

Greenlee County

Annual financial statement and compliance audits

The County's fiscal year 2021 reported financial information is reliable. However, the County's auditors reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.¹

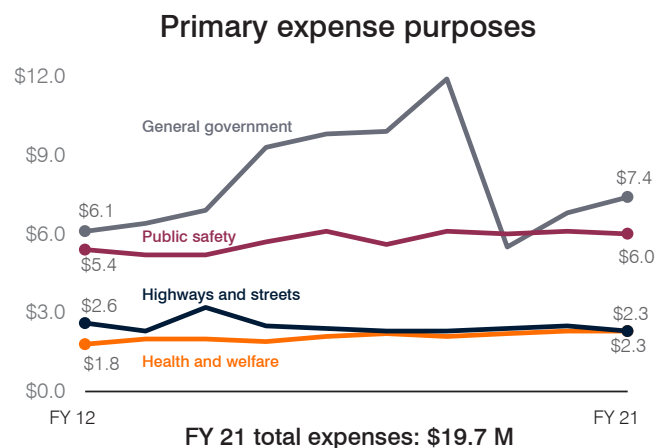
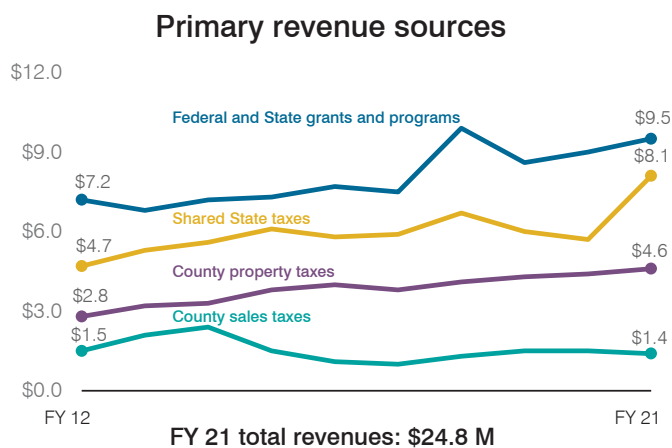
Audits' purpose

To express 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) 2012 through 2021

(In millions)



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

Largest primary revenue sources FY 2021

- **Federal and State grants and programs 38.4%**—Includes federal and State government grants and programs awarded as assistance to the County and its residents, including highway user tax revenues for authorized transportation purposes.
- **Shared State taxes 32.5%**—Comes from State sales and other shared taxes the State of Arizona collects, and the Arizona State Treasurer distributes to the County based on the State's statutory distribution formulas.

Largest primary expense purposes FY 2021

- **General government 37.6%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections. Expenses were \$6.4 million less in FY 2019 than in FY 2018 primarily because pension benefit expense decreased, and these expenses have remained fairly consistent thereafter.
- **Public safety 30.4%**—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.

County's net position increased in FY 2021

County revenues were \$5.1 million greater than its expenses, increasing total net position to \$11.0 million at June 30, 2021. 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 lease obligations, 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.

¹ The certified public accounting firm Snyder & Brown, CPAs, PLLC conducted these audits under contract with the Arizona Auditor General in accordance with Arizona Revised Statutes §41-1279.21

Auditor findings and recommendations

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

- Perform an analysis of all cash accounts held by the County Treasurer and other County departments and ensure that it records and reconciles all cash balances at least monthly. The County's auditors found that the County Treasurer reconciled cash balances at year-end only, rather than on a monthly basis throughout the fiscal year. Additionally, the County had not recorded cash balances held by the Courts totaling \$119,465 and other cash balances of the Sheriff's Commissary and various County withholding, clearing, and other accounts totaling \$126,041. The County's auditors reported a similar finding in the prior year.
- Communicate its procurement card policies and procedures to all County employees and monitor their compliance with the policies and procedures. The County's auditors found that the County Administrator did not always indicate approval of procurement card purchases, and it was not always evident that purchase receipts were reconciled to the amounts the County recorded or to the business purchases indicated on the supporting documentation, as required by the County's policies and procedures. The County's auditors reported a similar finding in the prior year.
- Reconcile each federal award's revenues to its expenditures and award documentation to correctly report amounts on the County's federal awards schedule and to help ensure the County receives reimbursement for all allowable expenditures and avoids funding shortfalls. The County's auditors found that the County lacked written policies and procedures to ensure that all federal awards' revenues and expenditures are reconciled on a routine basis.
- Prepare and maintain detailed time sheets or time studies supporting the allocation of payroll costs to its Public Health Emergency Preparedness federal program. The County's auditors found that the County allocated payroll costs totaling \$104,654 to this program during the year but lacked documentation to support that these payroll costs reflected employees' actual time and effort worked on the federal program. This finding has the potential to affect other federal programs the County administers, as the County's auditors reported that the County allocated payroll costs totaling \$403,668 to all its federal programs during the year, including the Public Health Emergency Preparedness federal program.
- Maintain records of all electronically submitted reports for federal award programs, including the supporting documentation the County used to prepare them. The County's auditors reported that the County had no records related to the reports it was required to submit electronically for the Public Health Emergency Preparedness federal program.
- Monitor its federal awards and prepare the necessary documentation for audit in a timely manner to submit its single audit report within 9 months of fiscal year-end, or by March 31. The County's auditors found that the County experienced employee turnover in various departments and was unable to submit its single audit report for fiscal year 2021 by the federally extended deadline of September 30, 2022. The County's auditors reported a similar finding in the prior year.

Auditor General website report links

- The June 30, 2021, Greenlee County 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 the County auditors' 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](#).