

## La Paz 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 instances of noncompliance over financial reporting and over federal awards that are explained on the next page.

### County overview

**County provided wide range of services for its citizens**—In fiscal year 2018, the County provided a wide range of government services for over 20,600 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 and court services; 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 southwestern part of Arizona and encompasses 4,500 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 Office's [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, 2018

**Total assets/deferred outflows = \$83.9 million**

**Select asset balances:**

\$65.5 M	Capital assets
8.0	Cash and investments
2.3	Due from others and receivables

**Total liabilities/deferred inflows = \$58.7 million**

**Select liability balances:**

\$39.2 M	Noncurrent employee benefits
13.9	Long-term debt
2.2	Current payables

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**County's net position = \$25.2 million**

None of this net position is unrestricted

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#### Revenues and expenses during fiscal year 2018

**Total revenues = \$33.6 million**

**Select revenue sources:**

\$12.0 M	Federal and State grants and programs
5.5	County property taxes
5.2	County sales taxes
3.6	Shared State sales taxes

**Total expenses = \$29.6 million**

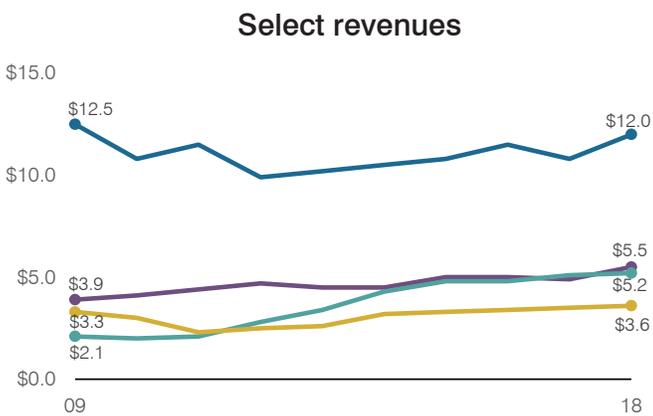
**Select expenses by function:**

\$11.4 M	General government
9.8	Public safety
2.9	Highways and streets
2.3	Health and welfare

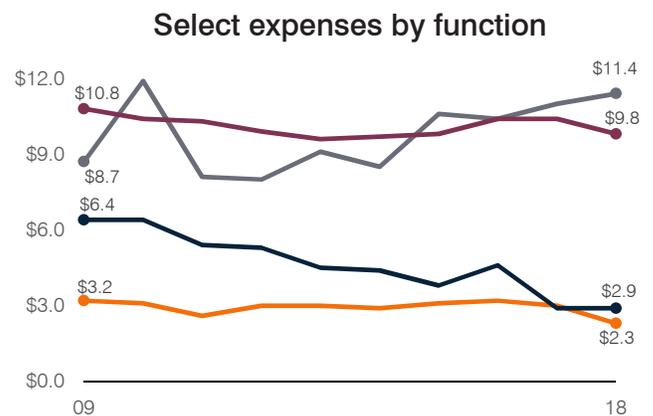
<sup>1</sup> The certified public accounting firm Snyder & Butler, CPAs, PLLC, conducted these audits under contract with the Auditor General's Office in accordance with Arizona Revised Statutes §41-1279.21.

## Select revenues and expenses by function Fiscal years 2009 through 2018

(In millions)



- **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.
- **County property taxes**—Taxes the County levies 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.
- **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.



- **General government**—General operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Public safety**—Protection of persons and property of the County. The largest portion of these expenses is for County jail operations, County Sheriff's office services, and probation services.
- **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 shared State sales taxes withheld for Arizona's long-term care system.

Source: Auditor General staff summary of information obtained from the County's Annual Financial Reports.

## 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 Office's [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 11 findings. Most importantly, they found the County did not have adequate procedures to perform monthly reconciliations and year-end closing procedures for its general ledger accounts in a timely manner to issue its annual financial and expenditure limitation reports within 9 months of fiscal year-end. In addition, the County did not have adequate policies and procedures to regularly account for, monitor, and reconcile federal and State program revenues and expenses and cash accounts for several departments, including the County Treasurer.

### Financial findings and recommendations

### Federal internal control and compliance

The County spent almost \$1.0 million of federal program monies during the fiscal year. County auditors tested 3 federal programs selected under the major program guidelines established by the Single Audit Act, including public health, emergency management, and homeland security programs, which totaled nearly \$0.4 million in federal expenditures. They reported 4 findings regarding the County's administration of these 3 programs and noncompliance with federal requirements.

### Federal findings and recommendations