

**MARICOPA COUNTY, ARIZONA**  
**Report on Audit of Annual**  
**Expenditure Limitation Report**  
**Year Ended June 30, 2001**

**MARICOPA COUNTY**  
**Report on Audit of Annual Expenditure Limitation Report**  
**Year Ended June 30, 2001**

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DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

## Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of  
Maricopa County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Maricopa County for the year ended June 30, 2001. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Maricopa County for the year ended June 30, 2001, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors, and for filing with the Auditor General of the State of Arizona 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.

Dennis L. Mattheisen, CPA  
Financial Audit Director

May 22, 2002

**MARICOPA COUNTY**  
**Annual Expenditure Limitation Report—Part I**  
**Year Ended June 30, 2001**

1. Economic Estimates Commission expenditure limitation	\$634,954,300
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>634,954,299</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: \_\_\_\_\_

Name and Title: Tom Manos, Chief Financial Officer

Telephone Number: (602) 506-3561 Date: May 22, 2002

See accompanying notes to report.

**MARICOPA COUNTY**  
**Annual Expenditure Limitation Report—Part II**  
**Year Ended June 30, 2001**

Description	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Expendable Trust Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$442,638,191	\$ 453,532,604	\$ 25,941,675	\$ 90,786,093	\$ 10,397	\$641,922,983	\$1,654,831,943
B. Less exclusions claimed:							
Debt service requirements on bonded indebtedness (Note 2)			25,941,675				25,941,675
Proceeds from other long-term obligations (Note 3)	381,442			29,251,057		5,630,711	35,263,210
Debt service requirements on other long-term obligations (Note 4)	9,258,908	57,631				2,256,170	11,572,709
Dividends, interest, and gains on the sale or redemption of investment securities (Note 5)		14,981,417			10,397	11,147,316	26,139,130
Trustee or custodian (Note 6)	38,659,236						38,659,236
Grants and aid from the federal government (Note 7)	22,768,221	75,607,621				14,915,281	113,291,123
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 8)		201,775					201,775
Amounts received from the State of Arizona (Note 9)	249,773	69,015,362				6,681,256	75,946,391
Quasi-external interfund transactions (Note 10)	18,120	302,500				55,983,074	56,303,694
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 11)				51,169,485			51,169,485
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 12)		69,993,860					69,993,860
Contracts with other political subdivisions (Note 13)	22,584,188	24,646,632				372,339,023	419,569,843
Refunds, reimbursements, and other recoveries (Note 14)	517,867	855,606				73,115,993	74,489,466
Amounts received for distribution to school districts (Note 15)		14,343,648					14,343,648
Prior years carryforward (Note 16)		6,992,399					6,992,399
Total exclusions claimed	<u>94,437,755</u>	<u>276,998,451</u>	<u>25,941,675</u>	<u>80,420,542</u>	<u>10,397</u>	<u>542,068,824</u>	<u>1,019,877,644</u>
C. Amounts subject to the expenditure limitation	<u>\$348,200,436</u>	<u>\$ 176,534,153</u>	<u>\$ -</u>	<u>\$ 10,365,551</u>	<u>\$ -</u>	<u>\$ 99,854,159</u>	<u>\$ 634,954,299</u>

See accompanying notes to report.

**MARICOPA COUNTY**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year Ended June 30, 2001**

Description	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Expendable Trust Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Total expenditures or expenses and applicable other financing uses reported within the general purpose financial statements	\$537,571,778	\$548,949,885	\$31,768,372	\$92,215,918	\$10,397	\$618,735,686	\$1,829,252,036
B. Deductions:							
Items not requiring use of working capital:							
Depreciation						7,313,562	7,313,562
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 17)		94,667,280	5,826,697	1,429,825			101,923,802
Long-term care contributions withheld by the State Treasurer (Note 18)	91,784,692						91,784,692
Present value of net minimum capital lease payments recorded as capital outlay expenditures and proceeds of capital leases at inception of the agreements	165,830						165,830
Charges to other funds in excess of Internal Service Funds expenses (Note 19)	<u>2,983,065</u>	<u>750,001</u>	<u>                    </u>	<u>                    </u>		<u>1,725,926</u>	<u>5,458,992</u>
Total deductions	<u>94,933,587</u>	<u>95,417,281</u>	<u>5,826,697</u>	<u>1,429,825</u>		<u>9,039,488</u>	<u>206,646,878</u>
C. Additions:							
Principal payments on long-term debt (Note 20)						1,451,306	1,451,306
Acquisition of capital assets						<u>30,775,479</u>	<u>30,775,479</u>
Total additions						<u>32,226,785</u>	<u>32,226,785</u>
D. Amounts reported on Part II, Line A	<u>\$442,638,191</u>	<u>\$453,532,604</u>	<u>\$25,941,675</u>	<u>\$90,786,093</u>	<u>\$10,397</u>	<u>\$641,922,983</u>	<u>\$1,654,831,943</u>

