

# Maricopa County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2022

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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## Audit Staff

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LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

## Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of  
Maricopa County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Maricopa County for the year ended June 30, 2022, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting system as described in Note 1 in all material respects.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

June 15, 2023

**Maricopa County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2022**

1. Economic Estimates Commission expenditure limitation	\$1,527,423,478
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>1,527,423,477</u>
3. Amount under the expenditure limitation	<u>\$ 1</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of chief fiscal officer: *Cynthia Goelz*

Name and title: Cynthia A. Goelz, Chief Financial Officer

Telephone number: (602) 506-4010 Date: June 15, 2023

See accompanying notes to report.

**Maricopa County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2022**

Description	Governmental funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 2,464,529,699	\$ 268,677,360	\$ 15,472,202,687	\$ 18,205,409,746
B. Less exclusions claimed:				
Debt proceeds (Note 3)	81,769,436			81,769,436
Debt service requirements (Note 2)	92,752,920			92,752,920
Dividends, interest, and gains on the sale or redemption of investment securities (Note 5)	1,414,480	708,697		2,123,177
Trustee or custodian (Note 6)	17,603,700		15,472,202,687	15,489,806,387
Grants and aid from the federal government (Note 7)	472,871,473			472,871,473
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	5,640,752			5,640,752
Amounts received from the State of Arizona (Note 7)	43,330,726			43,330,726
Quasi-external interfund transactions (Note 8)		266,786,106		266,786,106
Amounts accumulated for the purchase of land, buildings or improvements (Note 4)	736,836			736,836
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 7)	117,312,975			117,312,975
Contracts with other political subdivisions (Note 7)	7,707,168	159,573		7,866,741
Refunds, reimbursements, and other recoveries (Note 9)	793,856	976,608		1,770,464
Amounts received for distribution to school districts (Note 7)	7,306,710			7,306,710
Prior years carryforward (Note 10)	87,911,566			87,911,566
Total exclusions claimed	<u>937,152,598</u>	<u>268,630,984</u>	<u>15,472,202,687</u>	<u>16,677,986,269</u>
C. Amounts subject to the expenditure limitation	<u>\$ 1,527,377,101</u>	<u>\$ 46,376</u>	<u>\$ -</u>	<u>\$ 1,527,423,477</u>

See accompanying notes to report.

**Maricopa County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2022**

Description	<u>Governmental funds</u>	<u>Internal service funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 2,818,827,355	\$ 294,053,390	\$ 15,472,202,687	\$ 18,585,083,432
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		12,307,982		12,307,982
Loss on disposal of capital assets		195,363		195,363
Pension and other postemployment benefits (OPEB) expense (Note 11)		1,629,164		1,629,164
Claims incurred but not reported (IBNR) (Note 12)		194,161,730		194,161,730
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 13)	105,944,142			105,944,142
Long-term care contributions the State Treasurer withheld (Note 14)	184,272,900			184,272,900
Fees/reimbursements State law required the County to pay (Note 15)	6,724,000			6,724,000
Present value of net minimum lease and financed purchase contract payments recorded as expenditures at the agreements' inception	21,993,043			21,993,043
Involuntary court judgments (Note 16)	<u>35,363,571</u>	<u>10,547,108</u>		<u>45,910,679</u>
Total subtractions	<u>354,297,656</u>	<u>218,841,347</u>		<u>573,139,003</u>
C. Additions:				
Capital asset acquisitions		67,821		67,821
Amounts paid in the current year but reported as expenses in previous years:				
Claims previously recognized as IBNR (Note 12)		191,982,340		191,982,340
Pension and OPEB contributions paid in the current year (Note 11)		<u>1,415,156</u>		<u>1,415,156</u>
Total additions		<u>193,465,317</u>		<u>193,465,317</u>
D. Amounts reported on part II, line A	<u>\$ 2,464,529,699</u>	<u>\$ 268,677,360</u>	<u>\$ 15,472,202,687</u>	<u>\$ 18,205,409,746</u>

See accompanying notes to report.

# Maricopa County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2022

#### Note 1 - Summary of significant accounting policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

#### Note 2

The exclusions claimed for debt service requirements of \$92,752,920 in the governmental funds consists of principal retirement and interest expenditures in the county improvement debt fund.

