

Pinal County

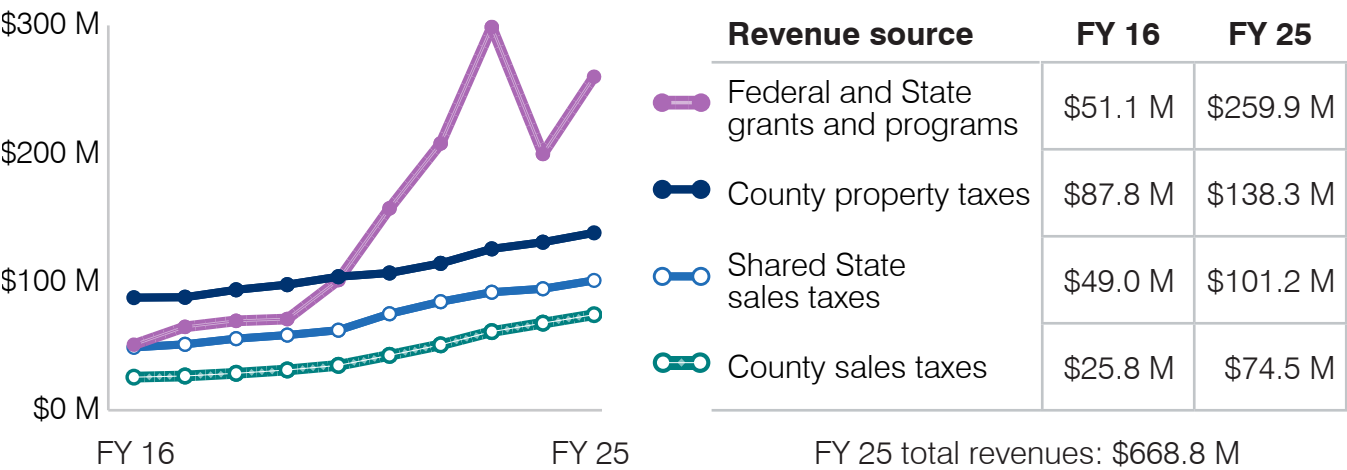
Annual financial statement and compliance audits

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

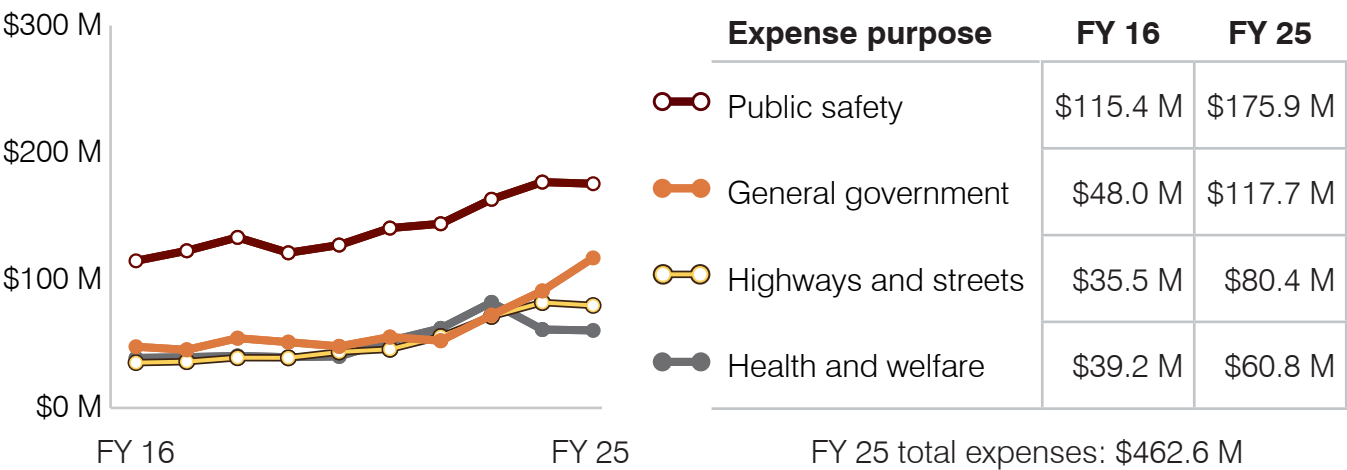
Audits’ purpose

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, 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, 38.9%

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. This balance has increased in recent years due to increases in federal funding for the American Rescue Plan Act (ARPA), as well as other State and federal operating grants.

▶ County property taxes, 20.7%

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

▶ Public safety, 38.0%

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.

▶ General government, 25.4%

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

County's net position increased in FY 2025

County revenues were \$206.2 million greater than its expenses, increasing total net position to \$1.3 billion 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:

- ▶ Provide accurate financial information to auditors and update existing policies and procedures to prepare and review the financial statements in accordance with generally accepted accounting principles. We found the County's initial Annual Comprehensive Financial Report submitted to auditors contained errors we identified and recommended

the County correct so that the County's financial statements would contain accurate information. This resulted in the County's inability to provide current financial and federal program information for strategic decision making and to meet legally required financial and federal reporting deadlines. Further, federal grantors may deny the County future federal awards or subject it to additional cash-monitoring requirements. Similar findings have been reported since 2016.

- ▶ Resolve the \$1.3 million outstanding balance in its payroll clearing bank account, including a review of prior years' outstanding balances back to 2016, and update its existing policies and procedures for monthly bank account reconciliations. We found the County reported an unreconciled \$1.3 million outstanding balance in its payroll clearing bank account as of June 30, 2025, which should net to \$0 after each payroll cycle. The County could not support the outstanding balance with its payroll records and has had unreconciled outstanding balances in its payroll clearing account since fiscal year 2016. This resulted in an increased risk of financial statement errors, inaccurate payments to employees and outside parties, and fraudulent activity. A similar finding has been reported since 2017.
- ▶ Follow County policy to require all employees' time sheets be approved by their supervisor. We found the County did not always review and approve time sheets to ensure accuracy of the hours charged. Without timely review and approval of time sheets for all employees, the County is unable to demonstrate that its payroll transactions are accurate and represent the time employees worked, increasing the risk of fraud and misuse of public monies.
- ▶ Develop, document, and implement written policies and procedures over information technology (IT). We found that the County does not have comprehensive IT policies and procedures over risk management, logical access, change and configuration management, contingency planning, and security of significant systems and data. Not having robust IT policies and procedures results in a heightened risk of security breaches and potential loss of County data. Similar findings were reported since 2023.
- ▶ Ensure fuel and purchasing cardholders and department approvers follow County policies and procedures and train employees and department approvers on the County's policies and procedures. We found the County paid \$91,320 for fuel, car washes, tires, and furniture using fuel cards and purchasing cards without complying with its policies and procedures, resulting in an elevated risk of misuse of public monies.

Auditor General website report links

- ▶ **June 30, 2025, [Pinal County Annual Comprehensive 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.](#)