

Pima County

CONCLUSION: Based on our audits, we issued opinions on the County's financial statements and federal expenditure schedule concluding that the information in those statements and schedule is reliable. We also issued reports over the County's internal control and compliance over financial reporting and select federal programs, which identified internal control weaknesses and an instance of noncompliance that are explained on the next page.

County overview

County provided wide range of services for its citizens—In fiscal year 2018, the County provided a wide range of government services for its over 1 million citizens. In addition to managing general operations, such as property assessments and taxes, budgeting and finance, and elections, the County provided for public safety, such as law enforcement, court services, and flood control infrastructure; public health and welfare by providing medical assistance and contributions to Arizona's long-term care system; highway and street maintenance and construction; and community resources such as, libraries and parks and recreation. The County is located in the southern part of Arizona bordering Mexico and encompasses 9,200 square miles.

County responsible for accurate financial report—The County is responsible for accurately preparing its [Comprehensive Annual Financial Report \(CAFR\)](#), maintaining effective internal controls, and being accountable for its use of public monies. Select financial information from the County's CAFR is presented below. However, the County's CAFR should be read to fully understand its overall financial picture. Our Office's [Financial Report User Guide for State and Local Governments](#) will help readers identify and understand important and useful information in the County's CAFR.

County financial information

Asset, liability, and net position balances on June 30, 2018

Total assets/deferred outflows = \$4,118.6 million

Select asset balances:

\$3,151.7 M	Capital assets
700.8	Cash and investments
90.8	Due from others and receivables

Total liabilities/deferred inflows = \$2,170.5 million

Select liability balances:

\$1,115.3 M	Long-term debt
839.6	Noncurrent employee benefits
109.2	Current payables

County's net position = \$1,948.1 million

None of this net position is unrestricted

Revenues and expenses during fiscal year 2018

Total revenues = \$1,089.2 million

Select revenue sources:

\$476.4 M	County property taxes
170.2	Federal and State grants and programs
147.6	Shared State sales taxes
8.2	County sales taxes

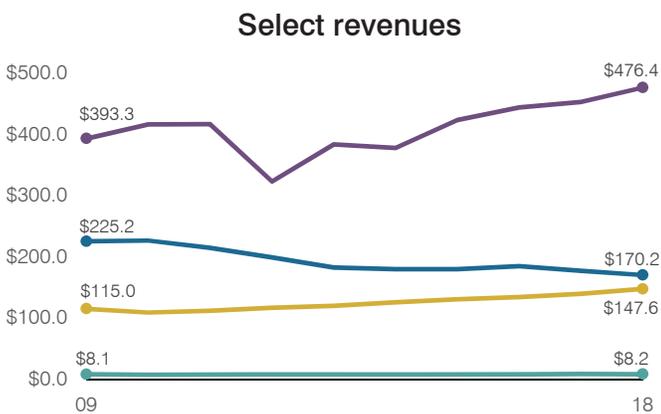
Total expenses = \$1,021.0 million

Select expenses by function:

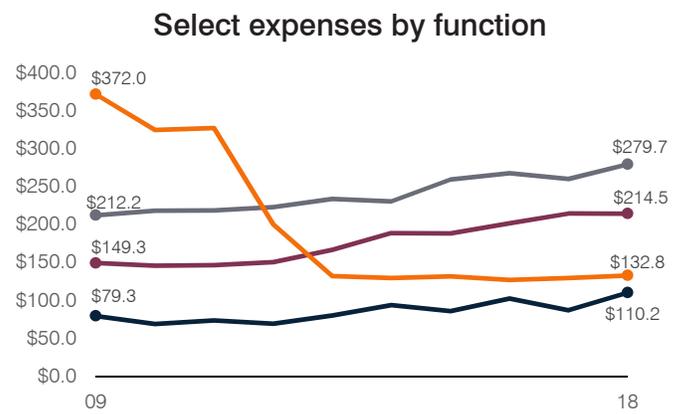
\$279.7 M	General government
214.5	Public safety
132.8	Health and welfare
110.2	Highways and streets

Select revenues and expenses by function Fiscal years 2009 through 2018

(In millions)



- **County property taxes**—Taxes the County levies on the assessed value of real and personal property within the County. The County Treasurer collects the tax revenues.
- **Federal and State grants and programs**—Federal and State government grants and programs awarded as assistance to the County and its citizens, including highway user tax revenues for authorized transportation purposes.
- **Shared State sales taxes**—Sales taxes the State of Arizona collects and the Arizona State Treasurer distributes to the County based on the State's statutory distribution formulas.
- **County sales taxes**—Local lodging and car rental taxes restricted for sports facilities and tourism and the Stadium District operations. In fiscal year 2018, these amounts were \$6.6 million and \$1.6 million, respectively.



- **General government**—General operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety**—Protection of persons and property of the County. The largest portion of these expenses are for County jail operations, County Sheriff's office services, probation services, and Flood Control District operations.
- **Health and welfare**—Public assistance and institutional care for individuals who are economically unable to provide for themselves. The significant decrease beginning in fiscal year 2012 resulted from the privatization of the County's health system.
- **Highways and streets**—Construction and maintenance of highways, streets, and bridges within the County.

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

Audit findings and recommendations

Below is a summary of our reports over the County's internal control and compliance over financial reporting and over federal programs. Detailed information about our findings and the County's responses are included in the County's [Report on Internal Control and on Compliance](#) and in the County's [Single Audit Report](#). For help in understanding important information presented in these reports, please refer to our Office's [Internal Control and Compliance Reports User Guide](#).

Financial reporting internal control

We found that the County did not have adequate policies and procedures over IT systems and data to adequately identify and respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss, including protecting sensitive citizen data. To ensure its financial and other sensitive data is protected, the County needs to continue to update and implement policies and procedures over its IT systems and data.

IT security findings and recommendations

Federal internal control and compliance

The County spent almost \$36.8 million of federal program monies during the fiscal year. We tested 6 federal programs selected under the major program guidelines established by the Single Audit Act, which included nutrition assistance, job training, roads, emergency preparedness, family planning, and energy subsidies. These 6 programs totaled over \$15.1 million in federal expenditures. We reported no weaknesses in internal control or instances of noncompliance over those federal programs. However, we reported an internal control weakness and noncompliance regarding the County's preparation of its federal expenditure schedule.

Federal finding and recommendation