

## Pinal 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 over financial reporting and an internal control weakness and instance of noncompliance 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 its over 440,000 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, court services, and flood control infrastructure; 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 southern part of Arizona and encompasses 5,366 square miles.

**County responsible for accurate financial report—**The County is responsible for accurately preparing its [Comprehensive Annual Financial Report \(CAFR\)](#), maintaining effective internal controls, and being accountable for its use of public monies. Select financial information from the County’s CAFR is presented below. However, the County’s CAFR 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 CAFR.

### County financial information

#### Asset, liability, and net position balances on June 30, 2018

**Total assets/deferred outflows = \$770.0 million**

**Select asset balances:**

\$544.2 M	Capital assets
158.0	Cash and investments
30.2	Due from others and receivables

**Total liabilities/deferred inflows = \$444.5 million**

**Select liability balances:**

\$233.0 M	Noncurrent employee benefits
161.8	Long-term debt
28.1	Current payables

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**County’s net position = \$325.5 million**

None of this net position is unrestricted

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#### Revenues and expenses during fiscal year 2018

**Total revenues = \$298.0 million**

**Select revenue sources:**

\$93.9 M	County property taxes
69.7	Federal and State grants and programs
55.8	Shared State sales taxes
28.8	County sales taxes

**Total expenses = \$283.5 million**

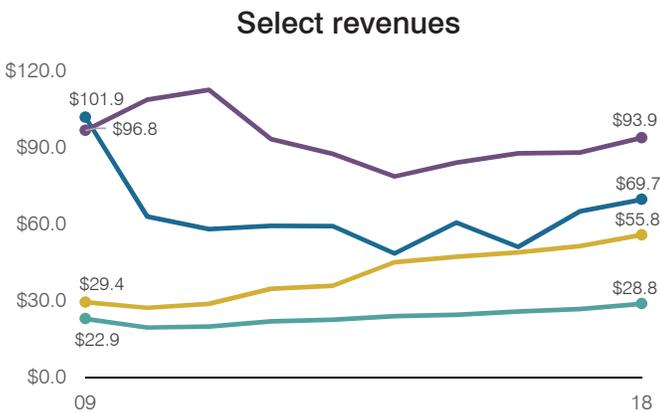
**Select expenses by function:**

\$133.8 M	Public safety
54.7	General government
40.8	Health and welfare
39.4	Highways and streets

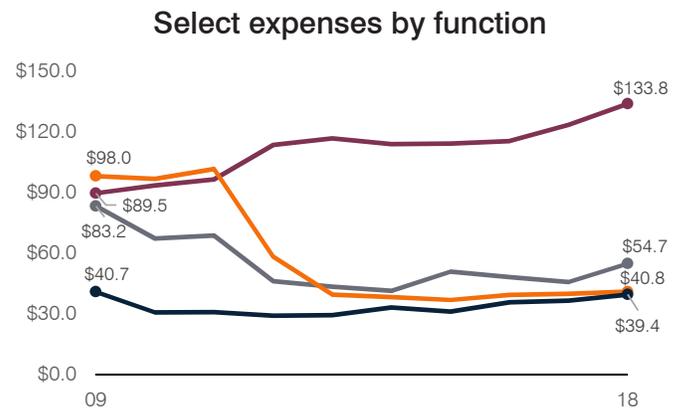
<sup>1</sup> The certified public accounting firm CliftonLarsonAllen LLP conducted these audits under contract with the Auditor General’s Office in accordance with Arizona Revised Statutes §41-1279.21.

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

(In millions)



- **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.
- **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.
- **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.
- **County sales taxes**—Local sales taxes consist of general unrestricted taxes and those restricted for road improvement and Health District operations. In fiscal year 2018, these amounts were \$16.4 million, \$8.3 million, and \$3.3 million, respectively.



- **Public safety**—Protection of persons and property of the County. The largest portion of these expenses are for County jail operations, County Sheriff’s office services, probation services, and Flood Control District operations.
- **General government**—General operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **Health and welfare**—Public assistance and institutional care for individuals who are economically unable to provide for themselves, including required State shared sales taxes withheld for Arizona’s long-term care system. The significant decrease beginning in fiscal year 2012 resulted from the privatization of the County’s health system.
- **Highways and streets**—Construction and maintenance of highways, streets, and bridges within the County.

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

## 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 6 findings. Most importantly, they found the County lacked adequate policies and procedures over financial statement preparation to ensure the statements were complete and presented in accordance with generally accepted accounting principles. In addition, they found that the County’s current method of maintaining capital assets was not adequate to detect potential errors, and the County did not reconcile its cash to the County Treasurer and bank records in a timely manner.

### Financial findings and recommendations

### Federal internal control and compliance

The County spent almost \$14.6 million of federal program monies during the fiscal year. County auditors tested 4 federal programs selected under the major program guidelines established by the Single Audit Act, including nutrition assistance, low-income housing, payments in lieu of taxes, and job training programs, which totaled nearly \$8.9 million in federal expenditures. County auditors reported a finding regarding the County’s administration of the Housing Voucher Cluster.

### Federal finding and recommendation