



Report to the Legislature

Financial Investigations Highlights

Year Ended December 31, 2025



Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

Senator **Mark Finchem**, Co-chairman

Senator **Flavio Bravo**

Senator **Tim Dunn**

Senator **David C. Farnsworth**

Senator **Catherine Miranda**

Senator **Warren Petersen** (ex officio)

Representative **Matt Gress**, Chairman

Representative **Michael Carbone**

Representative **Michele Peña**

Representative **Stephanie Stahl-Hamilton**

Representative **Betty Villegas**

Representative **Steve Montenegro** (ex officio)

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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

March 18, 2026

Members of the Arizona Legislature

Transmitted herewith is a report of the Auditor General, *Financial Investigations Highlights*, summarizing our Office's Division of Financial Investigations activities for calendar year 2025. During that year, we received and investigated 86 fraud-related allegations, reported on \$259,683 in public money losses, and made numerous recommendations to help Arizona governments detect and prevent fraud. The report highlights our publicly issued financial investigations reports, prosecutorial outcomes associated with our prior investigations, and our ongoing efforts to help public officials and employees understand what could go wrong and what actions they can take to help protect public monies and deter and detect fraud.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

Overview of 2025 financial investigations activities

In 2025, we received 86 fraud-related allegations concerning school districts, counties, State agencies, universities, community college districts, special taxing districts, and other political subdivisions. We evaluated all allegations to determine sufficiency of evidentiary documentation and whether the issue would best be resolved through a financial investigation or further review by independent auditors or separate regulatory agencies.

Our financial investigators:



Reviewed 86
fraud-related
allegations



Reported on
\$259,683 in public
money losses



Recommended 14 ways
Arizona governments could
help prevent and detect fraud

In 2025, we issued 2 financial investigations reports that led to 18 criminal indictments against 2 individuals

We issued 2 financial investigations reports that led to prosecuting agencies obtaining 18 criminal indictments against 2 individuals for their alleged unlawful actions that resulted in public money losses totaling \$259,683. As described below, these charges related to theft, misuse of public monies, fraudulent schemes and artifices, fraudulent schemes and practices, and forgery.

- ▶ A **Town of Parker** ([Report 25-401](#)) office specialist may have embezzled \$173,295 of Town monies when she admittedly issued unauthorized checks to herself and others, kept cash that should have been deposited in a Town bank account, and made personal purchases on Town credit cards. Most of the embezzled monies were passed on to the specialist's online acquaintance, "Charles Schultz," who purportedly needed the money for tax fees that, once paid, would give the specialist access to \$3.8 million in a Malaysian bank account. The office specialist was indicted on 9 felony counts related to theft, fraudulent schemes and artifices, and forgery.

Additionally, the office specialist received a \$20,833 federal COVID-19 Paycheck Protection Program loan for a nonexistent business. We requested the Arizona Attorney General's Office forward the information we provided regarding this loan to the U.S. Department of Justice for consideration and appropriate resolution.

- ▶ A **Yuma Elementary School District** ([Report 25-403](#)) human resources specialist may have perpetrated 3 payroll fraud schemes for her personal benefit and may have used District purchasing and credit cards for her personal purposes, leading to total District losses of \$86,388. The monies were spent to cover rent and debt obligations and for other purposes such as travel, entertainment, and retail and restaurant purchases. The human resources specialist was indicted on 9 felony counts related to misuse of public monies, theft, fraudulent schemes and practices, and forgery.

Indictments based on 2 of our previous investigations resulted in guilty pleas from 2 individuals who were sentenced in 2025

Two individuals indicted as a result of our previous investigations pleaded guilty and, as shown below, were sentenced in 2025 to supervised probation and/or incarceration. They were also ordered to pay a total of \$51,858,112 in restitution.

2025 offender sentences: incarceration, restitution, and probation

Offender	Conditions sentenced to:		
	Restitution	Incarceration	Probation
Santa Cruz County Treasurer (Report 24-402)	\$51,855,626 ¹	10 years	3 years
Hyder Elementary School District Secretary (Report 24-403)	\$2,486	—	3 years

¹ Restitution amount includes \$38,712,100 to Santa Cruz County and \$13,143,526 to the United States Treasury.

Our fraud prevention and detection efforts focused on improving internal controls, providing education, and keeping abreast of best practices

In 2025, our financial investigators:

- ▶ **Made recommendations for internal controls improvements**

We provided the Town of Parker and Yuma Elementary School District victim government entities with 14 specific ways to improve internal controls directly related to their losses to help them protect public monies from future misuse. These internal control recommendations are included in reports posted on our website and can also serve to help other government entities properly manage public monies and avoid falling victim to fraud-related losses.

▶ **Provided fraud prevention trainings**

We conducted 6 fraud prevention and detection training sessions for fellow employees, university students, and school district officials, bringing awareness to public fraud and corruption, the forces that drive them, and best practices to prevent them.

▶ **Issued a fraud prevention alert**

We issued a Fraud Prevention Alert ([Report 25-402](#)) outlining what different information technology (IT) authentication controls are, why they are important to the integrity of IT systems, and what actions should be taken to ensure they are effectively used to help protect public monies. Our fraud-prevention alerts are intended to show government management what could go wrong and what actions they can take to help protect public monies and deter and detect fraud. We post these alerts on our website and distribute them directly to school districts, counties, State agencies, universities, community college districts, charter schools, and other political subdivisions.

▶ **Actively participated in a dedicated fraud-prevention organization to stay apprised of best practices and network with other experts**

We are members of the Arizona chapter of the Association of Certified Fraud Examiners, Inc. (ACFE), the world's largest organization dedicated to preventing and detecting fraud. Additionally, our director of financial investigations and one of our financial investigators served on the ACFE Arizona chapter board of directors. The ACFE advocates for delivering best-in-class training, fostering a global community of anti-fraud professionals, and reducing fraud and corruption worldwide. Our participation with the ACFE has broadened our professional network and provided us with the latest fraud-related news, information, and best practices.