

## Greenlee County

### Annual financial statement and compliance audits

The County's fiscal year 2023 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.<sup>1</sup>

#### Audits' purpose

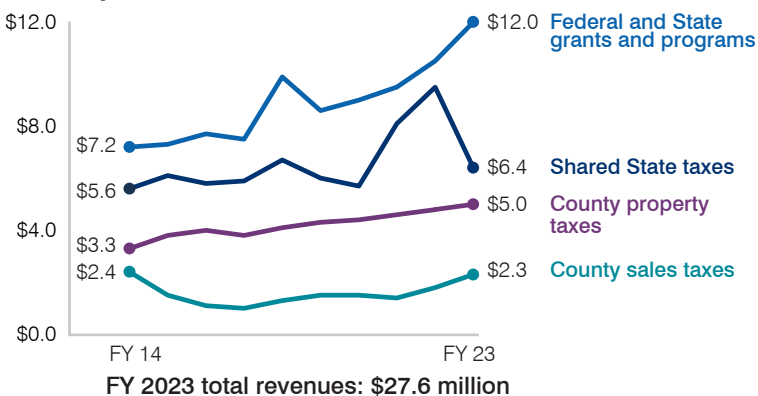
To express opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

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

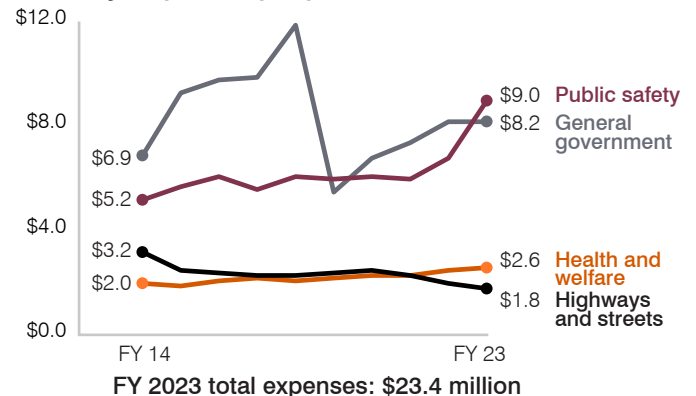
Fiscal years (FY) 2014 through 2023

(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 43.7%**—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 taxes 23.4%**—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

- **Public safety 38.4%**—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 35.2%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections. Expenses were \$6.4 million less in FY 2019 than in FY 2018 primarily because pension benefit expense decreased, and these expenses have remained fairly consistent thereafter.

#### County's net position increased in FY 2023

County revenues were \$4.2 million greater than its expenses, increasing total net position to \$22.1 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, financed purchases, and accounts payable. Of the total net position, \$14.4 million is restricted by external parties or is not in spendable form, and the remaining \$7.7 million is unrestricted.

<sup>1</sup> The certified public accounting firm Snyder & Brown, CPAs, PLLC 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 an analysis of all cash accounts held by the County Treasurer and other County departments and ensure that it records and reconciles all cash balances at least monthly and resolves any differences between the departmental records and the County's general ledger. The County's auditors found that the County Treasurer reconciled cash balances at year-end only, rather than on a monthly basis throughout the fiscal year, resulting in an unreconciled difference of \$32,048 between the Treasurer's records and the County's general ledger. Additionally, the County had not recorded cash balances held by the Courts totaling \$72,583 and other cash balances of the Sheriff's Commissary and various other accounts totaling \$60,972. A similar finding has been reported since 2019.
- Develop and implement policies and procedures to prepare the financial statements in a timely manner so that it can provide accurate and timely information to its stakeholders. The County's auditors found that general ledger accounts were not fully closed and reconciled to the draft financial statements prepared for fiscal year 2023 until September 2024. This resulted in the County's inability to provide current financial and federal program information for strategic decision making and to meet legally required financial and federal reporting deadlines. Similar findings have been reported since 2021.
- Continue to develop, document and implement policies and procedures over information technology (IT). The County's auditors found that the County does not have comprehensive IT policies and procedures over risk management, logical access, change and configuration management, contingency planning, and security of significant systems and data. Further, the County did not have policies and procedures to identify, classify, and inventory sensitive information, including information that might need stronger access and security controls. Not having robust IT policies and procedures results in a heightened risk of security breaches and potential loss of County data.
- Analyze its procurement card policies and procedures to ensure they are comprehensive, communicate them to all County employees, and monitor compliance. The County's auditors found that it was not always evident that appropriate approvals had been obtained for credit card purchases. A similar finding has been reported since 2020.
- Develop and implement written policies and procedures to ensure that all federal program expenditures for its State and Local Fiscal Recovery Funds program are reported in the correct period. The County's auditors found that during fiscal year 2023, the County's quarterly and annual compliance reports submitted to the federal grantor indicated that no program expenditures were incurred. However, the County expended \$331,609 for this program which was ultimately reported within the subsequent fiscal year's compliance reports. As a result, the County provided incomplete and inaccurate fiscal year 2023 federal program expenditure data to the federal grantor.

## Auditor General website report links

- The June 30, 2023, Greenlee County Annual 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 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](#).