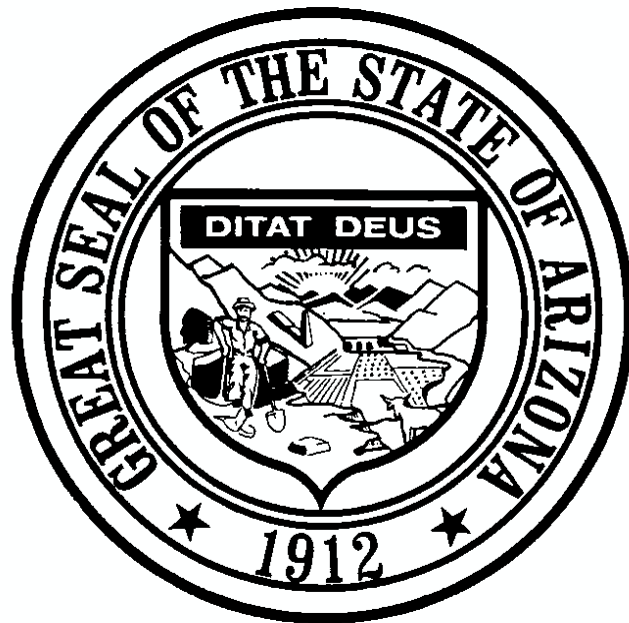


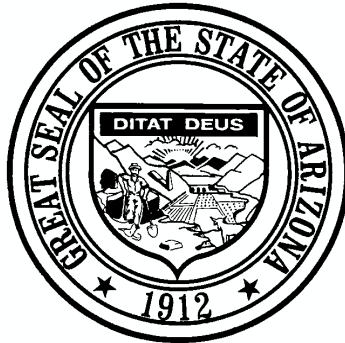
# STATE OF ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



**Douglas A. Ducey**  
**GOVERNOR**



**PREPARED BY  
ARIZONA DEPARTMENT OF ADMINISTRATION  
GENERAL ACCOUNTING OFFICE**



STATE OF ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**  
 (Not Covered by the Independent Auditors' Report)

Page

[Letter of Transmittal](#) ..... [1](#)  
[Certificate of Achievement for Excellence in Financial Reporting](#) ..... [7](#)  
[Arizona State Government Organization](#) ..... [8](#)  
[Principal State Officials](#) ..... [9](#)

**FINANCIAL SECTION**

[INDEPENDENT AUDITORS' REPORT](#) ..... [15](#)  
[MANAGEMENT'S DISCUSSION AND ANALYSIS](#) ..... [21](#)

**BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements:**

[Statement of Net Position](#) ..... [37](#)  
[Universities - Affiliated Component Units - Statement of Financial Position](#) ..... [41](#)  
[Statement of Activities](#) ..... [42](#)  
[Universities - Affiliated Component Units - Statement of Activities](#) ..... [44](#)

**Governmental Funds Financial Statements:**

[Balance Sheet](#) ..... [46](#)  
[Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position](#) ..... [48](#)  
[Statement of Revenues, Expenditures and Changes in Fund Balances](#) ..... [50](#)  
[Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities](#) ..... [52](#)

**Proprietary Funds Financial Statements:**

[Statement of Net Position](#) ..... [54](#)  
[Statement of Revenues, Expenses and Changes in Fund Net Position](#) ..... [56](#)  
[Statement of Cash Flows](#) ..... [58](#)

**Fiduciary Funds Financial Statements:**

[Statement of Fiduciary Net Position](#) ..... [60](#)  
[Statement of Changes in Fiduciary Net Position](#) ..... [61](#)

**Component Units Financial Statements:**

[Combining Statement of Net Position](#) ..... [62](#)  
[Combining Statement of Activities](#) ..... [64](#)

**Universities - Affiliated Component Units Financial Statements:**

[Combining Statement of Financial Position](#) ..... [66](#)  
[Combining Statement of Activities](#) ..... [67](#)

