

Maricopa County

Annual financial statement and compliance audits

The County's fiscal year 2024 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

Audits' purpose

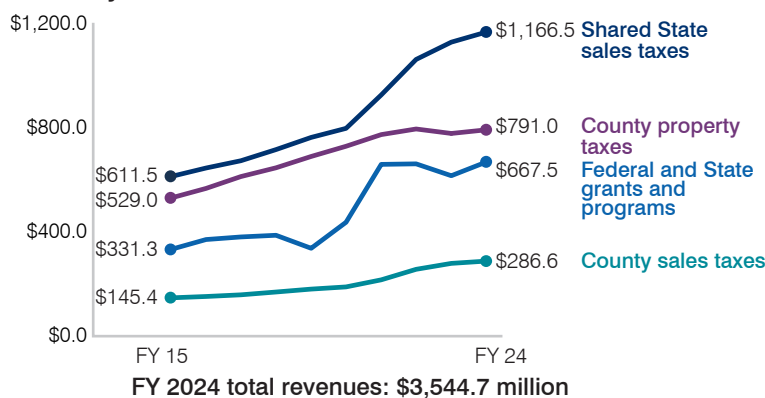
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

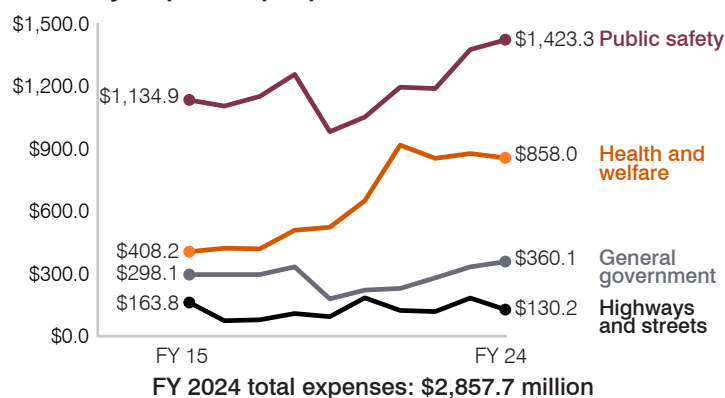
Fiscal years (FY) 2015 through 2024

(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 2024

- **Shared State sales taxes 32.9%**—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 22.3%**—Levied and collected from property owners based on the assessed value of real and personal property within the County.

Largest primary expense purposes FY 2024

- **Public safety 49.8%**—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 30.0%**—Costs for public assistance and institutional care for individuals who are economically unable to provide for themselves.

County's net position increased in FY 2024

County revenues were \$687.0 million greater than its expenses, increasing total net position to \$5.6 billion at June 30, 2024. 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, \$5.1 billion is restricted by external parties or is not in spendable form, and the remaining \$520.8 million is unrestricted.

Auditor findings and recommendations

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

- 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. This finding was initially reported in fiscal year 2017.
- Implement a process to restrict access to its IT systems and data, including reviewing employee user access and enhancing authentication requirements. The County should also develop, document, and implement processes to manage system configurations and changes and to secure systems and data, including establishing and following a documented change-management process, reviewing proposed changes for appropriateness and security impact, and performing system activity logging and log monitoring for key users. This finding was initially reported in fiscal year 2023.
- Ensure the financial statements are accurate and prepared in accordance with U.S. generally accepted accounting principles by verifying that physical inventory counts agree to the inventory management system, investigating any discrepancies, and ensuring employees responsible for physical inventory and inventory management system adjustments follow County policies. We found that the County's initial financial statements contained a \$6.6 million overstatement of inventory and the related nonspendable fund balance.
- 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 \$4.5 million in State funding for fiscal years 2020 through 2024 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.
- 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 Community Development Block Grant federal program, and ensure employees are aware of all program requirements. We found that the County did not report 4 subawards totaling over \$953,000.

Auditor General website report links

- The June 30, 2024, Maricopa County Annual Comprehensive 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](#).