See accompanying notes to report.

**MARICOPA COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2001**

**Note 1 - Summary of Significant Accounting Policies**

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures or expenses of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures or expenses reported in the annual general purpose 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 deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual general purpose financial statements. All references to financial statement amounts in the following notes refer to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types and Expendable Trust Fund for the General, Special Revenue, Debt Service, Capital Projects, or Expendable Trust Fund; the Combined Statement of Revenues, Expenses, and Changes in Fund Equity—All Proprietary Fund Types for the Enterprise and Internal Service Funds; and to the Combined Statement of Cash Flows—All Proprietary Fund Types for the Enterprise and Internal Service Funds.

**Note 2 -** The exclusion claimed for debt service requirements on bonded indebtedness in the Debt Service Funds consists of principal retirement and interest expense.

**Note 3 -** The exclusion claimed for proceeds from other long-term obligations in the General Fund consists of expenditures made from the proceeds of capital leases issued in prior years reported as capital outlay expenditures. The exclusion claimed for proceeds from other long-term obligations in the Capital Projects Funds consists of expenditures made from the proceeds of lease revenue bonds reported as capital outlay expenditures. The exclusion claimed for proceeds from other long-term obligations in the Enterprise Funds consists of certificates of participation proceeds spent for the acquisition of fixed assets, reported as cash-flows from capital and related financing activities.

**Note 4 -** The exclusion claimed for debt service requirements on other long-term obligations consists of capital leases and certificates of participation principal and interest payments of \$9,258,908 reported as general government and public safety expenditures in the General Fund; \$57,631 reported as health, welfare, and sanitation expenditures in the Special Revenue Funds; \$816,318, \$379,635, and \$255,353 reported as reductions of the certificates of participation, capital leases, and installment purchase payables, respectively, in the Enterprise Funds; and \$804,864 reported as interest expense in the Enterprise Funds.

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**Notes to Annual Expenditure Limitation Report**  
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**Note 5 -** The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the Special Revenue Funds and the Expendable Trust Fund of \$14,981,417 and \$10,397, respectively were reported as miscellaneous revenues. In addition, of the total interest income of \$11,900,942 reported in the Enterprise Funds, \$753,626 has been carried forward to future years.

**Note 6 -** The exclusion claimed in the General Fund for trustee or custodian consists of \$38,659,236 in contributions by the County to the Arizona Health Care Cost Containment System (AHCCCS) for acute care.

**Note 7 -** The exclusions claimed for grants and aid from the federal government of \$113,291,123 consist of the following:

General Fund—\$22,768,221. This amount consists of federal grants of \$1,092,243 reported as intergovernmental revenues and disproportionate share settlements of \$32,755,200 of which \$11,079,222 has been carried forward to future years.

Special Revenue Funds—\$75,607,621. This amount was reported as intergovernmental revenues.

Enterprise Funds—\$14,915,281. This amount consists of disproportionate share settlements of \$13,140,300 reported as other revenues and \$1,778,593 of federal grants reported as grant revenues of which \$3,612 has been carried forward to future years.

**Note 8 -** The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes in the Special Revenue Funds of \$201,775 was reported as intergovernmental revenues.

**Note 9 -** The exclusions claimed for amounts received from the State of Arizona of \$75,946,391 consist of the following:

General Fund—\$249,773. This amount was reported as intergovernmental revenues.

Special Revenue Funds—\$69,015,362. This amount consists of \$68,479,607 reported as intergovernmental revenues and \$535,755 reported as miscellaneous revenues.

