



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

September 8, 2010

Members of the Arizona State Legislature

William A. Mundell, Director  
Arizona Registrar of Contractors

We have audited the Registrar of Contractors' Residential Contractors' Recovery Fund's Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance as of and for the year ended June 30, 2009. In planning and performing our audit, in accordance with U.S. generally accepted auditing standards, we considered the Registrar's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of the Registrar's internal control. Accordingly, we do not express an opinion on the effectiveness of the Registrar's internal control.

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 Registrar'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 Registrar's Residential Contractors' Recovery Fund's Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance that is more than inconsequential will not be prevented or detected by the Registrar'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 Registrar's Residential Contractors' Recovery Fund's Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance will not be prevented or detected by the Registrar's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph 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.

This communication is intended solely for the information and use of the members of the Arizona State Legislature, the Registrar of Contractors, management, others within the agency, and the Arizona Department of Insurance, and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Jay Zsorey, CPA  
Financial Audit Director