

**TOWN OF PRESCOTT VALLEY, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2012**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the Town Council
Town of Prescott Valley, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Prescott Valley, Arizona as of and for the year ended June 30, 2012, which collectively comprise Town of Prescott Valley, Arizona's basic financial statements and have issued our report thereon dated November 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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

Management of Town of Prescott Valley, Arizona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Prescott Valley, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Prescott Valley, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Prescott Valley, Arizona's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Prescott Valley, Arizona's 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 management, the Honorable Mayor and Members of the Town Council, others within the entity, 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

November 8, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditors' Report

Honorable Mayor and Members of the Town Council
Town of Prescott Valley, Arizona

Compliance

We have audited Town of Prescott Valley, Arizona's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Prescott Valley, Arizona's major federal programs for the year ended June 30, 2012. Town of Prescott Valley, Arizona'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 Town of Prescott Valley, Arizona's management. Our responsibility is to express an opinion on Town of Prescott Valley, Arizona's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Town of Prescott Valley, Arizona'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 Town of Prescott Valley, Arizona's compliance with those requirements.

In our opinion, Town of Prescott Valley, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Town of Prescott Valley, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Prescott Valley, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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 Town of Prescott Valley, Arizona's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Prescott Valley, Arizona as of and for the year ended June 30, 2012, and have issued our report thereon dated November 8, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Honorable Mayor and Members of the Town Council, others within the entity, 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

November 8, 2012

TOWN OF PRESCOTT VALLEY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Direct Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Energy</u>			
Direct grant:			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-RW0000111	\$ 30,255
<u>U.S. Department of Justice</u>			
Direct grants:			
Bulletproof Vest Partnership Program	16.607	Bulletproof Vest Partnership	6,717
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3470	16,553
Passed through Arizona Criminal Justice Commission:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC-12-051	418,400
Passed through Arizona Governor's Office of Highway Safety:			
Enforcing Underage Drinking Laws Program	16.727	2012-DOJ-016 (2011)	3,710
Enforcing Underage Drinking Laws Program	16.727	2011-DOJ-008-(2010)	6,510
Passed through Governor's Office for Children, Youth and Families:			
ARRA - Violence Against Women Formula Grants	16.588	ST-WSG-12-2366-11	60,237
ARRA - Violence Against Women Formula Grants	16.588	ST-WSG-09-9365-12	69,758
Total U.S. Department of Justice			581,885
<u>U.S. Department of Homeland Security</u>			
Passed through Arizona Department of Homeland Security:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	777208-03	22,500
Homeland Security Grant Program	97.067	10-777511-02	17,598
Total U.S. Department of Homeland Security			40,098
<u>U.S. Department of Transportation</u>			
Passed through Arizona Governor's Office of Highway Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	2011-PT-048	4,636
State and Community Highway Safety	20.600	2011-AL-054	4,835
State and Community Highway Safety	20.600	2012-AL-034	15,276
State and Community Highway Safety	20.600	2012-PT-037	11,220
State and Community Highway Safety	20.600	2012-PT-038	32,630
State and Community Highway Safety	20.600	GOHS-2012-OP-033	2,528
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	2011-410-019	4,219
Total U.S. Department of Transportation			75,344
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Arizona Department of Housing:			
Home Investment Partnerships Program	14.239	310-11	314,470
Home Investment Partnerships Program	14.239	308-12	9,535
Community Development Block Grants	14.228	CDBG	30,593
Total U.S. Department of Housing and Urban Development			354,598
<u>U.S. Department of Agriculture, Forest Service</u>			
Passed through Arizona State Forestry Division:			
Cooperative Forestry Assistance	10.664	CCG 010-015	1,139
<u>U.S. Department of Education</u>			
Passed through Arizona Governor's Office of Economic Recovery:			
ARRA - Public Safety Stabilization Program	84.397	OER-11-IGA-GS-165	1,316
Total Expenditures of Federal Awards			\$ 1,084,635

TOWN OF PRESCOTT VALLEY, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Town of Prescott Valley, Arizona and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 2012 *Catalog of Federal Domestic Assistance*.

**TOWN OF PRESCOTT VALLEY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program
16.738	Edward Byrne Memorial Justice Assistance Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

**TOWN OF PRESCOTT VALLEY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None reported.

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**TOWN OF PRESCOTT VALLEY, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012**

Status of Federal Award Findings and Questioned Costs

The Town had no findings or questioned costs related to federal awards noted in prior audits that require a status.