

Yavapai County

CONCLUSION: Yavapai County is responsible for preparing its annual financial report and a federal expenditure schedule, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the County's financial statements, schedule, and major federal programs annually. A summary of the County's financial statements and federal expenditure schedule is presented below.

Based on our audits, we issued opinions on the County's financial statements and federal expenditure schedule and issued reports on internal control and on compliance over financial reporting and major federal programs. The information in the County's fiscal year 2016 financial statements and schedule is reliable. Our Office identified internal control weaknesses over financial reporting. Our single audit report includes a schedule of findings and questioned costs that contains details on these findings.

Condensed financial information

Statement of net position—This statement reports all of the County's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three major categories:

- **Net investment in capital assets**—shows the equity in land, buildings, equipment, and infrastructure.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the remaining net position balance after allocating the net investment in capital assets and restricted balances.

Statement of activities—This statement reports all revenues, expenses, and other changes in net position. Revenues include program revenues—those generated by or dedicated to a specific program—and general revenues, such as taxes raised for general purposes. Net position decreased by \$2.4 million, or 1.5 percent, in fiscal year 2016.

Federal expenditure schedule—During fiscal year 2016, the County expended approximately \$13.8 million in federal awards. The County's federal award expenditures increased by \$2.3 million, or 20 percent, compared to fiscal year 2015.

Statement of net position

As of June 30, 2016 (In thousands)

Assets and deferred outflows	
Current and other assets	\$ 75,178
Capital assets, net of depreciation	266,706
Deferred outflows of resources	23,758
Total assets and deferred outflows	365,642
Liabilities and deferred inflows	
Current liabilities	11,584
Noncurrent liabilities:	
Net pension liability	153,410
Other	30,742
Deferred inflows of resources	9,500
Total liabilities and deferred inflows	205,236
Net position	
Net investment in capital assets	245,296
Restricted	26,853
Unrestricted	(111,743)
Total net position	\$ 160,406

Statement of activities

Year ended June 30, 2016 (In thousands)

Program revenues	
Charges for services	\$ 21,800
Operating grants and contributions	35,547
Capital grants and contributions	4,861
General revenues	
Property taxes	53,103
State shared tax	34,962
Other	33,051
Total revenues	183,324
Expenses	
General government	71,367
Public safety	57,761
Other	56,602
Total expenses	185,730
Decrease in net position	(2,406)
Net position—beginning	162,812
Net position—ending	\$160,406

Federal expenditure schedule

Year ended June 30, 2016 (In thousands)

Federal grantor agency	
Department of Health and Human Services	\$ 3,755
Department of Interior	3,514
Department of Agriculture	3,286
Other	1,835
Total federal expenditures	\$13,847

Understanding the County's financial report

Understanding how to extract information from the County's financial report is important when reviewing financial performance and evaluating future financial decisions. As described below, our Office's financial report user guide and internal control and compliance reports user guide, available at azauditor.gov/under-reports-and-publications, help users identify and understand important and useful information in the County's financial report and our reports on internal control and on compliance over financial reporting and federal programs. Specifically:

- **Financial report user guide**—describes key financial information contained in county financial reports and indicates where to find this information. Key components in a financial report include the independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements, notes to financial statements, and other required supplementary information.
- **Internal control and compliance reports user guide**—describes our internal control and compliance reports over financial reporting and federal programs. Those reports, which are included in our single audit report, provide information about whether the County has effective internal control procedures and whether it has complied with certain financial- and federal-related laws and regulations.

Summary of audit findings and recommendations

For the financial statement audit, we found internal control weaknesses over the County's financial reporting related to its financial statement preparation and security over its information technology resources. For the federal compliance audit, we tested four federal programs under the major program guidelines established by the Single Audit Act and reported no weaknesses in internal control or instances of noncompliance over federal programs. Our single audit report includes a schedule of findings and questioned costs that contains further details to help the County correct the internal control weaknesses.