to schedule.

Coconino County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories, passed through the Arizona Criminal Justice Commission	16.803	CRI09-10-116	\$ 7,692
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units of Local Government, passed through the Arizona Criminal Justice Commission	16.804	DC-10-050, DC-10-013	158,515
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government, passed through the City of Flagstaff	16.804	2009-F3272-AZ-SU	74,665
Total ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government			<u>240,872</u>
Total U.S. Department of Justice			<u>530,132</u>
U.S. Department of Labor			
WIA Cluster			
WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	E5706003	174,568
ARRA - WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	E5706003	65,088
Total WIA Adult Program			<u>239,656</u>
WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	E5706003	230,463
ARRA - WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	E5706003	239,589
Total WIA Youth Activities			<u>470,052</u>
WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	E5706003	93,851
ARRA - WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	E5706003	198,046
Total WIA Dislocated Workers			<u>291,897</u>
Total WIA Cluster			<u>1,001,605</u>
Youthbuild, passed through the Arizona Department of Economic Security	17.274	YB-16889-08-60-A-4	295,009
Woman's Bureau	17.700		8,000
Total U.S. Department of Labor			<u>1,304,614</u>
U.S. Department of Transportation			
Highway Planning and Construction, passed through Arizona Department of Transportation	20.205	JPA07022T	40,638
Highway Safety Cluster			
State and Community Highway Safety, passed through Governor's Office of Highway Safety	20.600	2010-OP-004	266
Alcohol Impaired Driving Countermeasures Incentive Grants, passed through the Governor's Office of Highway Safety	20.601	2010-AL-008, 2010-PT-013, 2009-PT-33	48,148
Total Highway Safety Cluster			<u>48,414</u>
Total U.S. Department of Transportation			<u>89,052</u>
U.S. Department of Energy			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		60,642
U.S. Department of Education			
Title I State Agency Program for Neglected and Delinquent Children, passed through the Arizona Supreme Court	84.013	29896	32,334
Special Education Cluster (IDEA)			
Special Education - Grants to States, passed through the Arizona Department of Education	84.027	10FESSCG-060594-04A, 10FESCBG-060594-03A	37,299
	CFDA	Pass-Through	

See accompanying notes to schedule.

Coconino County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Number (Note 2)	Grantor's Number	Expenditures
ARRA - Special Education - Grants to States, Recovery Act, passed through the Arizona Department of Education	84.391	10FESAIG-060594-05A	\$ 15,518
Total Special Education Cluster (IDEA)			<u>52,817</u>
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	10FACENG-070669-05A	12,666
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	09FSDPRC-970669-02A, 09FSDPRC-970669-03A, 10FSDPPR-070669-02A, 10FSDPPR-070669-03A, 10FSDMPI-070669-06A	488,604
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	09FAAAZE-970669-05A, 10FAAAZE-070669-01A	174,206
Improving Teacher Quality State Grants, passed through the Arizona Supreme Court	84.367	29869	11,097
Total Improving Teacher Quality State Grants			<u>185,303</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, passed through the Arizona Department of Education.	84.394	10FAAGSG-060594-02A, 10FAAGSG-060594-06A	181,508
Total U.S. Department of Education			<u>953,232</u>
Elections Assistance Commission			
Help America Vote Act Requirements Payments, passed through the Arizona Secretary of State	90.401	None	<u>65,054</u>
U.S. Department of Health and Human Services			
Nutrition Services Incentive Program, passed through the Northern Arizona Council of Governments	93.053	866000441BA	168,706
ARRA - Nutrition Services Incentive Program, passed through the Northern Arizona Council of Governments	93.053	866000441BA	9,587
Total Nutrition Services Incentive Program			<u>178,293</u>
Public Health Emergency Preparedness, passed through the Arizona Department of Health Services	93.069	HG754194	938,920
Family Planning Services, passed through the Arizona Family Planning Council	93.217	None	134,888
Immunization Cluster			
Immunization Grants, passed through the Arizona Department of Health Services	93.268	HG854283	68,050
ARRA - Immunization, passed through the Arizona Department of Health Services	93.712	HG854283	15,711
Total Immunization Cluster			<u>83,761</u>
Substance Abuse and Mental Health Services-Access to Recovery, passed through the Governor's Office for Children, Youth and Families	93.275	AR-GSA-09-9273-04	203,250
Temporary Assistance for Needy Families, passed through the Arizona Department of Economic Security	93.558	E6306011	149,954
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	DES060824-1	35,942
Low-Income Home Energy Assistance, passed through the Arizona Department of Economic Security	93.568	E6306011	362,185
CSBG Cluster			
Community Services Block Grant, passed through the Arizona Department of Economic Security	93.569	E6306011	149,992
ARRA - Community Services Block Grant, passed through the Arizona Department of Economic Security	93.710	E6306011	160,674
Total CSBG Cluster			<u>310,666</u>
Voting Access for Individuals with Disabilities-Grants to States, passed through the Arizona Secretary of State	93.617	None	4,846
Social Services Block Grant, passed through the Northern Arizona Council of Governments	93.667	866000441ba	132,392
	CFDA	Pass-Through	

See accompanying notes to schedule.

