

## Coconino County

### Annual financial statement and compliance audits

The County's fiscal year 2023 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

#### Audits' purpose

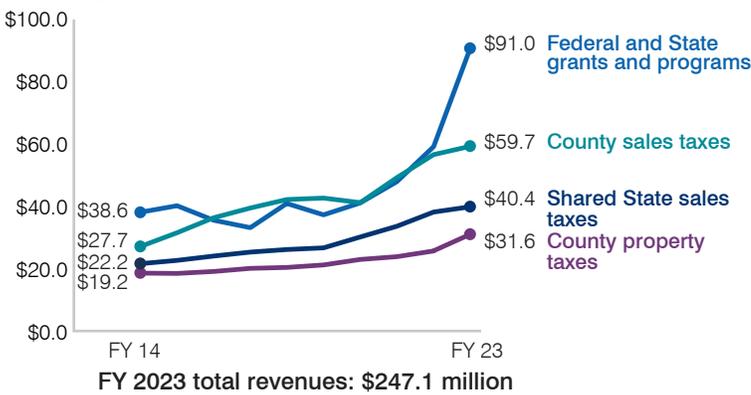
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

#### Primary revenue sources and how they were spent

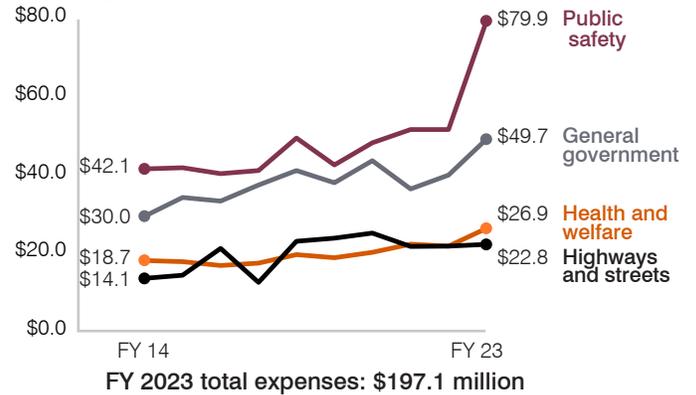
##### Fiscal years (FY) 2014 through 2023

(In millions)

##### Primary revenue sources



##### Primary expense purposes



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

#### Largest primary revenue sources FY 2023

- **Federal and State grants and programs 36.8%**—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.
- **County sales taxes 24.1%**—Consists primarily of general unrestricted taxes and those restricted for jail operations and highways and streets maintenance.

#### Largest primary expense purposes FY 2023

- **Public safety 40.5%**—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 25.2%**—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 2023

County revenues were \$50.0 million greater than its expenses, increasing total net position to \$278.3 million at June 30, 2023. 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 recommendations included in the County's [Single Audit Report](#) where there is further information and the County's responses. The County needs to:

- Implement its policies and procedures over its information technology (IT) systems and data, including sensitive data, to effectively prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss. We found that processes for restricting access and managing changes for its IT systems and data were not sufficient, which may put County operations and IT systems and data at unintended and unnecessary risk of potential harm. This finding was initially reported in fiscal year 2016. This finding was initially reported in fiscal year 2016.
- Monitor County departments' adherence to its policies and procedures for purchasing goods and services using federal awards, including using cost as a selection factor when awarding construction contracts; train them on federal Uniform Guidance requirements; and designate an independent person who is knowledgeable about federal requirements to approve procurements involving federal awards. We found that the County's Flood Control District did not consider the cost to award a construction contract that it paid \$5.9 million of federal Good Neighbor Authority program monies during the period of July 1, 2022 through June 30, 2023.
- Require County departments to complete and submit all missing financial and performance reports. In addition, track when reports are required to be submitted and provide the necessary training to County departments to compile and submit all federal reports on time. We found that the County's Flood Control and Administrative Departments did not submit required federal reports for the Good Neighbor Authority and Workforce Innovation and Opportunity Act (WIOA) federal programs during the period of July 1, 2022 through June 30, 2023.
- Develop strategies and processes to recruit and retain youth in its WIOA youth program, monitor the paid and unpaid work experiences it provides to them with program monies, and adjust its spending for this program area based on monitoring results. We found that the County's Administrative Department failed to ensure that it spent its allocation of 20 percent, or \$93,701, of federal WIOA Youth Activities monies for in- and out-of-school youth with paid and unpaid work experiences from April 2021 through June 2023.

## Auditor General website report links

- The June 30, 2023, Coconino 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 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](#).