

## Gila County

### Annual financial statement and compliance audits

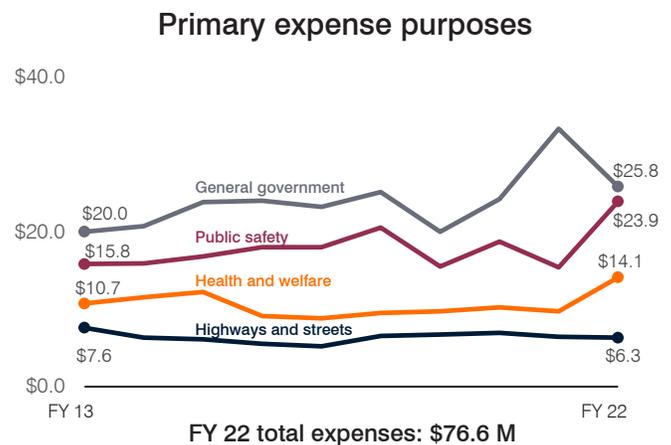
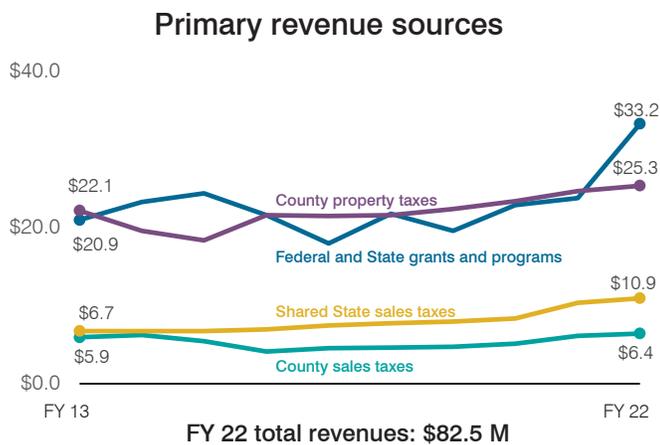
The County's fiscal year 2022 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

#### 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) 2013 through 2022  
(In millions)



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

#### Largest primary revenue sources FY 2022

- **Federal and State grants and programs 40.3%**—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.
- **County property taxes 30.7%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.

#### Largest primary expense purposes FY 2022

- **General government 33.7%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 31.2%**—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 2022

County revenues were \$5.9 million greater than its expenses, increasing total net position to \$25.2 million at June 30, 2022. 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:

- Follow and strengthen its policies and procedures for awarding economic development monies to community nonprofit and government organizations. We found that the County's Board of Supervisors awarded \$140,925, but County management did not require award recipients to provide documentation nor did it monitor how the monies were spent to ensure they benefited the public. We reported a similar finding in prior years.
- Improve and update its purchasing card policies and procedures, train employees and those responsible for reviewing charges on them, and monitor employees' compliance with them so that the County does not pay for purchasing card expenditures that do not have the required supporting documentation. We found that \$36,610, or over half of the 60 purchasing card transactions we tested, were not reviewed and approved or lacked documentation to support an authorized County purpose even though the purchases were reviewed and approved. We reported a similar finding in prior years.
- Perform a full physical inventory of machinery and equipment at least once every 2 years and reconcile the results to the capital assets records to ensure these assets are properly controlled, safeguarded, and reported in the financial statements. We found that the County reported \$6 million of machinery and equipment as of June 30, 2022, but had not performed an inventory of these assets since 2009. We reported a similar finding in prior years.
- 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 (IT) systems and data, including financial and sensitive data. We found that processes for managing risks, restricting access, managing changes, and securing 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.
- Allocate additional resources to timely meet agreed-upon deadlines for providing information needed for audit and improve its financial reporting process so that it can submit the County's future Single Audit Reports to meet the federally required deadline of March 31.
- Follow its policies and procedures for determining and documenting each sole source procurement only after conducting a good-faith search for available sources and concluding there was only a single source, and annually train County employees with purchasing responsibilities on these policies and procedures. We found that the County inappropriately used sole source procurement for a \$25,625 contract using federal monies from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF).
- Develop policies and procedures to independently review and approve federal program reports, including reconciling program expenditure amounts reported to the County's accounting records, before submitting them to the federal agency. Further, the County needs to work with the federal agency to adjust and resubmit reports or otherwise ensure the federal agency is informed of errors on previously submitted reports. We found that the County spent \$707,004 of federal Coronavirus SLFRF program monies but failed to review or reconcile any of the 4 federal program reports it submitted to the federal agency and reported inaccuracies on the 3 reports we tested.

## Auditor General website report links

- The June 30, 2022, Gila County Annual 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](#).