Coconino County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Number (Note 2)	Grantor's Number	Expenditures
Social Services Block Grant, passed through the Arizona Department of Economic Security	93.667	E6306011	\$ 16,856
Total Social Services Block Grant			<u>149,248</u>
HIV Care Formula Grants, passed through the Arizona Department of Health Services	93.917	HP652141-003	52,290
HIV Prevention Activities - Health Department Based, passed through the Arizona Department of Health Services	93.940	HG852279-0	14,933
Preventive Health Services-Sexually Transmitted Diseases Control Grants, passed through the Arizona Family Planning Council	93.977	None	1,122
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG854370	82,737
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	H959209, HG854242, HP961245-002, HG754060-006	291,741
Total U.S. Department of Health and Human Services			<u>2,994,776</u>
Corporation for National and Community Service			
AmeriCorps	94.006		284,524
ARRA - AmeriCorps	94.006		344,876
AmeriCorps, passed through the Arizona Governor's Office for Children, Youth and Families	94.006	AC-VSG-10-0273-03, AC-VSG-07-9273-02, AC-VSG-10-0273-08	397,693
ARRA - AmeriCorps, passed through the Arizona Governor's Office for Children, Youth and Families	94.006	AC-REC-09-0120-02	194,528
AmeriCorps, passed through the Corp Network	94.006	07NDHDC0020005	115,935
ARRA - AmeriCorps, passed through the Corp Network	94.006	09RNHDC011	36,669
Total AmeriCorps			<u>1,374,225</u>
Total Corporation for National and Community Service			<u>1,374,225</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program, passed through the Emergency Food and Shelter Program	97.024	None	23,217
ARRA - Emergency Food and Shelter National Board Program, passed through the Emergency Food and Shelter Program	97.024	None	1,972
Total Emergency Food and Shelter National Board Program			<u>25,189</u>
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military	97.042	None	55,688
Homeland Security Grant Program, passed through the Arizona Department of Homeland Security	97.067	08-AZDOHS-HSGP-444101-01, 08-AZDOHS-HSGP-444101-02, 09-AZDOHS-HSGP-555101-01, P333104-02, 08-AZDOHS-HSGP-444101-04, 08-AZDOHS-HSGP-444101-03, 08-AZDOHS-HSGP-444101-05, 09-AZDOHS-HSGP-555101-02, 09-AZDOHS-HSGP-555104-02, 07-AZDOHS-HSGP-333108-02	262,455
Buffer Zone Protection Program (BZPP), passed through the Arizona Department of Homeland Security	97.078	07-AZDOHS-BZPP-333108-04	75,000
Total U.S. Department of Homeland Security			<u>418,332</u>
Total Expenditures of Federal Awards			<u>\$ 15,640,532</u>

See accompanying notes to schedule.

Coconino County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Note 1 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Coconino County 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 State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The amount reported on the schedule for Food Donation (CFDA Number 10.550) represents the value of non-cash assistance expended from this federal program.

Note 2 – Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2010 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

Note 3 – Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program Title	CFDA Number	Amount
Cooperative Forestry Assistance	10.664	\$ 139,783
Secure Payments for States and Counties Containing Federal Lands	10.665	1,714,255
DEA Marijuana Eradication in Northern Arizona	16.unknown	2,745
Crime Victim Compensation	16.576	10,254
Public Health Emergency Preparedness	93.069	220,000
AmeriCorps	94.006	197,715
ARRA - AmeriCorps	94.006	285,732

Coconino County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2010

Summary of Auditors' Results

Financial Statements

	Unqualified	
	Yes	No
Type of auditors' report issued:		
Internal control over financial reporting:		
Material weaknesses identified?		X
Significant deficiencies identified?		X (None Reported)
Noncompliance material to the financial statements noted?		X

Federal Awards

Internal control over major programs:		
Material weaknesses identified?		X
Significant deficiencies identified?		X (None Reported)
Type of auditors' report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?		X

Coconino County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2010
 (continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.665	Secure Payments for States and Counties Containing Federal Lands
	WIA Cluster
17.258	WIA Adult Program
17.258	ARRA - WIA Adult Program
17.259	WIA Youth Activities
17.259	ARRA - WIA Youth Activities
17.260	WIA Dislocated Workers
17.260	ARRA - WIA Dislocated Workers
17.274	Youthbuild
93.069	Public Health Emergency Preparedness
	CSBG Cluster
93.569	Community Services Block Grant
93.710	ARRA - Community Services Block Grant
94.006	AmeriCorps
94.006	ARRA - Americorps

	Yes	No
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 469,216
Auditee qualified as low-risk auditee?		X

Other Matters

Auditee's Summary Schedule of Prior Findings required to be reported in accordance with Circular A-133 (section .315[b])? X

Financial Statement Findings

None reported

Federal Award Findings and Questioned Costs

None reported

Coconino County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010

Status of Federal Award Findings and Questioned Costs

CFDA No.:	17.274	Youthbuild
Finding No.:	09-101	
Status:	Fully corrected	The County implemented internal control procedures to comply with federal requirements.