

Greenlee County

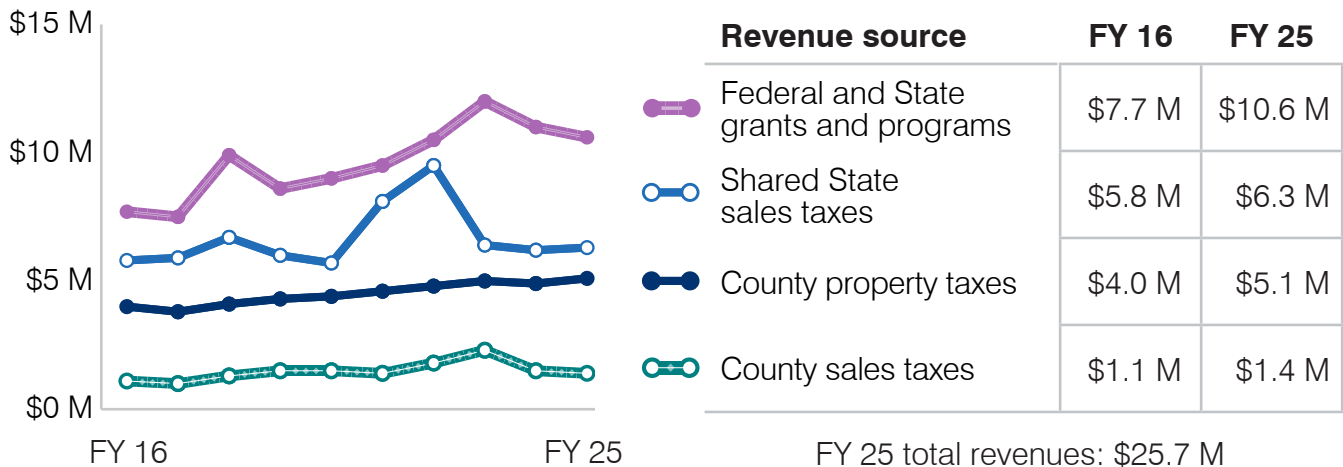
Annual financial statement and compliance audits

The County's fiscal year 2025 reported financial information is reliable, except for machinery and equipment capital asset balances and supplies inventory for the governmental activities and Highway User Revenue Fund (HURF), respectively, for which we were unable to obtain sufficient appropriate audit evidence. Also, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

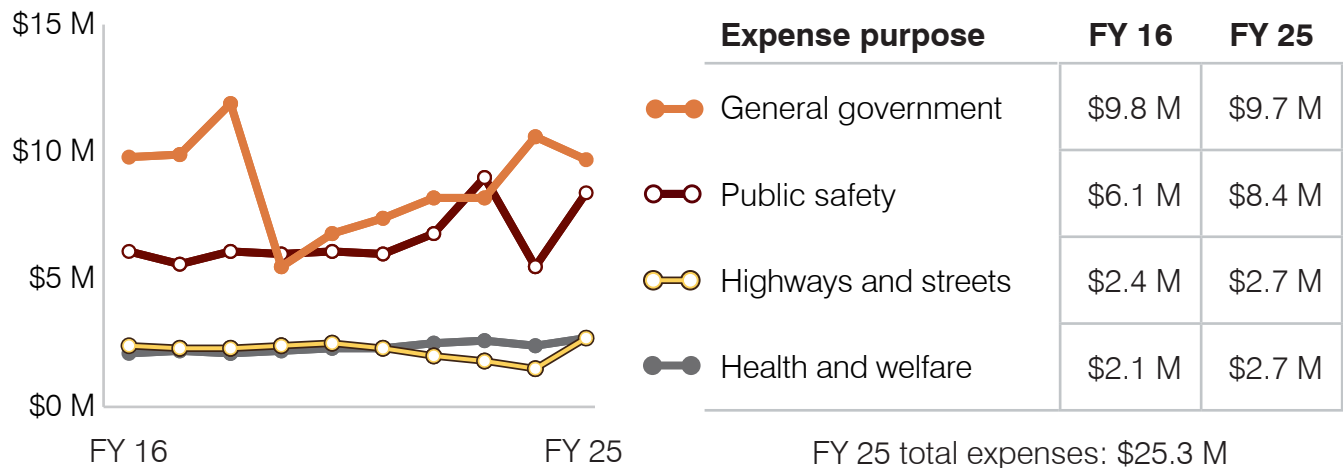
Audits' purpose

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, in millions (FY 2016 through FY 2025)



Primary expense purposes, in millions (FY 2016 through FY 2025)



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

FY 2025 largest primary revenue sources as a percentage of total revenues

▶ Federal and State grants and programs, 41.2%

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.

▶ Shared State taxes, 24.7%

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.

