

Navajo 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

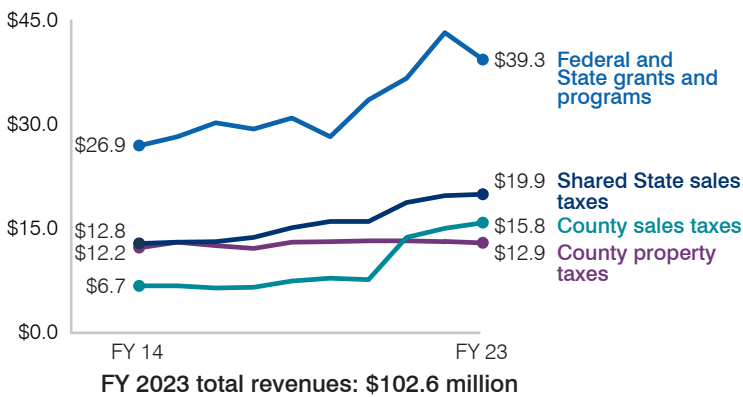
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

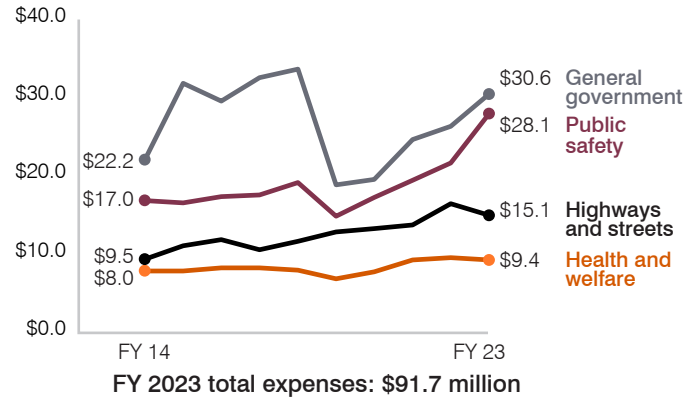
Fiscal years (FY) 2014 through 2023

(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 38.3%**—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 sale taxes 19.4%**—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 2023

- **General government 33.3%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 30.7%**—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 2023

County revenues were \$10.9 million greater than its expenses, increasing total net position to \$100.8 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 [Report on Internal Control and on Compliance](#) and [Single Audit Report](#) where there is further information and the County's responses. The County needs to:

- Implement procedures for making fuel purchases and ensure that employees using purchasing cards follow them to comply with County policies when making fuel purchases and purchased fuel is used in County vehicles. Additionally, the County needs to enforce its purchasing card policies to ensure public monies are not spent on unallowable purchases, such as alcoholic beverages. We found the County paid nearly \$38,000 for fuel purchases, which we could not verify were for official County business, and \$52 for unallowable purchases, such as alcoholic beverages, which are prohibited by County policies, elevating the County's risk of misusing public monies and possible violation of the Arizona Constitution. After we brought the unallowable purchase of alcoholic beverages to the County's attention and nearly 6 months after the County had paid for it, the County received reimbursement for it. We initially reported similar findings in fiscal year 2019.
- Prioritize implementing policies and procedures to identify, classify, and inventory the sensitive data that the County holds and assess where stronger information technology (IT) access and security controls may be needed to protect it. We found that the County's deficiencies in its processes for managing IT risks, restricting access, and managing configuration settings may put County operations and IT systems and data at unintended and unnecessary risk of potential harm. We initially reported similar findings in fiscal years 2007, 2014, and 2016 for restricting access, managing system configurations and changes, and managing and documenting its IT risks, respectively.
- Fully develop and implement strategies and processes to recruit and retain youth in its federal Workforce Innovation and Opportunity Act (WIOA) 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 WIOA Department failed to ensure that it spent the required 20 percent, or \$74,233, 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. We initially reported similar findings in fiscal year 2019.

Auditor General website report links

- The June 30, 2023, Navajo County Annual Comprehensive Financial Report, Report on Internal Control and on Compliance, 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](#).