

Yavapai County, Arizona
Single Audit Reporting Package

Year ended June 30, 2006

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Single Audit Reporting Package
Year ended June 30, 2006**

Table of Contents

	<u>Page</u>
Comprehensive Annual Financial Report	
Issued Separately	
Reports on Compliance and Internal Control	
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 <i>Government Auditing Standards</i>	1-2
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	3-4
Schedule of Expenditures of Federal Awards	5-8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs:	
Summary of Auditors' Results	10
Financial Statement Findings.....	11
Federal Award Findings and Questioned Costs.....	11



**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

Board of Supervisors of
Yavapai County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Yavapai County, Arizona (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2006. Our report was modified for consistency for the correction of certain errors in the application of accounting principles and for an emphasis of a matter for the implementation of the transitional provisions related to the capitalization of infrastructure assets required pursuant to Governmental Accounting Standards Board Statement No. 34 and was also modified due to our reliance on the report of the 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We and the reports of the other auditors noted no matters involving internal control over financial reporting and its operation that we and the other auditors consider to be material weaknesses.

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 and the report of the other auditors 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, 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
November 30, 2006



**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

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, 2006. 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, 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, 2006, and have issued our report thereon dated November 30, 2006. Our report was modified for consistency for the correction of certain errors in the application of accounting principles and for an emphasis of a matter for the implementation of the transitional provisions related to the capitalization of infrastructure assets required pursuant to Governmental Accounting Standards Board Statement No. 34 and was also modified due to our reliance on the report of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Yavapai 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, 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
November 30, 2006

Yavapai County, Arizona
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Arizona Department of Education</i>			
Food Donation	10.550	ED05-0001	\$ 18,193
Child Nutrition Cluster:			
School Breakfast Program	10.553	ED05-0001	22,982
National School Lunch Program	10.555	ED05-0001	<u>34,474</u>
Total Child Nutrition Cluster			57,456
<i>Passed through Arizona Department of Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG361079, HP561153-001	762,762
State Administrative Matching Grants for Food Stamp Program	10.561	HG361083	33,937
Commodity Supplemental Food Program	10.565	HG361105	32,343
<i>Passed through Arizona State Treasurer</i>			
Schools and Roads-Grants to States	10.665	None	<u>929,055</u>
Total U.S. Department of Agriculture			1,833,746
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Arizona Department of Housing</i>			
Community Development Block Grants/State's Program	14.228	117-06, 122-06, 123-06, 124-06, 126-06, 128-06, 130-06	<u>342,550</u>
Total U.S. Department of Housing and Urban Development			342,550
<u>U.S. Department of the Interior</u>			
Payments in Lieu of Taxes	15.226		<u>1,430,065</u>
Total U.S. Department of the Interior			1,430,065
<u>U.S. Department of Justice</u>			
Drug Court Discretionary Grant Program	16.585		92,085
Local Law Enforcement Block Grant Program	16.592		19,859
<i>Passed through Arizona Governor's Office for Community Policy</i>			
Juvenile Accountability Incentive Block Grants	16.523	JB-GRA-03-5273-12, JB-GRA-04- 6273-08, JB-IGA-05-7273-12	49,759
<i>Passed through Arizona Department of Public Safety</i>			
Crime Victim Assistance	16.575	2004-449, 2005-109	198,885
<i>Passed through Arizona Criminal Justice Commission</i>			
Crime Victim Compensation	16.576	VC-06-062	<u>27,189</u>
Total U.S. Department of Justice			387,777

(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, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106		174,563
<i>Total U.S. Department of Transportation</i>			174,563
<u>U.S. Department of Education</u>			
Fund for the Improvement of Education	84.215		75,206
<i>Passed through Arizona Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	06FAARCC-670744-08A	69,813
Special Education—Grants to States	84.027	06FESCBG-670744-02A, 06FESSCG-670744-10A	519,218
<i>Passed through Arizona Supreme Court</i>			
Special Education—Grants to States	84.027	None	24,188
<i>Total for CFDA No. 84.027</i>			543,406
<i>Passed through Arizona Department of Education</i>			
Special Education—Preschool Grants	84.173	06FECCBP-670744-03A	29,096
Safe and Drug-Free Schools and Communities—State Grants	84.186	06FBPIVB-670744-05A	10,779
<i>Passed through Arizona Supreme Court</i>			
Safe and Drug-Free Schools and Communities—State Grants	84.186	None	200
<i>Total for CFDA No. 84.186</i>			10,979
<i>Passed through Arizona Department of Education</i>			
State Grants for Innovative Programs	84.298	06FAATVA-670744-04A	9,978
<i>Passed through Arizona Supreme Court</i>			
State Grants for Innovative Programs	84.298	None	1,299
<i>Total for CFDA No. 84.298</i>			11,277
<i>Passed through Arizona Department of Education</i>			
Special Education - State Personnel Development	84.323	06FESSIG-670744-07C	19,898
Reading First State Grants	84.357	06FSASRS-670744-01A	35,588
English Language Acquisition Grants	84.365	06FAAENG-670744-12A	14,252
Mathematics and Science Partnerships	84.366	06FSEMSP-670744-13A	26,918
<i>Passed through Arizona Department of Education</i>			
Improving Teacher Quality State Grants	84.367	06FAAIEQ-670744-11A	37,538
<i>Passed through Arizona Supreme Court</i>			
Improving Teacher Quality State Grants	84.367	None	8,377
<i>Total for CFDA No. 84.367</i>			45,915

