

## Gila County

### Annual financial statement and compliance audits

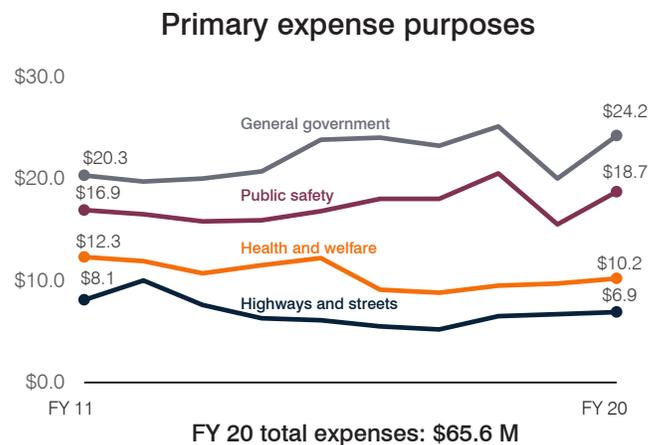
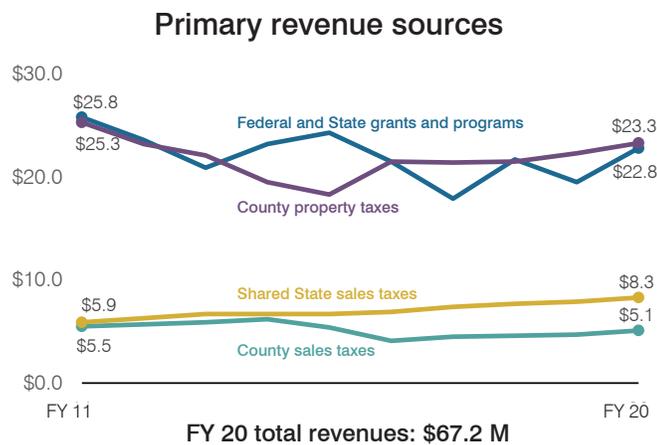
The County's fiscal year 2020 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

#### 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) 2011 through 2020  
(In millions)



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

#### Largest primary revenue sources

- **County property taxes—34.6% FY 20:** 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—34.0% FY 20:** Includes 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.

#### Largest primary expense purposes

- **General government—36.9% FY 20:** Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety—28.5% FY 20:** Costs for protecting the County's persons and property with the largest portion for County jail operations, County Sheriff's office services, and probation services.

#### County's net position increased in FY 20

County revenues were \$1.6 million greater than its expenses, increasing total net position to \$19.1 million at June 30, 2020. 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 combined [Annual Financial and Single Audit Reports](#), where there is further information and the County's responses. The County needs to:

- Follow and strengthen its policies and procedures for awarding economic development monies to community organizations.
- Train all purchasing card users and those responsible for reviewing charges on what is official County business purposes, revise the County policy to clarify that support for charges must include documentation that explains why a purchase was for an appropriate County purpose, and ensure the County Finance department monitors compliance with County policies so that the County does not pay for purchasing card expenditures that do not have the required supporting documentation.
- Implement policies and procedures for reconciling cash and investment balances, preparing and reviewing its financial statements, and obtaining financial information from the accounting system.
- Perform a full physical inventory of machinery and equipment at least once every 2 years to ensure they are properly controlled, safeguarded, and reported in the financial statements.
- Continue to implement policies and procedures to effectively respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access, damage, or loss, to its information technology systems and data, including financial and sensitive data.
- Separately identify in its records and accounting system federal awards received and expended and accurately prepare its schedule of expenditures of federal awards.

To correct these deficiencies, the County needs to develop written policies and procedures, ensure that employees who are responsible for following the policies and procedures are trained on them, and monitor their implementation and effectiveness to help ensure the County is accountable for the public monies it spends and accurately reports financial information. Similar findings were reported in prior years.

## Auditor General website report links

- The June 30, 2020, Gila County combined Annual Financial and Single Audit Reports 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](#).