

Yavapai County

Annual financial statement and compliance audits

The County's fiscal year 2022 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

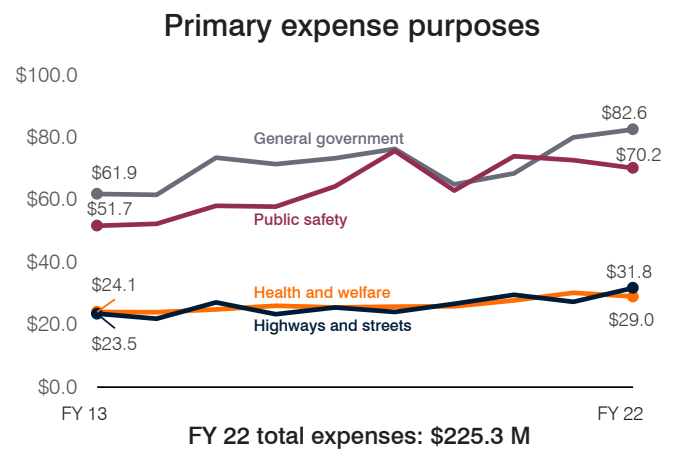
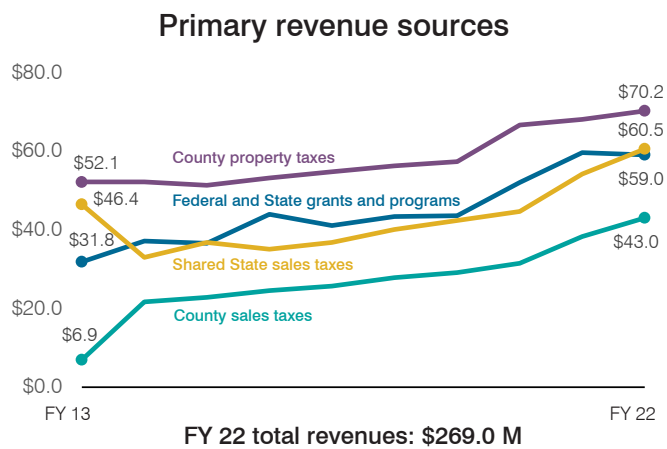
Audits' purpose

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) 2013 through 2022

(In millions)



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

Largest primary revenue sources FY 2022

- **County property taxes 26.1%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.
- **Shared State sales taxes 22.5%**—Comes from State sales 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 2022

- **General government 36.7%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 31.2%**—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 2022

County revenues were \$43.7 million greater than its expenses, increasing total net position to \$245.3 million at June 30, 2022. 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.

¹ The certified public accounting firm Walker & Armstrong, LLP 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 a comprehensive review of accounts payable policies and procedures to ensure they are sufficient and consistently followed. The County's auditors noted weaknesses in internal controls over disbursements, such as the lack of a secondary approval for payments exceeding a certain dollar threshold, the lack of an approved vendor listing, and the lack of supporting documentation for 1 of 25 purchasing card transactions selected.
- Properly record intergovernmental revenues in accordance with generally accepted accounting principles. The County's auditors found that revenues collected for the Schools and Roads—Grants to States federal program totaling \$1,557,693 were not reported as intergovernmental revenues in the County's financial statements. Instead, this federal program was incorrectly recorded as a fiduciary activity. Further, the County incorrectly recorded \$145,085 in charter school equalization monies as property tax revenue when those monies should have been recorded as intergovernmental revenue.
- Continue to review and update policies and procedures over information technology (IT). The County's auditors noted that the County does not have comprehensive IT risk assessment or security policies and procedures. Not having robust IT policies and procedures for risk assessment and security results in a heightened risk of security breaches and potential loss of County data. Similar findings were reported in prior years.
- Provide the Board of Supervisors, at least quarterly, with financial information that at minimum includes budget versus actual results for the general fund and other major funds, unrestricted and restricted cash and investment balances, and a report of outstanding indebtedness and pension related obligations. The County's auditors reported that the County's Board of Supervisors is not receiving timely and meaningful financial information necessary to make critical decisions.
- Follow its policy of removing capital assets that have been sold, traded in, or abandoned from the capital assets records. The County's auditors noted that land with an original cost of \$164,358 and equipment with an original cost of \$944,157 were sold but not removed from the capital asset listing. Properly updating the capital asset listing for all disposals will reduce the risk of material errors in the County's capital asset records.
- Improve controls over grant reporting by developing a process for identifying reporting requirements and monitoring the timeliness of report submission. The County's auditors noted several reports for the Coronavirus State and Local Fiscal Recovery Funds, the Health Center Program Cluster, and the Emergency Rental Assistance (ERA) Program were issued late. In addition, 1 of 3 programmatic reports tested for the ERA Program showed the number of participating households and funds paid as zero when it should have been 512 households and \$646,914 paid, respectively. Similar findings were reported in the prior year.
- Devote the necessary resources to meet its financial and federal reporting obligations. The Uniform Guidance requires the submission of a single audit reporting package, which includes the County's financial statements, to the Federal Audit Clearinghouse within 9 months of the auditee's fiscal year-end. The County's auditors noted that the County's single audit reporting package for the fiscal year ended June 30, 2022, was not submitted to the Federal Audit Clearinghouse by the required March 31, 2023, deadline. A similar finding was reported in the prior year.

Auditor General website report links

- The June 30, 2022, Yavapai County Annual Comprehensive 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's 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](#).