The accompanying notes are an integral
part of this schedule.

(continued)

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Continued
Year ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Education - Continued</u>			
<i>Passed through Arizona Supreme Court</i>			
Title I Program for Neglected and Delinquent Children	84.013	None	35,014
<i>Passed through Cochise County, Arizona</i>			
Education Technology State Grants	84.318	06FBPSTP-67066-10A	85,785
<i>Total U.S. Department of Education</i>			1,003,147
<u>U.S. Election Assistance Committee</u>			
<i>Passed through Arizona Secretary of State</i>			
Help America Vote Act Requirements Payments	90.401	None	505,519
<i>Total U.S. Election Assistance Committee</i>			505,519
<u>U.S. Department of Health and Human Services</u>			
The Heart Truth Native American Community Partnership Initiative	93.Unknown		1,000
Medical Reserve Corps Small Grant Program	93.008		49,060
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		638,835
<i>Passed through Arizona Family Planning Council</i>			
Family Planning—Services	93.217	None	133,179
<i>Passed through Yavapai Prescott Indian Tribe</i>			
Special Diabetes Program for Indians—Diabetes Prevention and Treatment Projects	93.237	None	1,200
<i>Passed through Mountain Park Health Center</i>			
Grants for Education, Prevention, and Early Detection of Radiogenic Cancers and Diseases	93.257	None	12,500
<i>Passed through Arizona Department of Health Services</i>			
Immunization Grants	93.268	HG352198	349,775
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	252037	541,079
HIV Care Formula Grants	93.917	HP652141	27,828
<i>Passed through Coconino County, Arizona</i>			
HIV Care Formula Grants	93.917	None	87,702
<i>Total for CFDA No. 93.917</i>			115,530
<i>Passed through Arizona Department of Health Services</i>			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	HG361208	164,869
HIV Prevention Activities—Health Department Based	93.940	HG352235	26,894
<i>Passed through the Southern Arizona AIDS Foundation</i>			
HIV Prevention Activities—Health Department Based	93.940	S 1206-371-102	44,186
<i>Total for CFDA No. 93.940</i>			71,080

The accompanying notes are an integral
part of this schedule.

Yavapai County, Arizona
Schedule of Expenditures of Federal Awards - Concluded
Year ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services - Continued</u>			
<i>Passed through Arizona Department of Health Services</i>			
Preventive Health and Health Services Block Grant	93.991	HG354186	75,222
Maternal and Child Health Services Block Grant to the States	93.994	161006, HG361142, HP461413	371,908
<i>Passed through Arizona Department of Economic Security</i>			
Child Support Enforcement	93.563	E7204025, G 02-04-AZ-4004	227,050
<i>Passed through West Yavapai Guidance Clinic</i>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	None	<u>10,025</u>
<i>Total U.S. Department of Health and Human Services</i>			2,762,312
<u>U.S. Department of Homeland Security</u>			
<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, 2005-GE-T5-0030	464,633
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	1581-DR-AZ-025-99025, 1586-DR-AZ-025-99025	1,043,536
Emergency Management Performance Grants	97.042	None	<u>78,566</u>
<i>Total U.S. Department of Homeland Security</i>			<u>1,586,735</u>
Total expenditures of federal awards			<u>\$ 10,026,414</u>

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, 2006

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. 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.

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 2006 *Catalog of Federal Domestic Assistance*. When no CFDA Number had been assigned to the program and when there was no federal contract number, the two-digit federal agency identifier, a period, and the word "unknown" were used.

Yavapai County, Arizona
Schedule of Findings and Questioned Costs
Year ended June 30, 2006

Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unqualified

Material weaknesses identified in internal control over financial reporting?

Yes

No

X

Reportable conditions 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

Reportable conditions 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
10.665	Schools and Roads - Grants to States
90.401	Help America Vote Act Requirements Payments
93.217	Family Planning-Services
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance
93.563	Child Support Enforcement
93.917	HIV Care Formula Grants
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,792

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

Yavapai County, Arizona
Schedule of Findings and Questioned Costs - Continued
Year ended June 30, 2005

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.