

## Maricopa County

**CONCLUSION:** Based on our audits, we issued opinions on the County's financial statements and federal expenditure schedule concluding that the information in those statements and schedule is reliable. We 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 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 4.3 million 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 services to school districts. The County is located in the south-central portion of Arizona and encompasses 9,224 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 = \$5,795.1 million**

**Select asset balances:**

\$3,790.4 M	Capital assets
1,459.1	Cash and investments
221.5	Due from others and receivables

**Total liabilities/deferred inflows = \$2,709.0 million**

**Select liability balances:**

\$1,955.6 M	Noncurrent employee benefits
284.8	Long-term debt
240.2	Current payables

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**County's net position = \$3,086.1 million**

None of this net position is unrestricted

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#### Revenues and expenses during fiscal year 2018<sup>1</sup>

**Total revenues = \$2,216.9 million**

**Select revenue sources:**

\$715.2 M	Shared State sales taxes
645.0	County property taxes
385.9	Federal and State grants and programs
167.8	County sales taxes

**Total expenses = \$2,348.7 million**

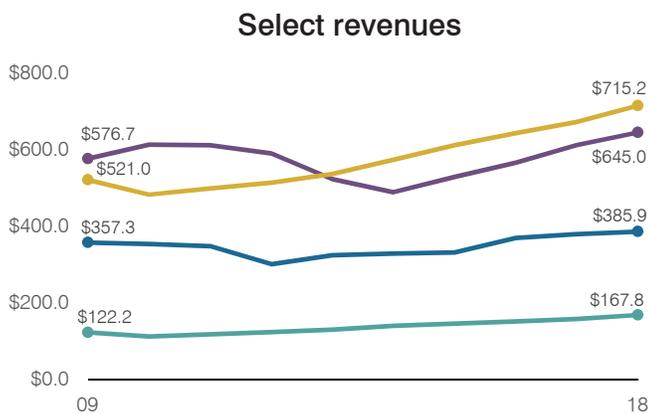
**Select expenses by function:**

\$1,258.0 M	Public safety
510.6	Health and welfare
335.7	General government
110.9	Highways and streets

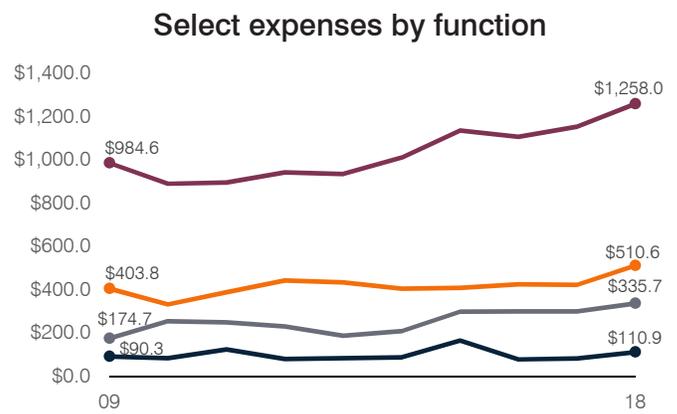
<sup>1</sup> Increases in the County's estimated long-term net pension liability primarily contributed to its total government expenses exceeding revenues by \$131.9 million, or 5.9 percent. The County's CAFR contains further information that addresses this outcome in fiscal year 2018.

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

(In millions)



- **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 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.
- **County sales taxes**—Local sales taxes consist of restricted amounts for jail construction and operations and for the stadium district operations. In fiscal year 2018, these amounts were \$161.8 million and \$6.0 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, County Attorney prosecution services, and probation services.
- **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.
- **General government**—General operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections.
- **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 our reports over the County's internal control and compliance over financial reporting and over federal programs. Detailed information about our findings and the County's responses are included in the County's [Report on Internal Control and on Compliance](#) and the County's [Single Audit](#). 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

We found that the County needed improvements in certain controls over financial reporting and reported 4 findings. Most importantly, we found the County lacked adequate policies and procedures over IT systems and data to appropriately respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access, damage, or loss, including protecting sensitive data. We also found that the County Treasurer's Office did not properly plan for implementing its new accounting system and did not properly manage and reconcile its accounts with bank records and resolve uncorrected errors.

### Financial findings and recommendations

### Federal internal control and compliance

The County spent over \$149.2 million of federal program monies during the fiscal year. We tested 7 federal programs that totaled \$71.4 million in federal expenditures selected under the major program guidelines established by the Single Audit Act. We reported a finding for the Head Start program and re-reported a finding from prior years for the Child Support Enforcement program.

### Federal award findings and recommendations