

## Greenlee County

**CONCLUSION:** The County's auditors issued opinions on the County's financial statements and federal expenditure schedule concluding that the information in those statements and schedule is reliable.<sup>1</sup> They also issued reports over the County's internal control and compliance over financial reporting and select federal programs, which identified internal control weaknesses and noncompliance over financial reporting and federal awards 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 over 9,400 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, parks and recreation, and accounting services to school districts. The County is located in the southeastern part of Arizona and encompasses 1,843 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 = \$32.6 million**

**Select asset balances:**

|          |                                 |
|----------|---------------------------------|
| \$15.6 M | Cash and investments            |
| 10.8     | Capital assets                  |
| 0.8      | Due from others and receivables |

**Total liabilities/deferred inflows = \$28.6 million**

**Select liability balances:**

|          |                                      |
|----------|--------------------------------------|
| \$19.9 M | Noncurrent employee benefits         |
| 1.3      | Long-term debt and lease obligations |
| 1.2      | Current payables                     |

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**County's net position = \$4.0 million**

None of this net position is unrestricted

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#### Revenues and expenses during fiscal year 2019

**Total revenues = \$21.5 million**

**Select revenue sources:**

|         |                                       |
|---------|---------------------------------------|
| \$8.6 M | Federal and State grants and programs |
| 6.0     | Shared State sales taxes              |
| 4.3     | County property taxes                 |
| 1.5     | County sales taxes                    |

**Total expenses = \$17.8 million**

**Select expenses by function:**

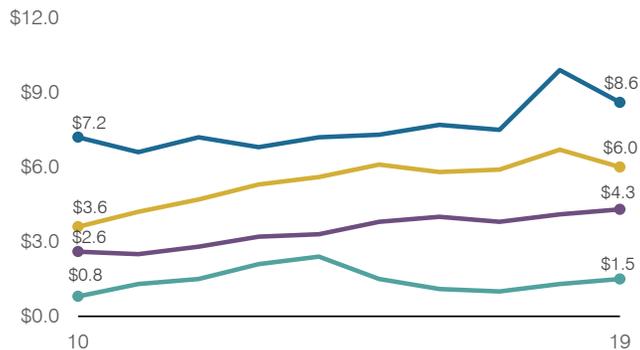
|         |                      |
|---------|----------------------|
| \$6.0 M | Public safety        |
| 5.5     | General government   |
| 2.4     | Highways and streets |
| 2.2     | Health and welfare   |

<sup>1</sup> The certified public accounting firm Walker & Armstrong, LLP conducted these audits under contract with the Auditor General's Office in accordance with Arizona Revised Statutes §41-1279.21.

## Select revenues and expenses by function Fiscal years 2010 through 2019

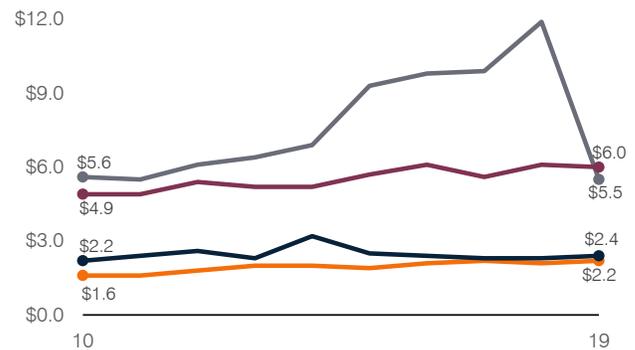
(In millions)

### Select 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 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.
- **County sales taxes**—Local sales taxes for general purposes.

### Select expenses by function



- **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.
- **General government**—General operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections. Expenses were \$6.4 million less in fiscal year 2019 than in fiscal year 2018 primarily because pension benefit expense decreased.
- **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, including required State shared sales taxes withheld for Arizona's long-term care system.

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

## Audit findings and recommendations

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

### Financial reporting internal control

County auditors found that the County needed improvements in certain controls over financial reporting and reported 1 finding. They found the County lacked adequate written procedures and resources to perform monthly reconciliations of individual funds' cash balances to the County Treasurer's records, which resulted in several unreconciled differences across funds at fiscal year-end.

### Financial finding and recommendation

### Federal internal control and compliance

The County spent over \$1.4 million of federal program monies during the fiscal year. Under the major program guidelines established by the Single Audit Act, County auditors tested the Forest Service Schools and Roads Cluster that totaled almost \$0.8 million in federal expenditures. They reported an internal control weakness and instance of noncompliance because the County lacked resources to ensure its financial and federal compliance reports were completed within the federal reporting deadline of 9 months after fiscal year-end.

### Federal finding and recommendation