

Cochise 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 over financial reporting that are explained on the next page.

County overview

County provided wide range of services for its citizens—In fiscal year 2019, the County provided a wide range of government services for its over 126,000 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 southeast corner of Arizona and encompasses 6,166 square miles.

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

County financial information

Asset, liability, and net position balances on June 30, 2019

Total assets/deferred outflows = \$237.1 million

Select asset balances:

\$136.2 M	Capital assets
72.1	Cash and investments
10.6	Due from others and receivables

Total liabilities/deferred inflows = \$124.7 million

Select liability balances:

\$96.7 M	Noncurrent employee benefits
11.5	Current payables

County's net position = \$112.4 million

None of this net position is unrestricted

Revenues and expenses during fiscal year 2019

Total revenues = \$103.8 million

Select revenue sources:

\$33.6 M	Federal and State grants and programs
29.4	County property taxes
18.8	Shared State sales taxes
7.4	County sales taxes

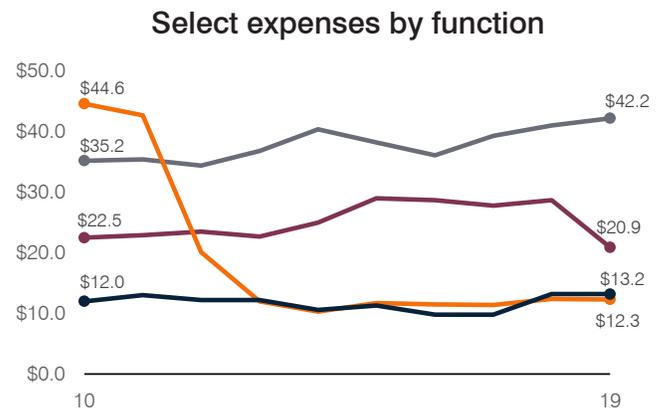
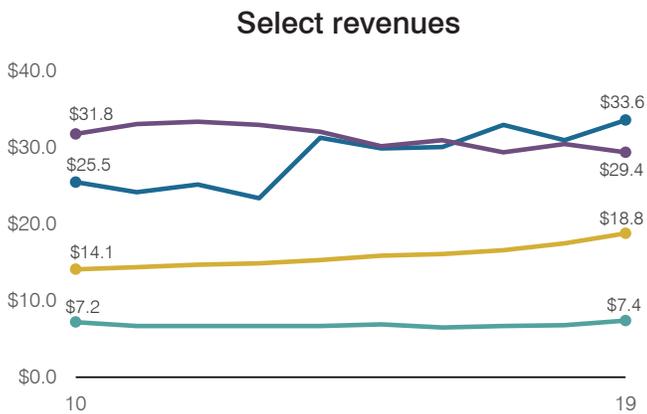
Total expenses = \$99.1 million

Select expenses by function:

\$42.2 M	General government
20.9	Public safety
13.2	Highways and streets
12.3	Health and welfare

Select revenues and expenses by function Fiscal years 2010 through 2019

(In millions)



- **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.
- **County property taxes**—Taxes the County levied on the assessed value of real and personal property within the County. The County Treasurer collects the tax revenues.
- **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 sales taxes for general purposes.

- **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. Pension benefit expense was \$7.5 million less in fiscal year 2019 than in fiscal year 2018.
- **Highways and streets**—Construction and maintenance of highways, streets, and bridges within the County.
- **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.

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

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 that are included in the County's combined [Annual Financial and Single Audit Report](#) where there is detailed information about our findings and the County's responses. For help in understanding important information presented in this report, please refer to our [Internal Control and Compliance Reports User Guide](#).

Financial reporting internal control

We found that the County needed improvements in certain controls over its payroll and IT systems and data and reported 3 findings. To improve controls, the County should restrict payroll duties to a limited number of staff, prohibit employees' access to change their own pay rates, and monitor the activities of those employees who can make payroll changes without approval. Further, the County should strengthen its IT policies and procedures to respond to risks and prevent, detect, and respond to unauthorized or inappropriate access, damage, or loss, including protecting sensitive data.

Financial findings and recommendations

Federal internal control and compliance

The County spent over \$7.2 million of federal program monies during the fiscal year. We and the County's other auditors tested 2 federal programs selected under the major program guidelines established by the Single Audit Act, including schools and roads and low-income housing programs that totaled nearly \$3.5 million in federal expenditures. We and the other auditors reported no findings over those federal programs.

No reported findings