

**Yavapai County, Arizona**  
**Single Audit Reporting Package**

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**Year ended June 30, 2007**

**Yavapai County, Arizona  
Single Audit Reporting Package  
Year ended June 30, 2007**

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**Independent Auditor's 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  
Yavapai County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Yavapai County, Arizona (the County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 3, 2007. Our report was modified to include a reference to our reliance on other auditors. 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. Other auditors audited the financial statements of the long-term care fund, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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 *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, 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.



Phoenix, Arizona  
December 3, 2007



**Independent Auditors' Report on Compliance with Requirements  
Applicable to 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  
Yavapai County, Arizona

**Compliance**

We have audited the compliance of Yavapai County, Arizona (the County) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

## **Internal Control over Compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, business-type activities, each major fund, and aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2007, and have issued our report thereon dated December 3, 2007. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statement. 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, 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.

*Walker & Armstrong LLP*

Phoenix, Arizona  
December 3, 2007

**Yavapai County, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2007**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through Arizona Department of Education</i>			
Food Donation	10.550	ED05-0001	\$ 16,051
Child Nutrition Cluster:			
School Breakfast Program	10.553	ED05-0001	24,865
National School Lunch Program	10.555	ED05-0001	<u>37,297</u>
Total Child Nutrition Cluster			62,162
<i>Passed through Arizona Department of Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG361079, HP561153-001, HP661311-004	751,376
State Administrative Matching Grants for Food Stamp Program	10.561	HG361083	72,435
Commodity Supplemental Food Program	10.565	HG361105	21,938
<i>Passed through Arizona State Treasurer</i>			
Schools and Roads-Grants to States	10.665	None	<u>834,714</u>
Total U.S. Department of Agriculture			1,758,676
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through Arizona Department of Housing</i>			
Community Development Block Grants/State's Program	14.228	119-06, 120-06, 121-06, 122-06, 124-06, 125-06, 127-06, 129-06	<u>527,248</u>
Total U.S. Department of Housing and Urban Development			527,248
<b><u>U.S. Department of the Interior</u></b>			
Payments in Lieu of Taxes	15.226		<u>1,323,467</u>
Total U.S. Department of the Interior			1,323,467
<b><u>U.S. Department of Justice</u></b>			
Drug Court Discretionary Grant Program	16.585		61,887
Public Safety Partnership and Community Policing Grants	16.710		135,699
<i>Passed through Arizona Governor's Office for Children, Youth and Families</i>			
Juvenile Accountability Incentive Block Grants	16.523	JB-CSG-07-8274-11, JB-IGA-05-7273-12	33,431
<i>Passed through Arizona Department of Public Safety</i>			
Crime Victim Assistance	16.575	2006-159	196,477
<i>Passed through Arizona Criminal Justice Commission</i>			
Crime Victim Compensation	16.576	VC-07-062	<u>61,759</u>
Total U.S. Department of Justice			489,253

(continued)

The accompanying notes are an integral  
part of this schedule.

**Yavapai County, Arizona**  
**Schedule of Expenditures of Federal Awards - Continued**  
**Year ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	<u>Expenditures</u>
<b><u>U.S. Department of Transportation</u></b>			
Airport Improvement Program	20.106		9,375
<i>Total U.S. Department of Transportation</i>			9,375
<b><u>U.S. Department of Education</u></b>			
Safe and Drug-Free Schools and Communities-National Programs	84.184		50,639
Fund for the Improvement of Education	84.215		67,076
Advanced Placement Program	84.330		105,412
<b><i>Passed through Arizona Supreme Court</i></b>			
Title I Program for Neglected and Delinquent Children	84.013	None	37,115
<b><i>Passed through Arizona Department of Education</i></b>			
Special Education—Grants to States	84.027	07FESCBG-770744-06A, 07FESCPR-770744-08A, 07FESSCG-770744-10A	510,339
<i>Special Education Cluster:</i>			
<b><i>Passed through Arizona Supreme Court</i></b>			
Special Education—Grants to States	84.027	None	25,479
Special Education—Preschool Grants	84.173	07FECCBP-770744-03A	28,801
<i>Total for Special Education Cluster, CFDA Nos. 84.027 and 84.173</i>			564,619
<b><i>Passed through Arizona Department of Education</i></b>			
Safe and Drug-Free Schools and Communities-State Grants	84.186	07FBPIVB-770744-04A	6,589
<b><i>Passed through Arizona Supreme Court</i></b>			
Safe and Drug-Free Schools and Communities—State Grants	84.186	None	150
<i>Total for CFDA No. 84.186</i>			6,739
<b><i>Passed through Arizona Department of Education</i></b>			
State Grants for Innovative Programs	84.298	07FAATVA-770744-02A	5,011
<b><i>Passed through Arizona Supreme Court</i></b>			
State Grants for Innovative Programs	84.298	None	322
<i>Total for CFDA No. 84.298</i>			5,333
<b><i>Passed through Cochise County, Arizona</i></b>			
Education Technology State Grants	84.318	07FBPSTP-77066-08A	90,374
<b><i>Passed through Arizona Department of Education</i></b>			
Special Education-State Personnel Development	84.323	07FESSIG-770744-09C	22,824
English Language Acquisition Grants	84.365	07FAAENG-770744-13A	45,061
Mathematics and Science Partnerships	84.366	07FSDMSP-770744-12A, 07FSEMS2-770744-11A	103,980
Improving Teacher Quality State Grants	84.367	07FAAAZE-770744-01A	78,850
<b><i>Passed through Arizona Supreme Court</i></b>			
Improving Teacher Quality State Grants	84.367	None	8,042
<i>Total for CFDA No. 84.367</i>			86,892
<i>Total U.S. Department of Education</i>			1,186,064

(continued)

The accompanying notes are an integral  
part of this schedule.