Enterprise Funds—\$6,681,256. This amount was reported as grant revenues.

**MARICOPA COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2001**

**Note 10** - The exclusion claimed for quasi-external interfund transactions of \$18,120 in the General Fund was reported as charges for services revenues. The exclusion claimed for quasi-external interfund transactions of \$302,500 in the Special Revenue Funds was reported as miscellaneous revenues. In the Enterprise Funds, the \$55,983,074 consists of \$39,598,274 reported as net patient service revenues and \$16,384,800 reported as charges for services revenues.

**Note 11** - The exclusion claimed in the Capital Projects Funds for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements of \$51,169,485 consists of capital outlay expenditures for the construction of new jail facilities made from the accumulation of sales tax revenues approved and exempted from the expenditure limitation by County voters.

**Note 12** - The exclusion claimed in the Special Revenue Funds for highway user revenues in excess of those received in fiscal year 1979-80 is derived by subtracting the 1979-80 base year highway user fees of \$14,879,726 from the total of highway user revenues received of \$84,873,586, which was reported as intergovernmental revenues.

**Note 13** - The exclusions claimed for contracts with other political subdivisions of \$419,569,843 consist of the following:

General Fund—\$22,584,188. This amount consists of \$4,326,304 reported as intergovernmental revenues, \$3,226,178 reported as charges for services revenues, and \$15,031,706 reported as a residual equity transfer in.

Special Revenue Funds—\$24,646,632. This amount consists of \$23,404,321 reported as intergovernmental revenues and \$1,242,311 reported as miscellaneous revenues.

Enterprise Funds—\$372,339,023. This amount consists of \$359,140,433 reported as charges for services revenues and \$13,198,590 reported as net patient service revenues.

**Note 14** - The exclusion claimed for refunds, reimbursements, and other recoveries of \$517,867 in the General Fund consists of various expenditure reimbursements reported as intergovernmental revenues. The exclusion claimed for refunds, reimbursements, and other recoveries of \$855,606 in the Special Revenue Funds consists of expenditure reimbursements for Racketeer Influenced and Corrupt Organizations (RICO) activities reported as fines and forfeits revenues. The exclusion claimed of \$73,115,993 in the Enterprise Funds consists of Medicare reimbursements of \$34,942,618; AHCCCS reimbursements of \$33,146,815; health

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**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2001**

maintenance organization reimbursements for the treatment of Medicare patients of \$4,338,415; Champus reimbursements of \$241,408 reported as net patient service revenues; and intern reimbursements of \$446,737 reported as other revenues.

**Note 15** - The exclusion claimed in the Special Revenue Funds for amounts received for distribution to school districts consists of expenditures of federal, state, and county revenues of \$14,343,648 reported as education expenditures for operation of accommodation schools.

**Note 16** - Prior years carryforward in the Special Revenue Funds consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year. Highway user revenues in excess of those received in fiscal year 1979-80 and interest revenues carryforwards have been accumulated and were expended in the current year in the amounts of \$6,952,502 and \$39,897, respectively.

**Note 17** - The deduction of \$101,923,802 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, and are reported in the following categories in the general purpose financial statements:

<u>Special Assessment Districts</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
Public safety	\$34,384,714		
Culture and recreation	11,152,035		
Capital outlay	49,130,531		\$1,429,825
Principal retirement		\$2,701,044	
Interest charges		3,125,653	
Total	<u>\$94,667,280</u>	<u>\$5,826,697</u>	<u>\$1,429,825</u>

**Note 18** - The deduction of \$91,784,692 in the General Fund consists of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs of \$96,130,039, less refunds of prior year contributions of \$4,345,347. These were reported as intergovernmental revenues and offsetting health, welfare, and sanitation expenditures in the County's general purpose financial statements. Consequently, these expenditures have been deducted on the Reconciliation.

**Note 19** - The deductions for charges to other funds in excess of Internal Service Funds expenses are allocated to each fund type on the same basis as the original charges. The amount allocated does not include charges of \$119,816 pertaining to separate legal entities.

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**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2001**

**Note 20** - The addition of \$1,451,306 for principal payments on long-term debt in the Enterprise Funds consists of certificates of participation payments of \$816,318, capital leases payments of \$379,635, and installment purchase payments of \$255,353.