

Gila County

CONCLUSION: Based on our audits, we issued opinions on the County's financial statements and federal expenditure schedule concluding that the information in those statements and schedule is reliable. We also issued reports over the County's internal control and compliance over financial reporting and select federal programs, which identified internal control weaknesses over financial reporting and internal control weaknesses and instances of noncompliance over federal awards that are explained on the next page.

County overview

County provided wide range of services for its citizens—In fiscal year 2018, the County provided a wide range of government services for over 54,000 citizens. In addition to managing general operations, such as property assessments and taxes, budgeting and finance, and elections, the County provided for public safety, such as law enforcement and court services; public health and welfare by providing medical assistance and contributions to Arizona's long-term care system; highway and street maintenance and construction; and community resources, such as libraries, parks and recreation, and accounting services to school districts. The County is located in the central part of Arizona and encompasses 4,758 square miles.

County responsible for accurate financial report—The County is responsible for accurately preparing its [Annual Financial Report \(Report\)](#), maintaining effective internal controls, and being accountable for its use of public monies. Select financial information from the County's Report is presented below. However, the County's Report should be read to fully understand its overall financial picture. Our [Financial Report User Guide for State and Local Governments](#) will help readers identify and understand important and useful information in the County's Report.

County financial information

Asset, liability, and net position balances on June 30, 2018

Total assets/deferred outflows = \$93.5 million

Select asset balances:

\$45.2 M	Cash and investments
35.8	Capital assets
4.3	Due from others and receivables

Total liabilities/deferred inflows = \$81.0 million

Select liability balances:

\$59.5 M	Noncurrent employee benefits
6.8	Long-term debt and lease obligations
4.7	Current payables

County's net position = \$12.5 million

None of this net position is unrestricted

Revenues and expenses during fiscal year 2018¹

Total revenues = \$62.2 million

Select revenue sources:

\$21.7 M	Federal and State grants and programs
21.5	County property taxes
7.7	Shared State sales taxes
4.6	County sales taxes

Total expenses = \$67.6 million

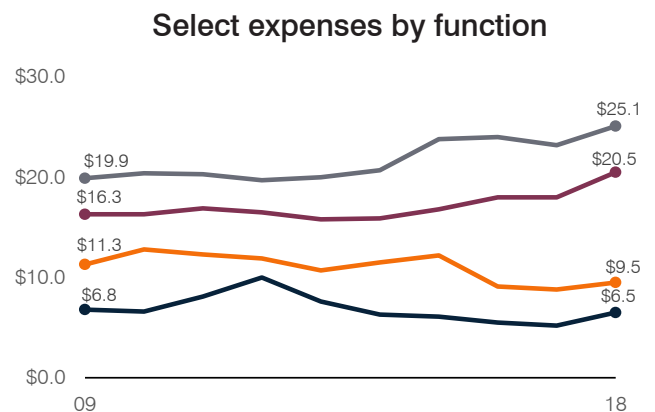
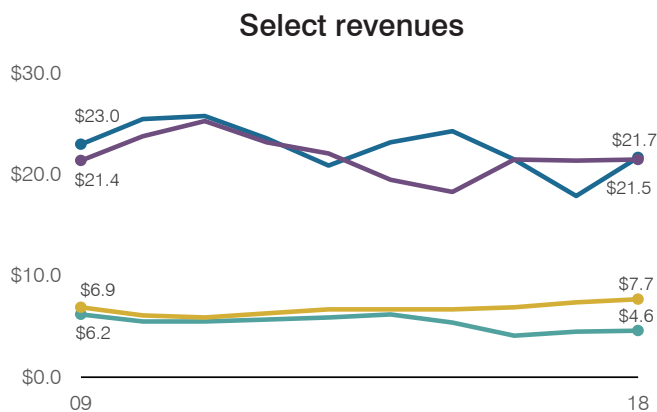
Select expenses by function:

\$25.1 M	General government
20.5	Public safety
9.5	Health and welfare
6.5	Highways and streets

¹ Increases in the County's estimated long-term net pension liability primarily contributed to its total government expenses exceeding revenues by \$5.4 million, or 8.7 percent. The County's Annual Financial Report contains further information that addresses this outcome in fiscal year 2018.

Select revenues and expenses by function Fiscal years 2009 through 2018

(In millions)



- Federal and State grants and programs**—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.
- County property taxes**—Taxes the County levied on the assessed value of real and personal property within the County. The County Treasurer collects the tax revenues.
- Shared State sales taxes**—Sales taxes the State of Arizona collects and the Arizona State Treasurer distributes to the County based on the State’s statutory distribution formulas.
- County sales taxes**—Local sales taxes, including \$1.5 million restricted for transportation purposes in fiscal year 2018.
- General government**—General operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- Public safety**—Protection of the County’s persons and property. The largest portion of these expenses are for County jail operations, County Sheriff’s office services, and probation services.
- Health and welfare**—Public assistance and institutional care for individuals who are economically unable to provide for themselves, including required State shared sales taxes withheld for Arizona’s long-term care system.
- Highways and streets**—Construction and maintenance of highways, streets, and bridges within the County.

Source: Auditor General staff summary of information obtained from the County’s Annual Financial Reports.

Audit findings and recommendations

Below is a summary of our reports over the County’s internal control and compliance over financial reporting and over federal programs that are included in the County’s [Single Audit Report](#), where there is detailed information about our findings and the County’s responses. For help in understanding important information presented in this report, please refer to our [Internal Control and Compliance Reports User Guide](#).

Financial reporting internal control

We found that the County needed improvements in certain controls and reported 7 findings over areas including the awarding of economic development monies, supervisor travel expenditures, financial statement preparation, capital assets management, information technology systems, and lines of credit for political subdivisions. Notably, because the County lacked policies and procedures over financial statement preparation, the County’s financial and federal compliance reports were not completed in time to meet the federal deadline of 9 months after fiscal year-end.

Financial findings and recommendations

Federal internal control and compliance

The County spent over \$5.5 million of federal program monies during the fiscal year. We tested 4 federal programs selected under the major program guidelines established by the Single Audit Act, including schools and roads, housing assistance, mathematics and science partnerships, and child support enforcement, which totaled over \$2.7 million. We reported weaknesses in internal control and instances of noncompliance over the County’s administration of federal programs for all programs tested except for mathematics and science partnerships.

Federal findings and recommendations