**Yavapai County, Arizona**  
**Schedule of Expenditures of Federal Awards - Continued**  
**Year ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. Election Assistance Committee</u></b>			
<i>Passed through Arizona Secretary of State</i>			
Help America Vote Act Requirements Payments	90.401	None	131,165
<i>Total U.S. Election Assistance Committee</i>			<u>131,165</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Medical Reserve Corps Small Grant Program	93.008		20,221
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224		595,791
<i>Passed through Arizona Family Planning Council</i>			
Family Planning—Services	93.217	None	159,627
<i>Passed through Mountain Park Health Center</i>			
Grants for Education, Prevention, and Early Detection of Radiogenic Cancers and Diseases	93.257	None	13,955
<i>Passed through Arizona Department of Health Services</i>			
Immunization Grants	93.268	HG352198	365,036
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	252037, HG754205	499,092
<i>Passed through Arizona Department of Economic Security</i>			
Child Support Enforcement	93.563	E7205025, G 02-04-AZ-4004	233,196
<i>Passed through Arizona Department of Health Services</i>			
HIV Care Formula Grants	93.917	HP652141-002	134,120
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	HG361208	163,198
HIV Prevention Activities—Health Department Based	93.940	HG352235	10,894
<i>Passed through the Southern Arizona AIDS Foundation</i>			
HIV Prevention Activities—Health Department Based	93.940	S 1206-371-102	46,424
<i>Total for CFDA No. 93.940</i>			<u>57,318</u>
<i>Passed through West Yavapai Guidance Clinic</i>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	None	6,834
<i>Passed through Arizona Department of Health Services</i>			
Preventive Health and Health Services Block Grant	93.991	HG354186,	81,770
Maternal and Child Health Services Block Grant to the States	93.994	161006, HG361142, HG754060, HP461413-002	<u>357,854</u>
<i>Total U.S. Department of Health and Human Services</i>			2,688,012

(continued)

The accompanying notes are an integral  
part of this schedule.

Yavapai County, Arizona  
Schedule of Expenditures of Federal Awards - Concluded  
Year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through Arizona Department of Emergency and Military Affairs</i>			
State Domestic Preparedness Equipment Support Program	97.004	2003-TE-TX-0196, 2003-MU-T3- 0034, 2004-GE-T4-0051	217,957
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1581-DR-AZ-025-99025, 1586-DR-AZ-025-99025	2,439,972
Emergency Management Performance Grants	97.042	None	73,366
<i>Passed through Arizona Department of Homeland Security</i>			
Homeland Security Grant Program	97.067	2005-GE-T5-0030, 2006-GE-T6-0007	<u>380,276</u>
<i>Total U.S. Department of Homeland Security</i>			<u>3,111,571</u>
<b>Total expenditures of federal awards</b>			<b><u>\$ 11,224,831</u></b>

The accompanying notes are an integral  
part of this schedule.

**Yavapai County, Arizona**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2007**

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**Note 1 - Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Yavapai County, Arizona and is presented on the modified accrual basis of accounting, except for Payments In Lieu of Taxes (CFDA 15.226). For this program, revenues received during the fiscal year are considered earned and are reported as expenditures. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, 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 \$16,051 of the Food Donation (10.550) and \$268,507 of the Immunization Grants (93.268) are the value of noncash assistance expended for each of the federal programs.

**Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2007 *Catalog of Federal Domestic Assistance*.

**Yavapai County, Arizona**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2007**

**Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued:	Unqualified	
	Yes	No
Material weaknesses identified in internal control over financial reporting?		X
Significant deficiencies identified not considered to be material weaknesses?		(None reported)
Noncompliance material to the financial statements noted?		X

***Federal Awards***

Material weaknesses identified in internal control over major programs?		X
Significant deficiencies identified not considered to be material weaknesses?		(None reported)
Type of auditor's 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

Identification of major programs:

CFDA No.	Name of Federal Program
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.228	Community Development Block Grants/State's Program
15.226	Payments in Lieu of Taxes
16.710	Public Safety Partnership and Community Policing Grants
	<i>Special Education Cluster:</i>
84.027	Special Education—Grants to States
84.173	Special Education Preschool Grants
84.330	Advanced Placement Program
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care and School Based Health Centers)
93.994	Maternal and Child Health Services Block Grant to the States
97.036	Disaster Grants—Public Assistance (Presidentially Declared Disasters)
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:		\$ 336,745
Auditee qualified as a low risk auditee?		X

***Other Matters***

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?		X
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**Yavapai County, Arizona**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year ended June 30, 2007**

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**Financial Statement Findings**

No matters were identified that were required to be reported.

**Federal Award Findings and Questioned Costs**

No matters were identified that were required to be reported.