#### Note 3

The exclusion claimed for debt proceeds of \$81,769,436 in the governmental funds consists of expenditures made from certificates of participation and pledged revenue obligations proceeds. Remaining unspent amounts of \$543,720,441 have been carried forward to future years, and \$18,145,123 is classified as lost carryforward as a result of expenditures incurred before the issuance of the Certificates of Participation, Series 2022.

#### Note 4

The exclusion claimed for amounts accumulated for the purchase of land, buildings, or improvements of \$736,836 in the governmental funds consists of transfers from other county funds. Remaining unspent amounts of \$39,216,508 have been carried forward to future years.

#### Note 5

Of the combined (\$100,600,902) reported as negative interest income on the statement of revenues, expenditures, and changes in fund balance in the governmental funds, \$1,414,480 was revenue received and expended and claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities. Remaining unspent interest income and interest on delinquent taxes of \$15,957,277 and \$15,245,425, respectively, have been carried forward to future years. The remaining (\$133,218,084) was not excludable. Of the (\$2,558,326) reported as negative interest income on the statement of revenues, expenses, and changes in net position in the internal service funds, \$708,697 was revenue received and expended and claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities. The remaining (\$3,267,023) was not excludable.

# Maricopa County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2022

#### Note 6

The \$17,603,700 exclusion claimed for trustee or custodian in the governmental funds consists of county contributions to the Arizona Health Care Cost Containment System (AHCCCS) for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the exclusion of \$15,472,202,687 consists of \$9,500,324,138, \$5,092,977,541, \$740,907,624, \$111,019,016, and \$26,974,368 in distributions to investment pool participants, property tax distributions to other governments, distributions to other governments, and fines, fees, and forfeitures distributed to other governments, respectively.

#### Note 7

The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government; highway user revenues in excess of those received in fiscal year 1979-80; amounts received from the State of Arizona; amounts received for distribution to school districts; grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes; and contracts with other political subdivisions:

Description	
Grants and aid from the federal government	\$ 472,871,473
Highway user revenues in excess of those received in fiscal year 1979-80	117,312,975
Amounts received from the State of Arizona(1)	37,755,943
Amounts received for distribution to school districts	7,306,710
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes(2)	5,217,500
Contracts with other political subdivisions(3)	748,629
Unspent revenues carryforward (intergovernmental)(4)	6,887,160
Other revenues – (nonexcludable)	<u>1,067,123,430</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$1,715,223,820</u>

- (1) Additional exclusions of \$5,574,783 claimed for amounts received from the State of Arizona consist of charges for services expended. Excludable intergovernmental and charges for services revenues of \$4,404,428 and \$662,084, respectively, were unexpended and have been carried forward to future years.
- (2) Additional exclusions of \$373,170 and \$50,082 claimed for private grants consist of miscellaneous revenues and charges for services expended. Excludable miscellaneous and intergovernmental revenues of \$50,766 and \$9,337, respectively, were unexpended and have been carried forward to future years.
- (3) Additional exclusions of \$6,958,539 and \$159,573 claimed for contracts with other political subdivisions in the governmental funds and internal service funds, respectively, consist of charges for services expended. Excludable charges for services and intergovernmental revenues of \$36,576,453 and \$2,385,895, respectively, were unexpended and have been carried forward to future years.
- (4) Unspent revenues carryforward includes \$87,500 in unspent refunds and reimbursements.

**Maricopa County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2022**

**Note 8**

The exclusion claimed for quasi-external interfund transactions in the internal service funds of \$266,786,106 consists of charges for services revenues paid from other county funds to the internal service funds. Excludable internal service fund charges for services revenues of \$20,222,460 were unexpended and have been carried forward to future years.

**Note 9**

The exclusion claimed for refunds, reimbursements, and other recoveries of \$793,856 in the governmental funds consists of expenditure reimbursements reported as fines and forfeits, charges for services, and miscellaneous of \$402,087, \$382,692, and \$9,077, respectively. Remaining unspent excludable revenues of \$5,215,876, \$1,008,517, \$386,917, and \$87,500 recorded as charges for services, fines and forfeits, miscellaneous, and intergovernmental revenues, respectively, have been carried forward to future years. The exclusion claimed for refunds, reimbursements, and other recoveries of \$976,608 in the internal service funds consists of miscellaneous revenues. Remaining unspent excludable revenues of \$266,302 recorded as miscellaneous have been carried forward to future years.

