

**REPORT HIGHLIGHTS**  
SINGLE AUDIT

**Subject**

Coconino 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 information in the financial statements is fairly stated in all material respects and the financial statements can be relied on. The County maintained adequate internal controls over financial reporting. For our compliance audit of federal programs, auditors noted three internal control weaknesses and three instances of noncompliance for the major programs tested, one of which was determined to be a material internal control weakness and material noncompliance.



**2004**

Year Ended June 30, 2004

**County's Condensed Financial Information**

The tables below present a summarized version of the County's government-wide Statement of Net Assets and

Statement of Activities as of and for the year ended June 30, 2004.

**Statement of Net Assets**  
June 30, 2004  
(In millions)

	<u>Governmental Activities</u>
Current and other assets	\$106.56
Capital assets	88.60
Total assets	<u>195.16</u>
Current liabilities	9.84
Long-term liabilities	<u>44.19</u>
Total liabilities	<u>54.03</u>
Net assets	
Invested in capital assets, net of related debt	49.37
Restricted net assets	38.07
Unrestricted net assets	<u>53.69</u>
Total net assets	<u>\$141.13</u>

**Statement of Activities**  
Year Ended June 30, 2004  
(In millions)

	<u>Governmental Activities</u>
Program revenues	\$ 53.25
General revenues	49.67
Total revenues	<u>102.92</u>
Expenses:	
General government	24.04
Public safety	23.54
Highways and streets	14.28
Other	<u>27.58</u>
Total expenses	<u>89.44</u>
Change in net assets	13.48
Net assets—beginning, as restated	<u>127.65</u>
Net assets—ending	<u>\$141.13</u>

**The County did not Comply with Federal Requirements for the Schools and Roads—Grants to States Program**

The County did not comply with program requirements relating to the Davis-Bacon Act for its Schools and Roads—Grants to States program. Specifically, the County awarded two road construction contracts totaling more than \$2.5 million and neither included the prevailing wage rate clause in

the contracts nor required the contractors to submit certified payrolls. Our report indicates that this resulted in material noncompliance with the program's Davis-Bacon Act requirements and was considered a material internal control weakness.

# Expenditures of Federal Monies Increase by \$4.9 Million

Overall, county expenditures of federal awards increased by \$4.9 million over the prior year. The most significant changes occurred in funding from the following federal agencies and programs:

- \$4.2 million increase in U.S. Department of Agriculture programs, mostly related to the Schools and Roads—Grants to States program.
- \$765 thousand increase in U.S. Department of Health and Human Services programs, mostly related to the Centers for Disease Control and Prevention—Investigations and Technical Assistance; Community Services Block Grant; Temporary Assistance for Needy Families; Maternal and Child Health Services Block Grant to the States;

Immunization Grants; and Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations programs.

- \$513 thousand increase in U.S. Department of Transportation programs, mostly related to the Federal Transit—Formula Grants and State and Community Highway Safety programs.
- \$471 thousand decrease in the Payments in Lieu of Taxes program from the U.S. Department of the Interior.
- \$905 thousand decrease in U.S. Department of Labor programs, mostly related to reduced funding for the Workforce Investment Act programs.
- \$358 thousand increase in U.S. Department of Homeland Security programs, mostly related to the State Domestic Preparedness Equipment Support Program.

## TO OBTAIN MORE INFORMATION

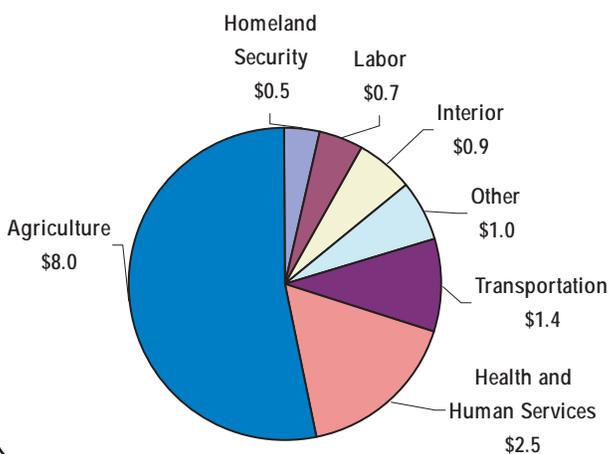
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Contact person for this report:  
Phil Shultz

**Federal Expenditures by Awarding Agency**  
Totaling \$15 Million  
Fiscal Year 2004  
(In Millions)



## The Single Audit Fact Sheet

- No weaknesses in financial reporting internal controls.
- Three weaknesses in federal compliance internal controls, one of which was considered a material internal control weakness.
- Three instances of noncompliance with federal compliance requirements, one of which was considered material noncompliance.

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SINGLE AUDIT

Year Ended June 30, 2004