

## Coconino County

### Annual financial statement and compliance audits

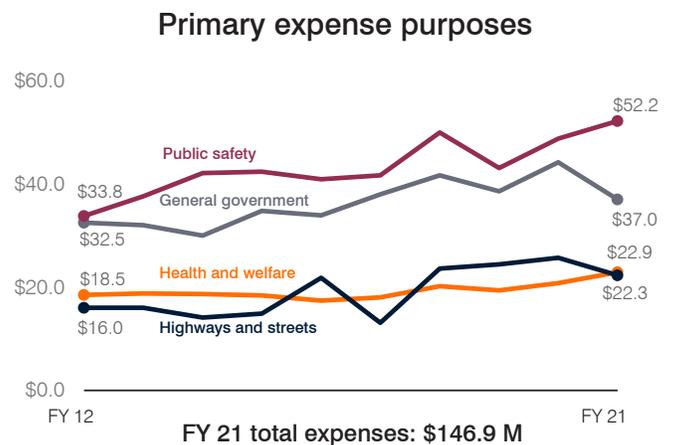
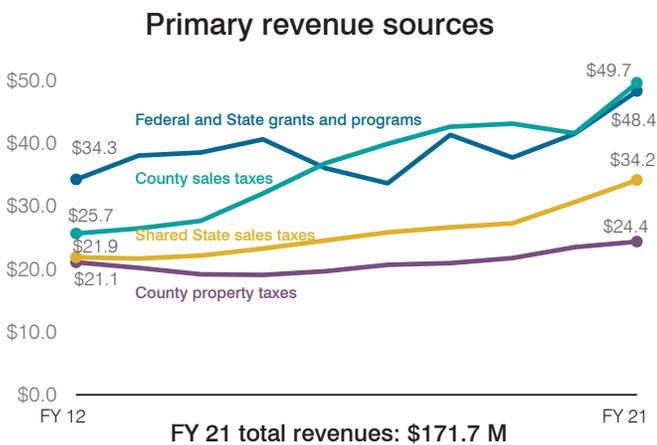
The County's fiscal year 2021 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

#### 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) 2012 through 2021  
(In millions)



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

#### Largest primary revenue sources FY 2021

- **County sales taxes 28.9%**—Consists primarily of general unrestricted taxes and those restricted for jail operations and highways and streets maintenance.
- **Federal and State grants and programs 28.2%**—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.

#### Largest primary expense purposes FY 2021

- **Public safety 35.5%**—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 25.2%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.

#### County's net position increased in FY 2021

County revenues were \$24.8 million greater than its expenses, increasing total net position to \$186.8 million at June 30, 2021. 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 [Single Audit Report](#) where there is further information and the County's responses. The County needs to:

- Develop and implement written procedures for preparing and reviewing its financial statements and supporting schedules to ensure they are accurate and prepared in accordance with generally accepted accounting principles. Additionally, the County needs to ensure it has sufficient resources to compile its financial statements to meet its State financial reporting and audit requirements. The County failed to provide timely financial information to us to audit, and we found that its initially prepared financial statements contained errors and misclassifications that required correction, which delayed their issuance and increased the risk that those relying on the reported financial information could be misinformed. We reported similar findings in prior years.
- Prioritize to finalize and implement its policies and procedures over its information technology (IT) systems and data, including sensitive data, to effectively prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss. We found that processes for restricting access, managing changes, and ensuring operations continue for its IT systems and data were not sufficient, which may put County operations and IT systems and data at unintended and unnecessary risk of potential harm. We reported similar findings in prior years.
- Develop and implement policies and procedures to separately identify all federal programs in accounting records and correctly report them in its federal awards schedule. We found that the County made errors for 9 federal programs where it understated 3 programs by \$718,056 and overstated 6 programs by \$551,018 when reporting them in its initially prepared federal awards schedule. In addition, the County's Single Audit Report was issued late, primarily due to the County's financial statements being late. We reported a similar finding in the prior year.
- Require all departments to follow its policies and procedures for making sole source procurements of goods and services using federal program monies and verifying vendors have not been suspended or debarred from doing business with the federal government. We found that the County's Health and Human Services Department failed to document a sole-source-procurement purchase of \$44,268 for tents used to administer the COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases program. Further, the Department did not verify that vendors who had been paid \$94,137 had not been suspended or debarred by the federal government.
- Improve the County's purchasing policies and procedures for federal programs by requiring the reviewer to verify that any required preapprovals of purchases by the grantor were obtained prior to paying for the goods and services. We found the County's Health and Human Services Department spent \$61,917 on unallowable purchases for the COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases program. Specifically, the Department requested but was denied reimbursement for \$56,834 of purchases made before the grant award and \$5,083 on food and beverages that required advance approval but were not preapproved by the grantor.

## Auditor General website report links

- The June 30, 2021, Coconino County Annual Comprehensive 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 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](#).