

Yavapai County Annual financial statement and compliance audits

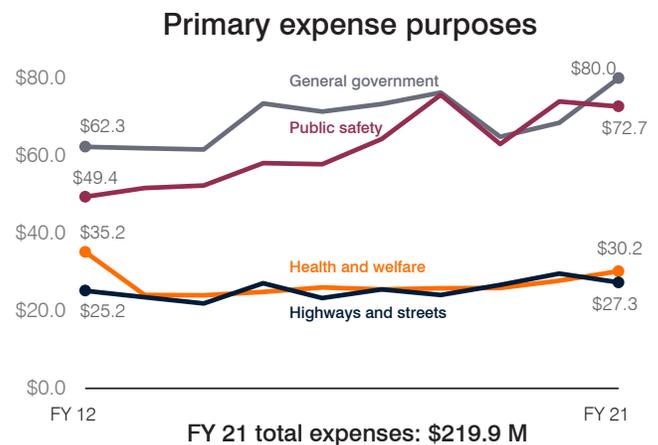
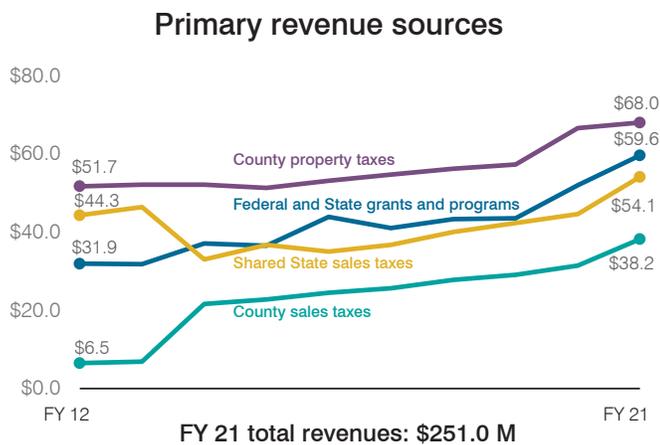
The County's fiscal year 2021 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

Audits' purposes

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 property taxes 27.1%**—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 23.7%**—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

- **General government 36.4%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 33.0%**—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.

County's net position increased in FY 2021

County revenues were \$31.1 million greater than its expenses, increasing total net position to \$201.6 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:

- Allocate or acquire sufficient resources to prepare and issue its required reports in accordance with deadlines. We found that the County issued its Annual Financial Report 15 months after fiscal year-end, 6 months later than State law requires and 3 months later than long-term debt covenants require. Issuing the Annual Financial Report late affects several areas, including the County also issuing its related Annual Expenditure Limitation Report late because it relies on audited information from the Annual Financial Report. The late issuance also resulted in untimely financial information for decision makers and the risk of the County's credit rating being lost or downgraded.
- Identify, classify, and inventory the sensitive information that the County holds and assess where stronger IT access and security controls may be needed to protect it. Also, the County needs to allocate resources to develop, document, and implement policies and procedures to effectively prevent, detect, and respond to unauthorized or inappropriate access or use. We found that processes for managing and documenting risks and control procedures over 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 for monitoring its subrecipients that they pass-through federal monies to. Additionally, the County should monitor its subrecipients and their compliance with federal award terms and program requirements. We found that the County awarded \$3.17 million of Emergency Rental Assistance Program monies to a State agency during fiscal year 2021, and the County did not perform the required monitoring of the State agency's activities or of its compliance with federal award terms and program requirements.
- Report accurate and complete program information to the federal agency and ensure the information reported agrees to the underlying program records. We found that the County reported inaccurate program information to the federal agency for the Emergency Rental Assistance Program even after it amended its quarterly reports when compared to underlying program records.

Auditor General website report links

- The June 30, 2021, Yavapai 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](#).