

Cochise County

Annual financial statement and compliance audits

The County's fiscal year 2024 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

Audits' purpose

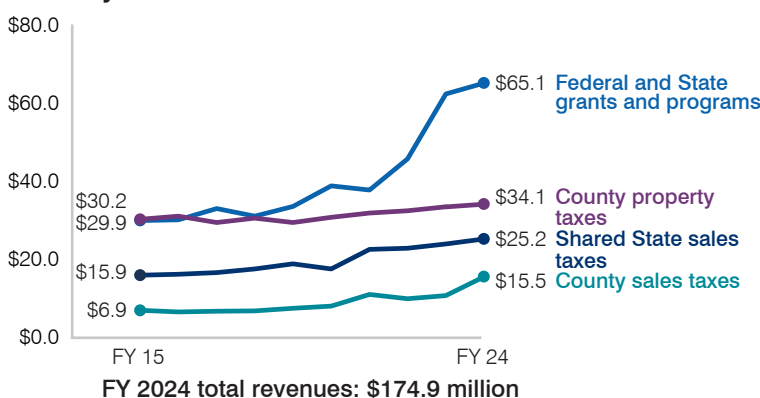
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

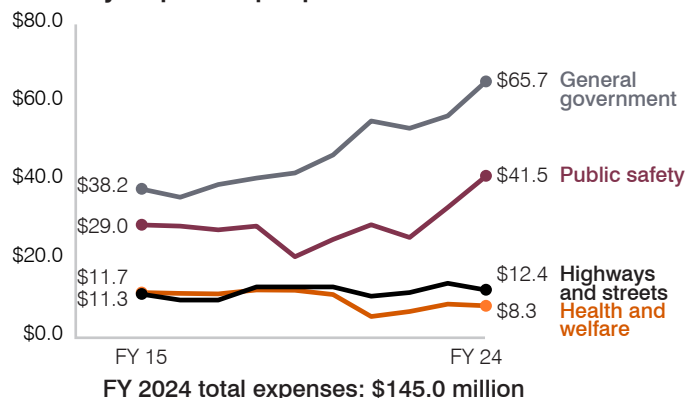
Fiscal years (FY) 2015 through 2024

(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 2024

- **Federal and State grants and programs 37.2%**—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 property taxes 19.5%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.

Largest primary expense purposes FY 2024

- **General government 45.3%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 28.6%**—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 2024

County revenues were \$29.9 million greater than its expenses, increasing total net position to \$186.5 million at June 30, 2024. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll 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.

Auditor findings and recommendations

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

- Provide accurate and key financial information to auditors by agreed-upon deadlines to ensure timely issuance of its audited Annual Financial and Single Audit Reports. The County needs to update existing policies and procedures for preparing its financial statements, associated note disclosures, and supporting schedules accurately and in accordance with U.S. generally accepted accounting principles (GAAP). Further, the County needs to require a second employee to review and approve journal entries to ensure that financial activity is recorded correctly in the financial statements and associated note disclosures. We found that the County failed to provide key financial information to auditors timely, and we received numerous draft financial statements that contained misstatements and misclassifications, which delayed the issuance of both the financial statements and federal compliance audits and increased the risk that those relying on the reported financial and federal information could be misinformed.
- Ensure any future pilot travel card programs, or other purchasing or credit card programs, require cardholders to follow the County's purchasing card policy. We found that the County paid \$43,703 for food and beverage, lodging, and conference costs using travel cards without complying with established policies, resulting in risk of misuse of public monies.
- Ensure its Accommodation School District (District) has individuals with the skills, knowledge, and expertise to prepare, review, and retain required source documentation. The District was audited by other auditors that found the District did not retain supporting documentation for \$53,638 of expenditures, which increased the risk that those relying on the financial information could be misinformed and reports could have been materially misstated.
- Follow the State's eligibility certification policies for the WIC Special Supplemental Nutrition Program for Women, Infants, and Children; train the County's Health and Social Services Department (Department) staff on the eligibility certification process; and perform periodic monitoring over the eligibility certification process at its clinic sites. We found that for 15 of 62 participants tested, the Department did not require the participants to complete and sign a rights and obligations form for 6 participants' initial certifications and 9 participants' recertifications for ongoing benefits. This resulted in an increased risk of program participants receiving benefits they were not eligible to receive and allowing others to use WIC benefits as the program participants may not be aware of the program's rules.

Auditor General website report links

- The June 30, 2024, Cochise County combined Annual Financial and Single Audit Reports 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](#).