

Gila County

Annual financial statement and compliance audits

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

Audits' purpose

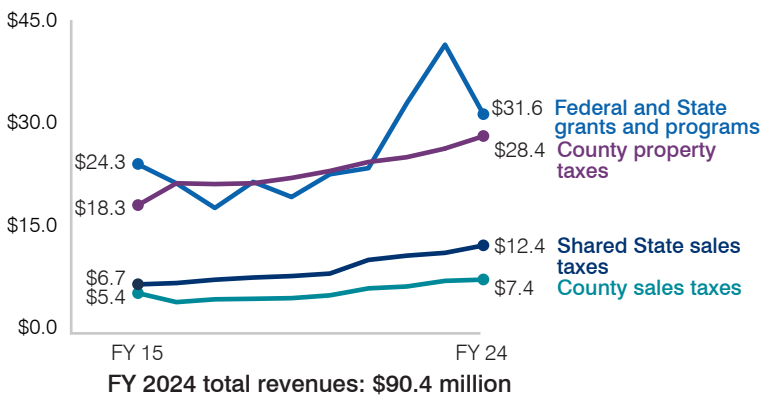
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

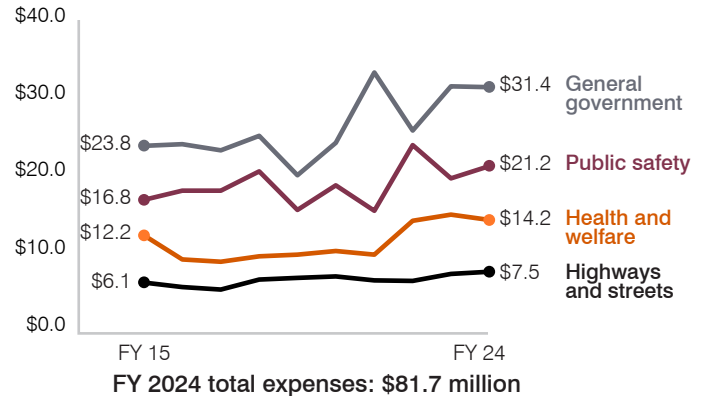
Fiscal years (FY) 2015 through 2024

(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 34.9%**—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 31.4%**—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

- **General government 38.4%**—Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety 26.0%**—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 2024

County revenues were \$8.7 million greater than its expenses, increasing total net position to \$48.2 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.

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:

- Restrict bank account access to only authorized employees to safeguard public monies. This includes developing policies and procedures to periodically review and recertify access and immediately request and verify that the investing financial institutions remove all access for terminated employees. We found that the District allowed terminated employees and a former elected official inappropriate access to 10 bank accounts totaling over \$35.7 million, increasing the risk of fraud and misuse of public monies. After we brought this to the County's attention, they began to remove the inappropriate access.
- Improve and update its purchasing card and travel policies and procedures, train employees and those responsible for reviewing charges on purchasing cards, and monitor employees' compliance with policies and procedures so that the County does not pay for purchasing card expenditures that do not have the required supporting documentation. We found that \$31,108, or 8 of the 25 purchasing card transactions we tested, were not reviewed and approved or lacked documentation to support an authorized County business purpose. This finding was initially reported in fiscal year 2017.
- Follow and strengthen its policies and procedures for awarding economic development monies to community nonprofit and governmental organizations. We found that the County's Board of Supervisors awarded \$275,759, but County management did not follow up on 4 award recipients who received \$30,500 to ensure the monies were spent to benefit the public. This finding was initially reported in fiscal year 2017.
- 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 and restricting access to 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. These findings were initially reported in fiscal year 2014.
- Develop policies and procedures to verify and maintain documentation that a vendor being paid more than \$25,000 in federal funds has not been suspended or debarred from doing business with the federal government. We found that the County paid 5 vendors over \$740,467, or 49% of the Coronavirus State and Local Fiscal Recovery Funds' total federal program expenditures, without verifying that these vendors had not been suspended or debarred from doing business with the federal government. Subsequently, we performed additional audit procedures and verified these vendors had not been suspended or debarred by the federal government.

Auditor General website report links

- The June 30, 2024, Gila 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](#).