FY 2025 largest primary expense purposes as a percentage of total expenses

▶ General government, 38.4%

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.

▶ Public safety, 33.1%

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 2025

County revenues were \$0.4 million greater than its expenses, increasing total net position to \$26.1 million at June 30, 2025. 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, \$16.0 million is restricted by external parties or is not in spendable form, and the remaining \$10.1 million is unrestricted.

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:

- ▶ Provide accurate and key financial information to auditors timely, and develop and implement policies and procedures to prepare and review the financial statements in accordance with generally accepted accounting principles (GAAP). The County should also develop and implement written policies and procedures to effectively control,

safeguard, and report capital assets. We found that the County did not review accounting records to ensure accuracy before providing them to the CPA firm compiling the financial statements. 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 2023.

- ▶ Follow the County's existing capital assets policy to designate staff to perform a complete physical inventory of machinery and equipment capital assets at least once every 2 years and develop and implement policies and procedures to effectively control, safeguard, and report supplies inventory. We found that a physical inventory of capital assets classified as machinery and equipment had not been performed since 2018, and a year-end supplies physical inventory was not performed, and thus a supplies inventory balance was not reported on the financial statements. By not performing and maintaining a physical inventory of machinery and equipment and unused supplies, the County increased the risk that its financial statements contained significant errors and misinformed those who are relying on the information. Also, the County's assets and supplies were exposed to theft, loss, and misuse. This finding resulted in a qualified opinion on the financial statements for the governmental activities and the Highway User Revenue Fund. A similar finding has been reported since 2024.
- ▶ Perform supervisory review and approval of each hourly employee's time sheet, restrict the timekeeping system to no longer allow employees to self-approve their time sheets, and develop, document, and implement written policies and procedures for processing time sheets, using the timekeeping system, and training employees on them. We found that 9 hourly employees had the ability to self-approve their time sheets, with 5 employees self-approving a total of \$103,063 in overtime costs. Allowing employees to self-approve time sheets puts public monies at risk of fraud and misuse if employees intentionally or unintentionally misreport their hours worked. A similar finding has been reported since 2024.
- ▶ Require credit cardholders to follow the County's policies and procedures and update and implement changes to existing policies and procedures to strengthen controls over credit card purchases. We found that \$48,505 for 60 credit card purchases we tested did not have appropriate approvals in compliance with County policies and procedures, and the County did not ensure that \$2,064 of these purchases were for authorized business purposes. As a result, the County put public monies at risk of being misspent or misused. A similar finding has been reported since 2020.
- ▶ Require employees, Board members, and the contracted health director to complete a conflict-of-interest disclosure form upon hire/appointment and remind them to update their form when their circumstances change on at least an annual basis. We found that for 38 of 41 elected officials and employees we tested, the County did not ensure that a conflict-of-interest disclosure form was submitted or updated during fiscal year 2025. As a result, public transparency was limited, and the County's ability to identify and remediate conflicts was reduced.

- ▶ Monitor departments' adherence to the County's policies and procedures for purchasing goods and services. We found that for 10 of 25 procurements tested, various departments did not consistently follow required approval processes or competitive purchasing requirements, and obtain and/or maintain complete required documentation to support vendor selection. As a result, there is an increased risk that the County may have overpaid for purchased goods or services or did not acquire goods and services at the most economical price and in a fair, competitive manner.
- ▶ Develop, document, and implement written policies and procedures over information technology (IT). We 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. Not having robust IT policies and procedures results in a heightened risk of security breaches and potential loss of County data. Similar findings have been reported since 2023.
- ▶ Strengthen procedures to ensure that County personnel perform an independent review and approval of all federal program expenditures. We found that a County contractor, who is also the health director, approved 10 purchase orders we tested for the Public Health Emergency Preparedness program, totaling \$62,400, that authorized payments for contracted professional services to his company without an independent review prior to payment. As a result, there is a risk that \$62,400 may not have been spent in accordance with award terms and conditions and federal regulations.
- ▶ Develop policies and procedures that require program administrators to identify and record key information unique to federal awards and ensure program administrators communicate accurate and complete federal program information to County management. We found that the County did not accurately compile its Schedule of Expenditures of Federal Awards (SEFA) resulting in the initial SEFA containing an understatement of \$206,888, or 18% of total federal award expenditures. As a result, the County risks potentially misinforming those who rely on its reported federal award expenditures.

Auditor General website report links

- ▶ **June 30, 2025, [Greenlee County Annual Financial Report and Single Audit Report.](#)**
These highlights summarize the reports above. The full reports explain the County's overall financial picture and our reporting responsibilities.
- ▶ The [County's reports from prior years.](#)
- ▶ **User guides that help explain the important information presented in these reports:**
 - [Financial Report User Guide for State and Local Governments.](#)
 - [Internal Control and Compliance Reports User Guide.](#)