

## Pinal County

### Annual financial statement and compliance audits

The County's fiscal year 2021 reported financial information is reliable. However, the County's auditors reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.<sup>1</sup>

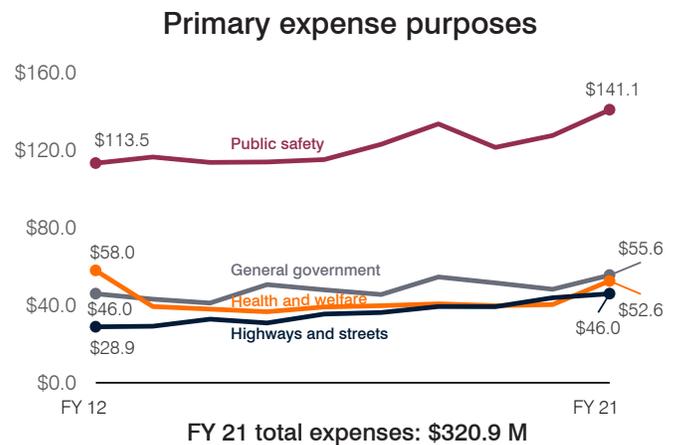
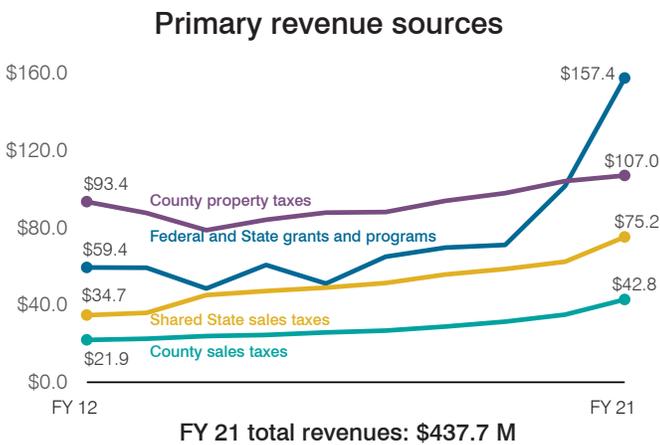
#### Audits' purpose

To express 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 and how they were spent

Fiscal years (FY) 2012 through 2021

(In millions)



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

#### Largest primary revenue sources FY 2021

- **Federal and State grants and programs 36.0%**—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 24.4%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.

#### Largest primary expense purposes FY 2021

- **Public safety 44.0%**—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 17.3%**—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 2021

County revenues were \$116.8 million greater than its expenses, increasing total net position to \$553.1 million at June 30, 2021. 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.

<sup>1</sup> The certified public accounting firm Walker & Armstrong, LLP conducted these audits under contract with the Arizona Auditor General in accordance with Arizona Revised Statutes §41-1279.21.

## Auditor findings and recommendations

The County's auditors reported 5 findings and recommendations, which are summarized below and included in the County's [Single Audit Report](#) where there is further information and the County's responses. Because of these findings, the County's auditors recommended corrections to the financial statements to correct certain amounts before the financial statements were finalized. The County needs to devote appropriate resources and implement policies and procedures to:

- Reconcile all cash balances to the County Treasurer's and banks' cash balances monthly and investigate and resolve unreconciled differences in timely manner. The County had not reconciled its recorded balances to the County Treasurer's balances during the year and had not reconciled its payroll bank account since July 2016, increasing the risk of error and the risk of theft or misuse of public monies. A similar finding was reported in the prior year.
- Perform year-end closing and financial statement preparation procedures so that it can meet its annual financial reporting deadlines. Although the County's federal compliance audit deadline was extended to September 30, 2022, the County's creditors required annual audited financial statements sooner. The County was unable to meet this financial reporting deadline because of significant corrections it made several months after year-end, which delayed the audit. A similar finding was reported in the prior year.
- Record revenues and accrue receivables in the correct fiscal year by identifying when the County has earned the revenues it collects based on its review of court and other departments' records, rather than based on assumption. A similar finding was reported in the prior year.
- Maintain supporting documentation for all hours worked and ensure this documentation is approved by the employee's immediate supervisor as required by County policy.
- Monitor subawards to ensure that the County completes the required monitoring procedures for all subrecipients of federal program monies.

## Auditor General website report links

- The June 30, 2021, Pinal County Annual Comprehensive Financial Report and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the County's overall financial picture and the County auditors' reporting responsibilities.
- The County's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
  - [Financial Report User Guide for State and Local Governments](#).
  - [Internal Control and Compliance Reports User Guide](#).