

## Maricopa County

### Annual financial statement and compliance audits

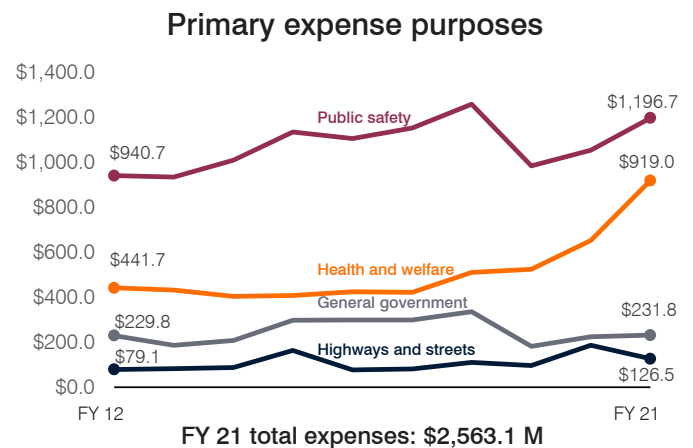
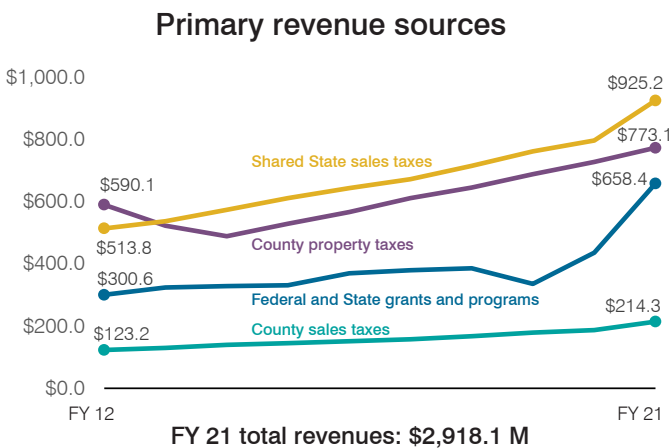
The County's fiscal year 2021 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

#### 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 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

- **Shared State sales taxes 31.7%**—Comes from State 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 property taxes 26.5%**—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 46.7%**—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. After FY 19, these expenses fluctuated primarily because of changes in pension benefit expenses.
- **Health and welfare 35.9%**—Costs for public assistance and institutional care for individuals who are economically unable to provide for themselves. After FY 19, these expenses increased primarily due to the spending of \$400 million of federal Coronavirus Relief Fund monies.

#### County's net position increased in FY 2021

County revenues were \$355.0 million greater than its expenses, increasing total net position to \$4.03 billion 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.

## Auditor findings and recommendations

Summarized below are our findings and recommendations included in the County's [Report on Internal Control and on Compliance](#) and [Single Audit Report](#) where there is further information and the County's responses.

- Contrary to State law, under the 2 previous County treasurers, the Treasurer's Office misspent restricted Taxpayer Information Fund (TIF) monies totaling \$1.35 million and Elderly Assistance Fund (EAF) monies totaling nearly \$113,000 (or \$0.11 million) on advertising campaigns. The County Treasurer should obtain legal counsel's advice to determine whether \$1.46 million of misspent monies should be replenished. In addition, the Treasurer's Office should implement and follow its newly established written policies and procedures that specify how TIF monies should be used for only statutorily allowable purposes, and record all TIF expenditures in the County-wide accounting system.
- The County needs to implement its new information technology (IT) policies and procedures to effectively protect its IT systems and data, including sensitive data. We reported a similar finding in prior years.
- The Maricopa County Department of Health (Department) needs to follow County policies and procedures for reporting required subaward information to the federal government's Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System for its Injury Prevention and Control Research and State and Community Based Programs federal program, and ensure Department employees are aware of all program requirements.
- Contrary to federal regulations and State and County policies and procedures, the Maricopa County School Superintendent's Office (Office) did not have documentation to support how \$1,678,947 of costs for which it received federal reimbursement, or 13.1 percent of the Teacher and School Leader Incentive Grants federal program's total expenditures, were necessary and reasonable to support the grant program purposes. The Office needs to follow County policies and procedures requiring it to maintain documentation that supports all costs charged to the federal program. The Office also needs to submit an indirect cost rate proposal to the Arizona Department of Education for approval to support indirect costs charged to the program.

## Auditor General website report links

- The June 30, 2021, Maricopa County Comprehensive Annual Financial Report, Report on Internal Control and on Compliance, 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 our 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](#).