

Maricopa County

Annual financial statement and compliance audits

The County's fiscal year 2023 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting, summarized on the next page.

Audits' purpose

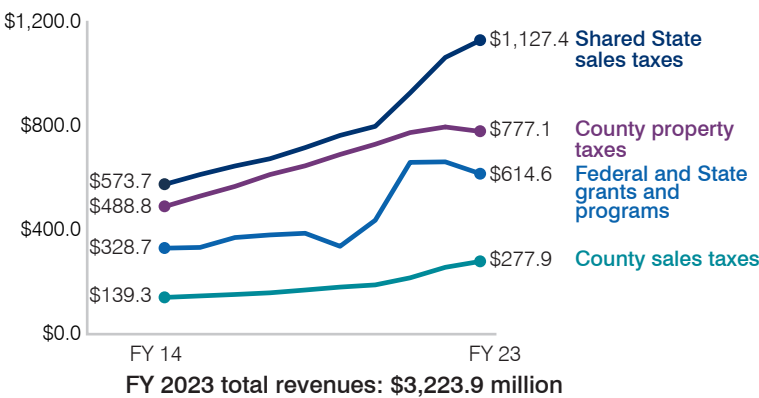
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

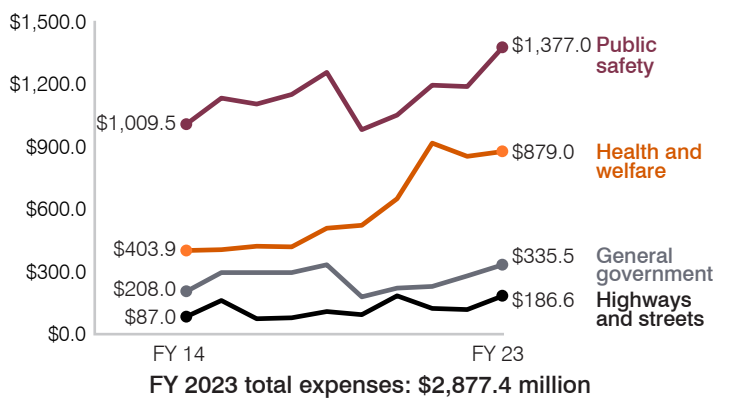
Fiscal years (FY) 2014 through 2023

(In millions)

Primary revenue sources



Primary expense purposes



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

Largest primary revenue sources FY 2023

- **Shared State sales taxes 35.0%**—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 24.1%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.

Largest primary expense purposes FY 2023

- **Public safety 47.9%**—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.
- **Health and welfare 30.5%**—Costs for public assistance and institutional care for individuals who are economically unable to provide for themselves.

County's net position increased in FY 2023

County revenues were \$346.5 million greater than its expenses, increasing total net position to \$5.0 billion at June 30, 2023. 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. Of the total net position, \$4.9 billion is restricted by external parties or is not in spendable form, and the remaining \$17.7 million is unrestricted.

Auditor findings and recommendations

Summarized below are our most significant findings and recommendations included in the [Single Audit Report](#) where there is further information and the County's responses. The County needs to:

- Ensure its departments follow the County's policies and procedures and generally accepted accounting principles for managing, recording, and reporting capital assets including construction projects and construction in progress. We found that the County identified prior-year errors various departments made for County capital assets reported as construction in progress resulting in the restatement of its beginning net position and capital asset balances by \$47.1 million.
- Immediately pay to the IRS any employee Federal Insurance Contributions Act (FICA) taxes owed, implement written policies and procedures for making payroll system programming changes, and review consultants' payroll system work for accuracy. We found the County failed to withhold nearly \$5.1 million in employee FICA taxes and federal and State income taxes from State-funded retention and recruitment incentive payments it made to 2,030 eligible Sheriff's Office employees. Therefore, it risks being held liable for any unpaid taxes along with associated fines and penalties.
- Develop, document, and implement policies and procedures to identify, classify, and inventory the sensitive data the County holds on its information systems to assess how to protect it and implement a process to restrict access to its IT systems and data, including reviewing employee user access and enhancing authentication requirements. These findings were initially reported in fiscal year 2017.
- Work with the County School Superintendent's Office to either develop and follow a process for separating juvenile detention center education program operations from its accommodation school in accordance with its reporting to the Arizona Department of Education (ADE) or inform ADE that it is not separating program operations from the accommodation school, and ensure the program receives the correct statutory funding. We found that the Office received \$3.6 million in State funding for fiscal years 2020 through 2023 but risks receiving more or less State funding than statutorily allowed to support program operations because it did not accurately report program operations to ADE. This finding was initially reported in fiscal year 2022.
- Require the County School Superintendent's Office to follow the County's policies and procedures when using purchasing cards and periodically monitor its purchasing card purchases for compliance with County policy. We found that the Office did not review and approve 51 purchasing card purchases by its former Assistant County School Superintendent's for services, travel, supplies, software, food, and other items totaling \$21,019. These items included 13 travel-related purchases totaling \$5,082 and 2 food purchases totaling \$1,723 that were not authorized and documented as required by County policy. This finding was initially reported in fiscal year 2022.

Auditor General website report links

- The June 30, 2023, Maricopa 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 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](#).