**Note 10**

Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

<b>Description</b>	<b>Governmental funds</b>
Debt proceeds	\$55,059,584
Dividends, interest, and gains on the sale or redemption of investment securities	17,363
Amounts received from the State of Arizona	237,070
Highway user revenues in excess of those received in fiscal year 1979-80	32,414,111
Contracts with other political subdivisions	157,890
Refunds, reimbursements, and other recoveries	<u>25,548</u>
Total prior years carryforward expended	<u>\$87,911,566</u>

**Note 11**

The subtraction of \$1,629,164 for pension expense and other post-employment benefits (OPEB) consists of the change in the net pension liability recognized in the current year in the internal service funds. The addition of \$1,415,156 for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the internal service funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

**Maricopa County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2022**

	<u>Internal service funds</u>
<b><u>Statement of cash flows</u></b>	
Change in deferred inflows related to pensions and OPEB	\$ 4,134,048
Change in deferred outflows related to pensions and OPEB	(241,666)
Change in net pension and OPEB liability	<u>(3,678,374)</u>
Total	<u>\$ 214,008</u>
<b><u>AELR – Reconciliation</u></b>	
Pension/OPEB contributions – addition	\$(1,415,156)
Pension/OPEB expense– subtraction	<u>1,629,164</u>
Total	<u>\$ 214,008</u>

**Note 12**

The subtraction of \$194,161,730 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The addition of \$191,982,340 for claims paid in the current year but reported as expenses incurred but not reported in previous years consists of cash payments in the current year for claims recognized as an expense in previous years in the internal service funds.

**Note 13**

The subtraction of \$105,944,142 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County’s reporting entity but not included in the Economic Estimates Commission base limit calculations that are reported in the governmental funds:

<b>Special Assessment Districts</b>	<u>Governmental funds</u>
Public safety	\$ 37,839,528
Culture and recreation	35,716,540
Capital outlay	32,331,669
Debt service	43,064
Debt service interest	<u>13,341</u>
Total	<u>\$105,944,142</u>

**Note 14**

The subtraction of \$184,272,900 for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes the State Treasurer withheld to meet the County’s share of long-term care costs that was reported as revenue and an offsetting expenditure in the County’s governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

# Maricopa County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2022

#### Note 15

The \$6,724,000 subtraction for required fees/reimbursements State law required the County to pay that are excluded from the county expenditure limitation consists of amounts paid to the Arizona Department of Juvenile Corrections pursuant to A.R.S. §41-2832 for committed youth confinement cost-sharing.

#### Note 16

The subtraction of \$35,363,571 in the governmental funds for payments for involuntary court judgments against Maricopa County consists of public safety; health, welfare and sanitation; and general government expenditures of \$28,198,898, \$6,901,130, and \$263,543, respectively. The subtraction of \$10,547,108 in the internal service funds for payments for involuntary court judgments against Maricopa County consists of insurance claims.

#### Note 17

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in their balances is shown in the table below. The reduction for "Dividends, interest, and gains on the sale or redemption of investment securities," and "Amounts accumulated for the purchase of land, buildings, or improvements" includes prior year lost carryforward of \$1,956,640, and \$637,682, respectively, as a result of expenditures that were not excluded.

Description	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Debt proceeds	\$106,488,591	\$543,720,441	\$55,059,584	\$ 595,149,448
Dividends, interest, and gains on the sale or redemption of investment securities	390,517,411	31,202,702	1,974,003	419,746,110
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	3,276,050	60,103		3,336,153
Amounts received from the State of Arizona	16,450,762	5,066,512	237,070	21,280,204
Quasi-external interfund transactions:				
Governmental funds	48,426			48,426
Quasi-external interfund transactions:				
Internal service funds	94,767,515	20,222,460		114,989,975
Amounts accumulated for the purchase of land, buildings, or improvements	63,372,059	39,216,508	637,682	101,950,885
Highway user revenues in excess of those received in fiscal year 1979-80	124,313,569		32,414,111	91,899,458
Contracts with other political subdivisions	171,192,281	38,962,348	157,890	209,996,739
Refunds, reimbursements, and other recoveries	12,132,859	6,965,112	25,548	19,072,423
Total carryforward	<u>\$982,559,523</u>	<u>\$685,416,186</u>	<u>\$90,505,888</u>	<u>\$1,577,469,821</u>

