



**Arizona Criminal Justice Commission
Report on Audit of Summary of
Drug and Gang Enforcement Account Distributions
for the Year Ended June 30, 2018
and from Inception to June 30, 2018**

**ARIZONA CRIMINAL JUSTICE COMMISSION
JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Members of the Arizona State Legislature
The Honorable Doug Ducey, Governor
The Arizona Criminal Justice Commission

Report on the Summary

We have audited the accompanying Summary of Drug and Gang Enforcement Account Distributions (Summary) for the year ended June 30, 2018, and the related notes to the Summary pursuant to Arizona Revised Statutes (A.R.S.) §41-2402.

Management's Responsibility for the Summary

Management is responsible for the preparation and fair presentation of the Summary in accordance with A.R.S. §41-2402; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Summary that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this Summary based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Summary is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Summary. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Summary, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Summary in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Summary.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Summary referred to above presents fairly, in all material respects, the Arizona Criminal Justice Commission's distributions for the year ended June 30, 2018, of Drug and Gang Enforcement Account monies by type of activity specified by A.R.S. §41-2402.

Distributions from Inception in August 1987 to June 30, 2010

The distributions from inception in August 1987 to June 30, 2010 in the accompanying Summary were audited by other accountants and are included for additional analysis only. Neither we nor the other accountants have performed any auditing procedures on this information since the date of their report.

Basis of Accounting

The accompanying Summary was prepared for the purpose of complying with A.R.S. §41-2402 as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governor, the Arizona Criminal Justice Commission, and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Phoenix, Arizona

May 24, 2019

ARIZONA CRIMINAL JUSTICE COMMISSION
SUMMARY OF DRUG AND GANG ENFORCEMENT ACCOUNT DISTRIBUTIONS
YEAR ENDED JUNE 30, 2018, AND FROM INCEPTION TO JUNE 30, 2018

| Distributions for Year Ended June 30, 2018 | | | | | |
|---|---------------------|----------------------------------|--------------------------------|--------------------------------|---------------------|
| Type of Activity | Federal | Federal/ARRA (Note 6) | Nonfederal (Note 3) | Reversions (Note 4) | Total |
| Investigation | \$ 1,222,182 | | \$ 1,069,424 | | \$ 2,291,606 |
| Prosecution: | | | | | |
| State and county prosecution | 1,413,107 | | 1,253,889 | | 2,666,996 |
| City and town prosecution | 107,632 | | 57,199 | | 164,831 |
| Adjudication | 20,233 | | 1,070,516 | | 1,090,749 |
| Detention | - | | - | | - |
| Drug abuse education | - | | - | | - |
| Forensics | 173,415 | | 151,745 | | 325,160 |
| Priority 5 projects (Note 7) | - | | 79,758 | | 79,758 |
| Total distributions for year ended June 30, 2018 | <u>\$ 2,936,569</u> | | <u>\$ 3,682,531</u> | | <u>\$ 6,619,100</u> |

| Distributions from Inception in August 1987 to June 30, 2018 | | | | | |
|--|-----------------------|----------------------------------|--------------------------------|--------------------------------|-----------------------|
| Type of Activity | Federal | Federal/ARRA (Note 6) | Nonfederal (Note 3) | Reversions (Note 4) | Total |
| Investigation | \$ 66,901,941 | \$ 8,649,915 | \$ 34,512,570 | \$ (1,801,572) | \$ 108,262,854 |
| Prosecution: | | | | | |
| State and county prosecution | 64,236,089 | 10,726,231 | 36,070,754 | (610,723) | 110,422,351 |
| City and town prosecution | 5,282,158 | 710,904 | 2,912,526 | (209,713) | 8,695,875 |
| Adjudication | 7,018,713 | - | 55,901,450 | (1,488,839) | 61,431,324 |
| Detention | 1,407,397 | - | 6,061,249 | (64,605) | 7,404,041 |
| Drug abuse education | 1,183,862 | - | 190,123 | (44,764) | 1,329,221 |
| Forensics | 4,215,452 | 1,190,560 | 9,448,717 | (51,023) | 14,803,706 |
| Priority 5 projects | 1,677,475 | 846,044 | 741,148 | (35,104) | 3,229,563 |
| Arizona Drug and Gang Prevention Resource Center | - | - | 4,238,300 | - | 4,238,300 |
| General Fund | - | - | 200,000 | - | 200,000 |
| Criminal Justice Records Improvement Program | 7,556,995 | 1,257,102 | 1,760,504 | (146,913) | 10,427,688 |
| State matching for Byrne Formula Grant Program (Drug Control and System Improvement - Formula Grant) | (2,894,192) | - | 2,894,192 | - | - |
| Total distributions from inception to June 30, 2018 | <u>\$ 156,585,890</u> | <u>\$ 23,380,756</u> | <u>\$ 154,931,533</u> | <u>\$ (4,453,256)</u> | <u>\$ 330,444,923</u> |

