



## Navajo County

### REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

#### Subject

The County is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating accountability for its use of public monies. As the auditors, our job is to determine whether the County has met its responsibilities.

#### Our Conclusion

The County did not meet its 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 Continues To Take 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 fiscal years 2004-2006 reports.

Though certain of the agreed upon dates for the completion and issuance of those reports have not been met in the past 22 months, the County has completed and issued its financial statements for fiscal years 2003-2006. During that same time, the Single Audit Reporting Packages and Annual Expenditure Limitation Reports for fiscal years 2003-2005 were also issued. However, because of the following internal control deficiencies over its financial records, the auditors have been unable to express an opinion on those financial statements.

- The County has inadequate controls over capital asset reporting and its health insurance trust.
- The County has not reconciled its accounting system cash balances to the cash balances maintained by the County Treasurer's system.
- The County did not record year-end accruals by individual fund in its accounting system and supporting documentation.

In September 2006, the County set forth a corrective action plan to correct the above deficiencies with the desire to receive an unqualified auditors' opinion on its financial statements. Accordingly, the County continues to develop and carry out its corrective action plan for its fiscal year 2007 reports and has also been implementing a new accounting system to facilitate better record-keeping and financial reporting.



# 2006

Year Ended June 30, 2006



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**FINANCIAL STATEMENT AUDIT**

Year Ended June 30, 2006