

## Cochise County

### Annual financial statement and compliance audits

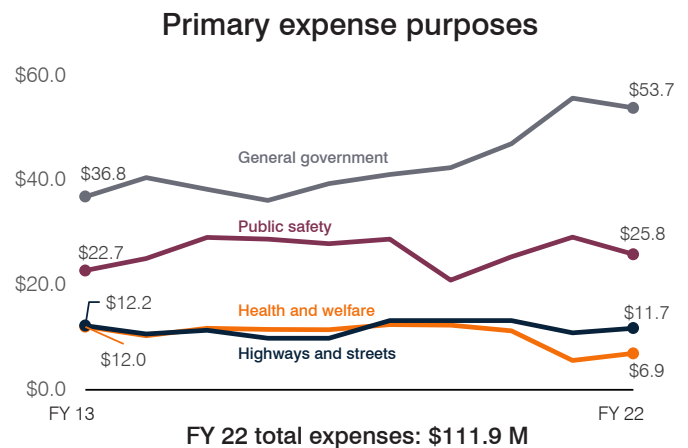
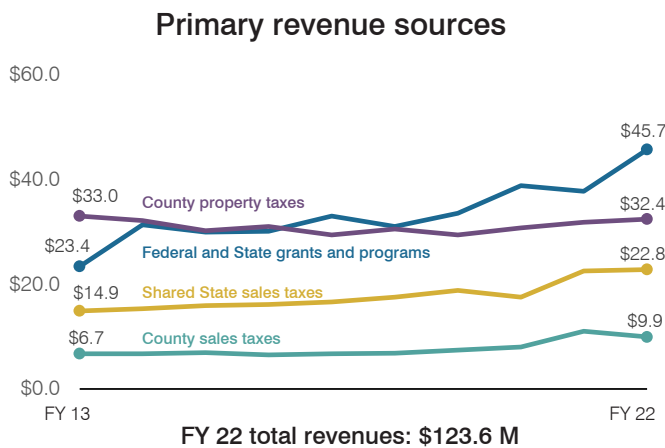
The County's fiscal year 2022 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

#### 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 37.0%**—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 26.2%**—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 48.0%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 23.1%**—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 2022

County revenues were \$11.7 million greater than its expenses, increasing total net position to \$135.0 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 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:

- Develop and implement policies and procedures that eliminate employees' ability to change their own pay rates without an independent review and approval and continually monitor employees' payroll processing activities when incompatible role assignments or abilities on the system cannot be avoided. We found that County management knowingly allowed 3 employees the ability to change their own pay rates without an independent review and approval and without monitoring their payroll processing activities to ensure that only authorized pay rate changes were made. We reported a similar finding in the prior year.
- Develop and implement policies and procedures over its information technology (IT) systems and data, including sensitive data, to effectively prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss. We found that processes for restricting access for its 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.
- Provide key financial information to auditors by the agreed-upon deadlines established at the beginning of the audit to ensure timely issuance of its Annual Financial Report, Single Audit Report, and Annual Expenditure Limitation Report. Further, the County should develop and implement written policies and procedures for requiring the Finance Department to reconcile the County's financial statements to the underlying accounting records to ensure they are accurate and properly supported before providing the financial statements for audit. We found that the County issued its combined Annual Financial and Single Audit Reports to the federal audit clearinghouse nearly 3 months past the required March 31, 2023, deadline.

## Auditor General website report links

- The June 30, 2022, Cochise 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](#).