

Yavapai County

Annual financial statement and compliance audits

The County's fiscal year 2024 reported financial information is reliable. However, the County's auditors reported deficiencies over financial reporting and federal programs, summarized on the next page.¹

Audits' purpose

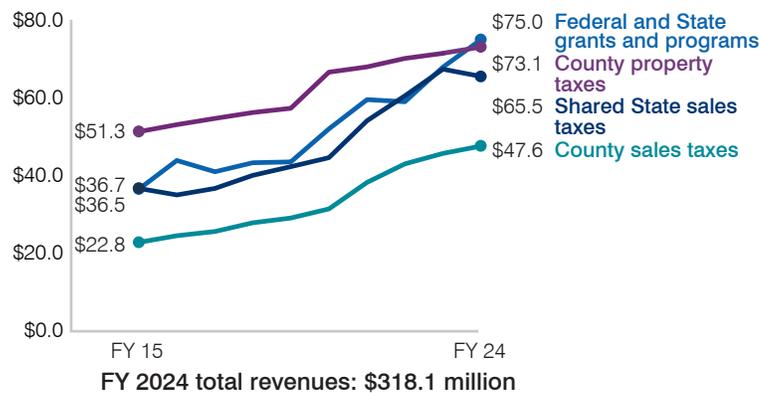
To express opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

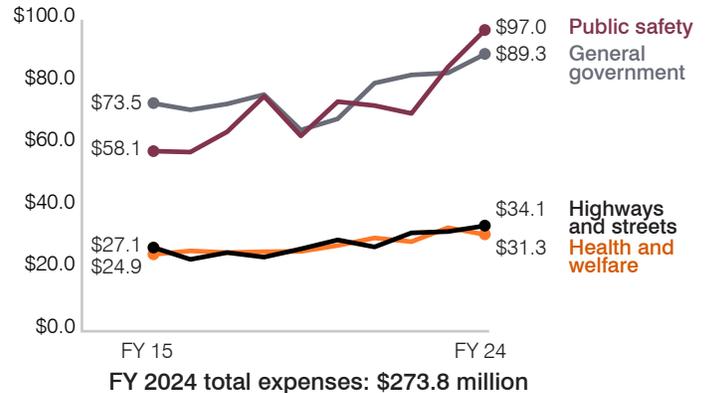
Fiscal years (FY) 2015 through 2024

(In millions)

Primary revenue sources



Primary expense purposes



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

Largest primary revenue sources FY 2024

- **Federal and State grants and programs 23.6%**—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 23.0%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.

Largest primary expense purposes FY 2024

- **Public safety 35.4%**—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 32.6%**—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 2024

County revenues were \$44.2 million greater than its expenses, increasing total net position to \$335.9 million at June 30, 2024. 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.

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

Auditor findings and recommendations

Summarized below are the 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:

- Perform a comprehensive review of cash reconciliation policies and procedures to ensure they are sufficient and consistently followed. The County's auditors found weaknesses in internal controls over cash reconciliations, such as the lack of supporting documentation to evidence an independent review of bank reconciliations; errors such as posting incorrect deposit amounts and interest not being recorded; and long-outstanding checks, some dating back to 2020. Further, the County Treasurer did not reconcile investment balances monthly and did not provide investment cost and fair value information to all pool participants. Not having robust cash reconciliation policies and procedures results in a heightened risk of errors and theft or abuse of public monies. Similar findings were reported in prior years.
- Continue to develop and update policies and procedures over information technology (IT). The County's auditors noted that the County does not have comprehensive IT policies and procedures over risk management, logical access, change and configuration management, contingency planning, and security of significant systems and data. Not having robust IT policies and procedures results in a heightened risk of security breaches and potential loss of County data. Similar findings were reported in prior years.
- Provide the Board of Supervisors, at least quarterly, with financial information that at minimum includes budget versus actual results for the general fund and other major funds, unrestricted and restricted cash and investment balances, and a report of outstanding indebtedness and pension related obligations. The County's auditors reported that the County's Board of Supervisors is not receiving timely and meaningful financial information necessary to make critical decisions. A similar finding was reported in prior years.
- Develop policies and procedures to ensure the County reports federal program expenditures on its Schedule of Expenditures of Federal Awards (SEFA) under the proper federal assistance listings number. The County's auditors found that the County misclassified \$101,308 of federal program expenditures under the wrong federal assistance listings number. Inaccurate data reported on the SEFA results in federal grantors not being able to provide sufficient oversight and monitoring of federal program activity.

Auditor General website report links

- The June 30, 2024, 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 the County's auditors' 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](#).