ARIZONA CRIMINAL JUSTICE COMMISSION
NOTES TO SUMMARY OF DRUG AND GANG ENFORCEMENT
ACCOUNT DISTRIBUTIONS
YEAR ENDED JUNE 30, 2018, AND FROM INCEPTION TO JUNE 30, 2018

NOTE 1

Arizona Revised Statutes (A.R.S.) §41-2402(A) established the Drug and Gang Enforcement Account (Account) within the Criminal Justice Enhancement Fund to be used for the purpose of enhancing efforts to deter, investigate, prosecute, adjudicate, and punish drug offenders and members of criminal street gangs. To fund this effort, A.R.S. §41-2402(B) and (C) require the Arizona Criminal Justice Commission (Commission) to distribute monies from the Account within prescribed limits based on a plan of expenditures. Further, A.R.S. §41-2402(E) requires that any federal monies or state matching monies in the Account be allocated by the Commission pursuant to a plan approved by the federal government, notwithstanding the limitations prescribed in subsection B of the statute. The Summary of Drug and Gang Enforcement Account Distributions (Summary) presents distributions by type of activity specified by A.R.S. §41-2402 for the year ended June 30, 2018, and since the Account's inception in August 1987 to June 30, 2018.

NOTE 2

The proceedings of the Commission's open meeting, dated May 18, 2017 established the distribution by activity (i.e., investigation, prosecution, adjudication, detention, forensics, and so forth) for the Account for fiscal year 2018.

NOTE 3

Nonfederal distributions for the Arizona Drug and Gang Prevention Resource Center were made from state appropriations of the fees collected pursuant to A.R.S. §12-284 and distributed pursuant to A.R.S. §12-284.03(A)(1). Beginning in fiscal year 2010, the Legislature appropriated these monies to support the Arizona Youth Survey conducted by the Commission. These monies are no longer distributed to the Arizona Drug and Gang Prevention Resource Center and, therefore, are no longer reported in the current year distributions. For all other activities, nonfederal distributions were made from fines and fees collected pursuant to A.R.S. §13-811(C) and the sub-recipients' matching contributions to the program.

NOTE 4

Reversions consist of adjustments resulting from sub-recipient-monitoring reviews performed by the Commission. These reversions are either deposited into the Account for redistribution in the following year or reverted to the federal government.

**ARIZONA CRIMINAL JUSTICE COMMISSION
NOTES TO SUMMARY OF DRUG AND GANG ENFORCEMENT
ACCOUNT DISTRIBUTIONS
YEAR ENDED JUNE 30, 2018, AND FROM INCEPTION TO JUNE 30, 2018**

NOTE 5

During fiscal year 2004, the Commission changed its method of accounting for sub-recipient matching monies. Matching monies from sub-recipients are no longer collected by the Commission and distributed from the Account. Sub-recipients report spent matching monies on their monthly financial reports. As of July 1, 2003, sub-recipient matching monies are excluded from the Summary since they are no longer considered distributions from the Account. However, total distributions from inception to June 30, 2018 still include sub-recipient matching monies through June 30, 2003.

NOTE 6

The Commission first distributed American Recovery and Reinvestment Act (ARRA) monies in fiscal year 2010. A separate column is added to the Summary to separately identify ARRA monies from other federal monies as required by ARRA.

NOTE 7

In fiscal year 2010, the Commission expanded the funding priorities to include a Priority 5 category. Priority 5 projects include all other projects eligible under the federal Byrne/Justice Assistance Grant that do not fall under Investigation, Prosecution, Adjudication, Detention, Drug Abuse Education, Forensics and Criminal History Records Improvement.

NOTE 8

In fiscal year 2012, the Commission approved a tiered funding approach to replace the funding priority method. Under the current tiered structure, apprehension and prosecution projects are tier 1, forensic support, adjudication / sentencing, and corrections / community projects are tier 2, treatment, prevention, and education projects are tier 3.

NOTE 9

Arizona Criminal Justice Commission's governing board is comprised of individuals from some sub-recipient agencies. Annual sub-recipient grant awards are based upon the board's adopted budget.