

Gila County

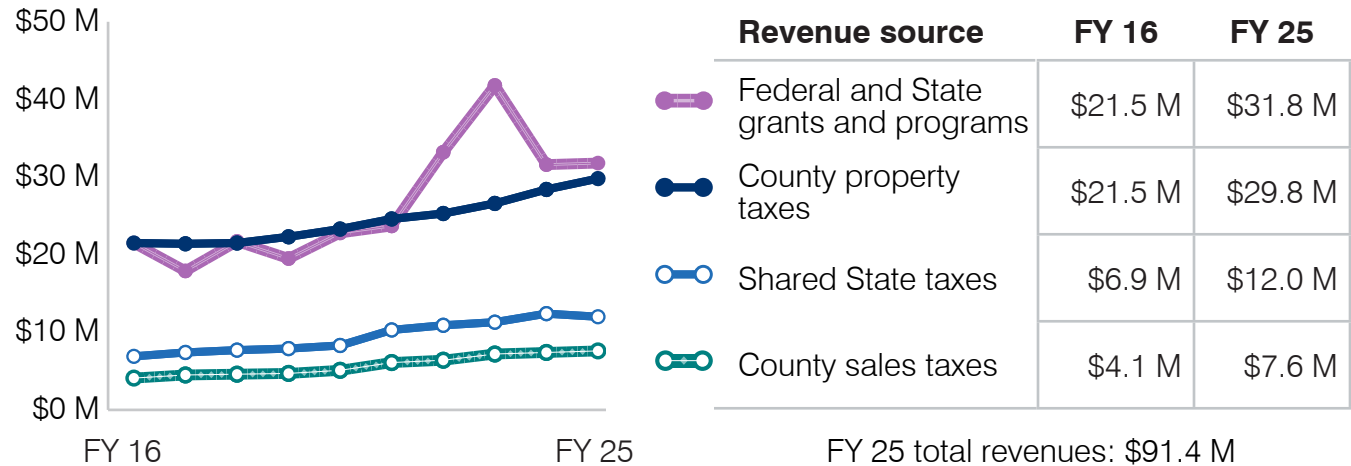
Annual financial statement and compliance audits

The County’s fiscal year 2025 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the subsequent pages.

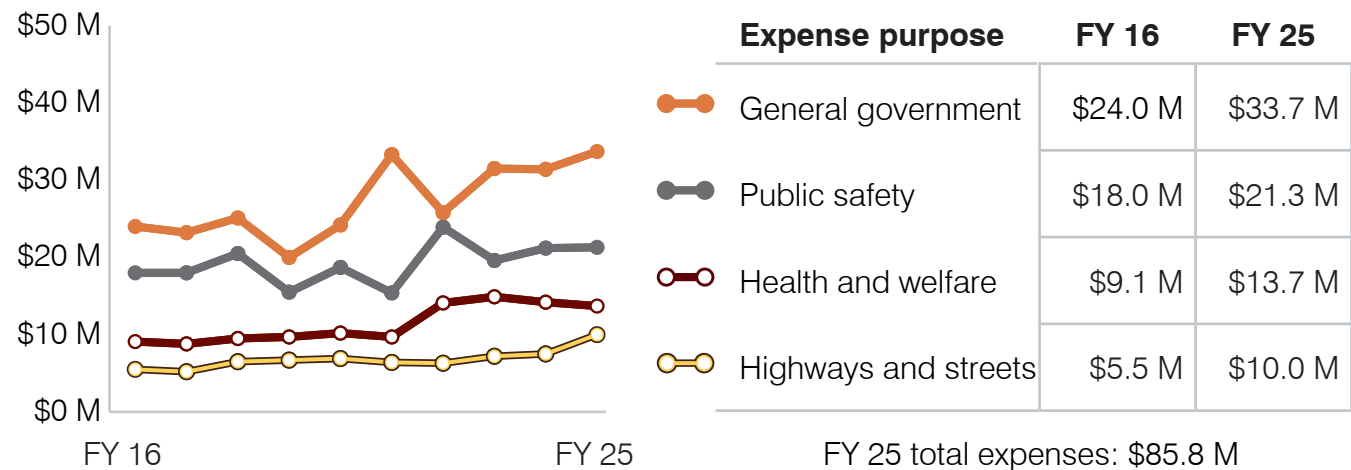
Audits’ purpose

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, in millions (FY 2016 through FY 2025)



Primary expense purposes, in millions (FY 2016 through FY 2025)



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

FY 2025 largest primary revenue sources as a percentage of total revenues

- ▶ **Federal and State grants and programs, 34.8%**

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, 32.6%**

Levied and collected from property owners based on the assessed value of real and personal property within the County.

FY 2025 largest primary expense purposes as a percentage of total expenses

- ▶ **General government, 39.3%**

Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.

- ▶ **Public safety, 24.8%**

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 2025

County revenues were \$5.6 million greater than its expenses, increasing total net position to \$51.5 million at June 30, 2025. 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 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:

- ▶ Develop and implement comprehensive policies and procedures at the County Treasurer's Office to physically safeguard cash and check collections, separate job responsibilities, and perform bank and investment account reconciliations to safeguard monies collected, disbursed and invested on behalf of the County and its local governments. In addition, follow County procedures to perform daily and monthly bank reconciliations and contract investment advisor services through the County's procurement process, including obtaining the Board of Supervisors' approval. After County management communicated to us several potential fraud risk factors related to the County Treasurer's Office operations,

we reviewed and found that the County Treasurer's Office failed to safeguard monies collected, disbursed, and invested on behalf of the County and its local governments. Specifically, the County Treasurer's Office did not physically safeguard cash and check collections, did not separate responsibilities, did not timely perform daily and monthly bank and investment account reconciliations for the period November 2024 through June 2025, and used an investment advisor without procuring the services or obtaining Board of Supervisors' approval.

- ▶ Follow its travel policy requirements to only issue exceptions for individual extraordinary circumstances. Also, update its purchasing card policies and procedures, train employees and those responsible for reviewing purchasing card purchases, and monitor departments' compliance with policies and procedures. We found that the County did not ensure \$2,955 of public monies its employees spent on travel, services, and other purchasing card expenditures were for authorized purposes necessary for official County business for 27 of 88 purchasing card transactions we tested. Additionally, the County manager authorized a blanket approval, rather than issuing individual exceptions for extraordinary and supported circumstances, to its Board of Supervisors and their staff members allowing them to bypass County policy for \$505 of these expenses. This finding was initially reported in fiscal year 2017.
- ▶ Continue to implement policies and procedures to identify, classify, and inventory the County's sensitive information; 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; update the systems for patches; provide IT security risks training; and test its contingency plan. We found that processes for managing risks, restricting access to IT systems and data, updating patches, enforcing training requirements, and testing the contingency plan 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 1 vendor \$623,187, or 17% of the Coronavirus State and Local Fiscal Recovery Funds' total federal program expenditures, without verifying that this vendor had not been suspended or debarred from doing business with the federal government. Subsequently, we performed additional audit procedures and verified this vendor had not been suspended or debarred by the federal government. This findings were initially reported in fiscal year 2024.

Auditor General website report links

- ▶ June 30, 2025, [Gila County Annual Financial Report and Single Audit Report.](#)

These highlights summarize the reports above. The full reports explain the County's overall financial picture and our reporting responsibilities.

- ▶ The [County's reports from prior years.](#)
- ▶ **User guides that help explain the important information presented in these reports:**
 - [Financial Report User Guide for State and local governments.](#)
 - [Internal Control and Compliance Reports User Guide.](#)