[Notes to the Financial Statements](#) ..... [68](#)

**REQUIRED SUPPLEMENTARY INFORMATION**

[Budgetary Comparison Schedule, Expenditures - General Fund](#) ..... [149](#)  
[Budgetary Comparison Schedule, Expenditures - Transportation and Aviation Planning, Highway Maintenance and Safety Fund](#) ..... [162](#)  
[Notes to Required Supplementary Information - Budgetary Comparison Schedules](#) ..... [163](#)  
[Infrastructure Assets](#) ..... [165](#)  
[Schedule of the State's Proportionate Share of the Net Pension Liability - Arizona State Retirement System](#) ..... [169](#)  
[Schedule of the State's Proportionate Share of the Net Pension Liability - Elected Officials' Retirement Plan](#) ..... [170](#)

STATE OF ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

**TABLE OF CONTENTS (CONTINUED)**

**FINANCIAL SECTION - CONTINUED**

Page

|  |                            |
|--|----------------------------|
| <a href="#"><u>Schedule of the State's Proportionate Share of the Net Pension Liability, as a Nonemployer Contributing Entity - Elected Officials' Retirement Plan</u></a> ..... | <a href="#"><u>170</u></a> |
| <a href="#"><u>Schedule of Changes in the State's Net Pension Liability and Related Ratios - PSPRS Department of Public Safety</u></a> .....                                     | <a href="#"><u>171</u></a> |
| <a href="#"><u>Schedule of Changes in the State's Net Pension Liability and Related Ratios - CORP Department of Corrections</u></a> .....  | <a href="#"><u>172</u></a> |
| <a href="#"><u>Schedule of State Pension Contributions - Arizona State Retirement System</u></a> .....   | <a href="#"><u>173</u></a> |
| <a href="#"><u>Schedule of State Pension Contributions - Elected Officials' Retirement Plan</u></a> .....  | <a href="#"><u>174</u></a> |
| <a href="#"><u>Schedule of State Pension Contributions, as a Nonemployer Contributing Entity - Elected Officials' Retirement Plan</u></a> .....                                  | <a href="#"><u>174</u></a> |
| <a href="#"><u>Schedule of State Pension Contributions - PSPRS Department of Public Safety</u></a> .....   | <a href="#"><u>175</u></a> |
| <a href="#"><u>Schedule of State Pension Contributions - CORP Department of Corrections</u></a> .....  | <a href="#"><u>175</u></a> |
| <a href="#"><u>Notes to Required Supplementary Information - Pension Plan Schedules</u></a> .....  | <a href="#"><u>176</u></a> |
| <a href="#"><u>Schedule of Changes in the State's Total OPEB Liability and Related Ratios - Arizona Department of Administration</u></a> .....                                   | <a href="#"><u>177</u></a> |

**COMBINING FINANCIAL STATEMENTS AND SCHEDULES**

**Non-major Governmental Funds:**

|   |                            |
|---|----------------------------|
| <a href="#"><u>Combining Balance Sheet</u></a> .....  | <a href="#"><u>182</u></a> |
| <a href="#"><u>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</u></a> ..... | <a href="#"><u>183</u></a> |

*Non-major Special Revenue Funds:*

|   |                            |
|---|----------------------------|
| <a href="#"><u>Combining Balance Sheet</u></a> .....  | <a href="#"><u>186</u></a> |
| <a href="#"><u>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</u></a> ..... | <a href="#"><u>188</u></a> |
| <a href="#"><u>Budgetary Comparison Schedule, Expenditures</u></a> .....                                | <a href="#"><u>190</u></a> |

*Land Endowments Fund:*

|  |                            |
|--|----------------------------|
| <a href="#"><u>Budgetary Comparison Schedule, Expenditures</u></a> ..... | <a href="#"><u>198</u></a> |
|--|----------------------------|

