

Coconino County

Annual financial statement and compliance audits

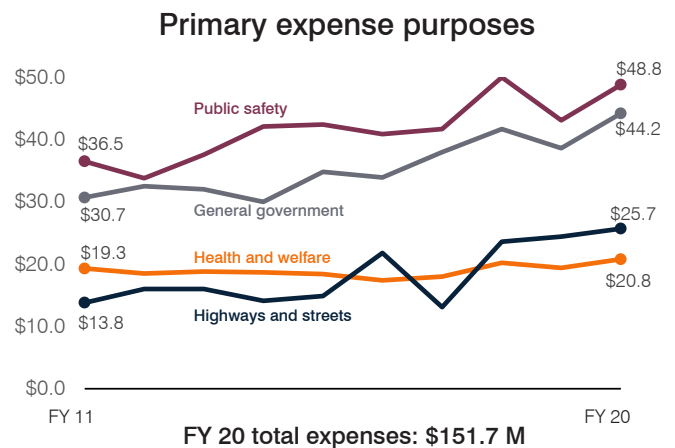
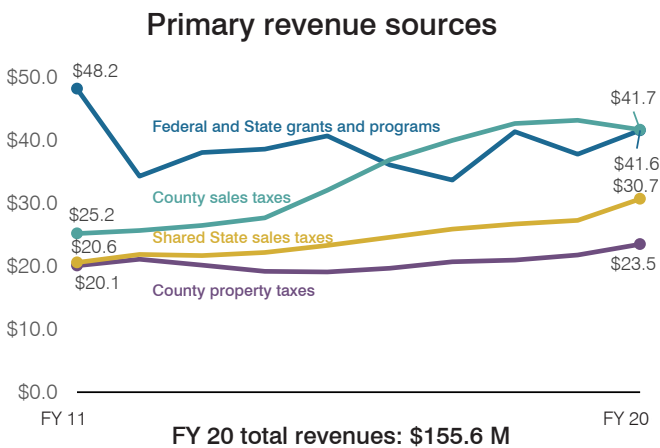
The County's fiscal year 2020 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

Audits' purpose

To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

Fiscal years (FY) 2011 through 2020
(In millions)



Source: Auditor General staff summary of information obtained from the County's financial statements.

Largest primary revenue sources

- **County sales taxes—26.8% FY 20:** Consists primarily of general unrestricted taxes and those restricted for jail operations and highways and streets maintenance.
- **Federal and State grants and programs—26.8% FY 20:** Includes federal and State government grants and programs awarded as assistance to the County and its citizens, including highway user tax revenues for authorized transportation purposes.

Largest primary expense purposes

- **Public safety—32.2% FY 20:** Costs for protecting the County's persons and property with the largest portion for County jail operations, County Sheriff's office services, probation services, and Flood Control District operations.
- **General government—29.1% FY 20:** Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.

County's net position increased in FY 20

County revenues were \$3.9 million greater than its expenses, increasing total net position to \$161.8 million at June 30, 2020. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. None of this net position is unrestricted, meaning some is not in spendable form, and the rest is restricted by external parties.

Auditor findings and recommendations

Summarized below are our findings and key recommendations included in the County's [Single Audit Report](#) where there is further information and the County's responses. The County needs to:

- Provide training to all employees and enforce the newly created policies and procedures over food and beverage purchases.
- Ensure the Public Works Department uses its restricted monies for allowable highway and street purposes. Additionally, the County needs to perform a review of all purchases from monies restricted for highway and street purposes since the road excise tax was passed by County voters in 2015, and repay any misspent monies with other available County public monies.
- Prepare and review its financial statements and supporting schedules to ensure they are accurate, properly supported, presented in accordance with generally accepted accounting principles, and free of errors before providing them for audit.
- Allocate sufficient resources to compile and issue its Annual Financial Report within 9 months after fiscal year-end as required by State law.
- Continue to implement policies and procedures to effectively detect and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss to its information technology systems and data, including financial and sensitive data.
- Ensure its schedule of expenditures of federal awards includes only federal program expenditures by having employees verify the funding source of grant programs if not explicitly stated in the grant agreement.

To correct these deficiencies, the County needs to develop written policies and procedures, ensure that employees who are responsible for following the policies and procedures are trained on them, and monitor their implementation and effectiveness to help ensure that the County is accountable for the public monies it spends and accurately reports financial and federal program information. Similar findings were reported in prior years.

Auditor General website report links

- The June 30, 2020, Coconino County Comprehensive Annual Financial Report and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the County's overall financial picture and our reporting responsibilities.
- The County's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
 - [Financial Report User Guide for State and Local Governments](#).
 - [Internal Control and Compliance Reports User Guide](#).