

## Pima 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

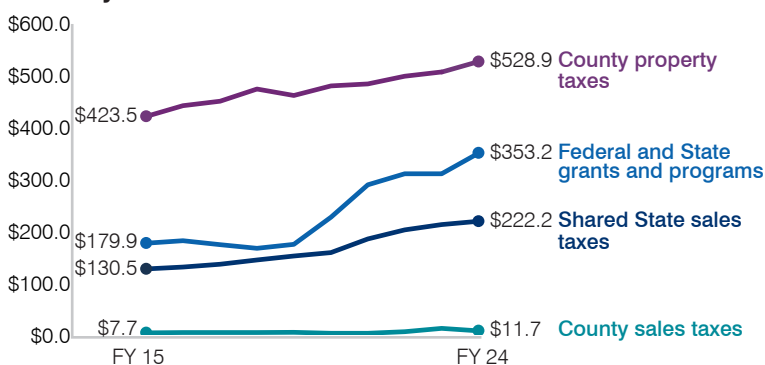
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

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

Fiscal years (FY) 2015 through 2024

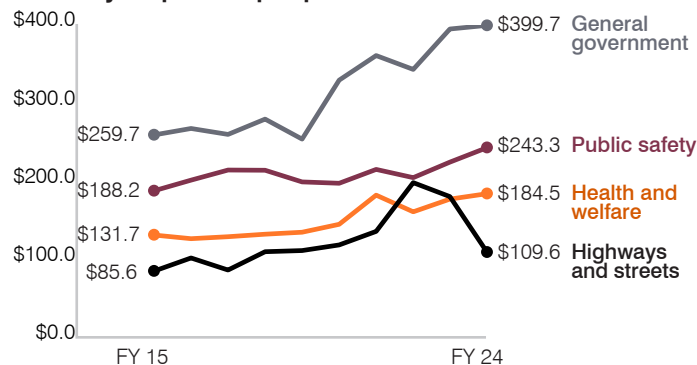
(In millions)

##### Primary revenue sources



FY 2024 total revenues: \$1,548.6 million

##### Primary expense purposes



FY 2024 total expenses: \$1,294.3 million

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

#### Largest primary revenue sources FY 2024

- **County property taxes 34.2%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.
- **Federal and State grants and programs 22.8%**—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.

#### Largest primary expense purposes FY 2024

- **General government 30.9%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 18.8%**—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 \$254.3 million greater than its expenses, increasing total net position to \$2,741.8 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, 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:

- Plan for where to allocate resources and where to implement critical controls and evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations. Further, the Pima County Treasurer's Office needs to make it a priority to develop and document comprehensive IT policies and procedures and develop a process to ensure the procedures are consistently followed, and develop, document, and implement processes to restrict access and enhance authentication requirements for IT systems.
- Accurately prepare its schedule of expenditures of federal awards (SEFA) by allocating staffing resources, training staff on its existing policies and procedures, and creating a comprehensive listing of federal funds recorded in its accounting system. Also, the County should submit its Single Audit Report on or before the federally required submission deadline, which is March 31. We found that the County's initially prepared SEFA contained errors, including a \$5.1 million understatement of total expenditures and \$357,297 understatement of expenditures passed through to subrecipients. Further, the County issued its Single Audit Report 38 days later than required after failing to provide a complete and accurate SEFA by established deadlines.
- Perform required monitoring of its subrecipients and their compliance with the award terms, program requirements, and federal regulations. Specifically, the County should follow its established policies and procedures for performing and documenting monitoring reviews of subrecipients, including maintaining documentation of monitoring procedures, verifying subrecipients receive timely single audits, and ensuring that corrective action is taken on audit findings. The County should also update its policies and procedures to include processes to determine the appropriate monitoring activities to perform based on subrecipient risk assessments performed and to review subrecipients' policies and procedures, including procurement processes. In addition, the County should prioritize and allocate sufficient resources, such as staffing, and designate an individual(s) to perform subrecipient-monitoring procedures. We found that the County's Grants Management and Innovation Department (Department) did not perform all the required monitoring of its subrecipients for 4 federal programs we tested, which contributed to \$347,345 of misspent monies that the Department may be required to return to the federal agency. This finding initially occurred in fiscal year 2022 and was partially corrected in fiscal year 2023.
- Report accurate and complete program information to the federal agency for each federal program and retain federal award records for 3 years from the final expenditure report date. The County should also update its policies and procedures to include processes to reconcile expenditure amounts reported to the County's accounting records, perform an independent review of all federal program reports, and create a tracking mechanism to ensure reports are submitted by due dates. We found that for 2 federal programs' reports we tested, the County's Grants Management and Innovation Department (Department) did not retain documentation or accurately report information and failed to report required elements. This included a \$14.6 million understatement of cumulative program expenditures for 1 program. The Department should work with the federal agency to adjust and resubmit reports to correct detected errors and/or missing information.

## Auditor General website report links

- The June 30, 2024, Pima 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](#).