*Non-major Debt Service Funds:*

|   |                            |
|---|----------------------------|
| <a href="#"><u>Combining Balance Sheet</u></a> .....  | <a href="#"><u>200</u></a> |
| <a href="#"><u>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</u></a> ..... | <a href="#"><u>201</u></a> |

*Non-major Capital Projects Fund:*

|   |                            |
|---|----------------------------|
| <a href="#"><u>Combining Balance Sheet</u></a> .....  | <a href="#"><u>204</u></a> |
| <a href="#"><u>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</u></a> ..... | <a href="#"><u>205</u></a> |

**Non-major Proprietary Funds:**

*Non-major Enterprise Funds:*

|   |                            |
|---|----------------------------|
| <a href="#"><u>Combining Statement of Net Position</u></a> .....  | <a href="#"><u>208</u></a> |
| <a href="#"><u>Combining Statement of Revenues, Expenses and Changes in Fund Net Position</u></a> ..... | <a href="#"><u>212</u></a> |
| <a href="#"><u>Combining Statement of Cash Flows</u></a> .....  | <a href="#"><u>214</u></a> |

*Internal Service Funds:*

|   |                            |
|---|----------------------------|
| <a href="#"><u>Combining Statement of Net Position</u></a> .....  | <a href="#"><u>220</u></a> |
| <a href="#"><u>Combining Statement of Revenues, Expenses and Changes in Fund Net Position</u></a> ..... | <a href="#"><u>222</u></a> |
| <a href="#"><u>Combining Statement of Cash Flows</u></a> .....  | <a href="#"><u>224</u></a> |

**Fiduciary Funds:**

*Pension and Other Employee Benefit Trust Funds:*

|   |                            |
|---|----------------------------|
| <a href="#"><u>Combining Statement of Fiduciary Net Position</u></a> .....            | <a href="#"><u>230</u></a> |
| <a href="#"><u>Combining Statement of Changes in Fiduciary Net Position</u></a> ..... | <a href="#"><u>232</u></a> |

STATE OF ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

**TABLE OF CONTENTS (CONTINUED)**

**FINANCIAL SECTION - CONCLUDED**

|   |                            |
|---|----------------------------|
| <i>Investment Trust Funds:</i>  | Page                       |
| <a href="#"><u>Combining Statement of Fiduciary Net Position</u></a> .....            | <a href="#"><u>236</u></a> |
| <a href="#"><u>Combining Statement of Changes in Fiduciary Net Position</u></a> ..... | <a href="#"><u>238</u></a> |
| <br><i>Agency Funds:</i>  |                            |
| <a href="#"><u>Combining Statement of Assets and Liabilities</u></a> .....            | <a href="#"><u>243</u></a> |
| <a href="#"><u>Combining Statement of Changes in Assets and Liabilities</u></a> ..... | <a href="#"><u>244</u></a> |
| <br><b>Non-major Component Units:</b>   |                            |
| <a href="#"><u>Combining Statement of Net Position</u></a> .....                      | <a href="#"><u>248</u></a> |
| <a href="#"><u>Combining Statement of Activities</u></a> .....                        | <a href="#"><u>252</u></a> |
| <br><b>Non-major Universities - Affiliated Component Units:</b>                       |                            |
| <a href="#"><u>Combining Statement of Financial Position</u></a> .....                | <a href="#"><u>256</u></a> |
| <a href="#"><u>Combining Statement of Activities</u></a> .....                        | <a href="#"><u>258</u></a> |

**STATISTICAL SECTION**

(Not Covered by the Independent Auditors' Report)

|   |                            |
|---|----------------------------|
| <b>Financial Trends:</b>  |                            |
| <a href="#"><u>Schedule 1 - Net Position by Component for the Last Ten Fiscal Years</u></a> .....   | <a href="#"><u>264</u></a> |
| <a href="#"><u>Schedule 2 - Changes in Net Position for the Last Ten Fiscal Years</u></a> .....   | <a href="#"><u>266</u></a> |
| <a href="#"><u>Schedule 3 - Fund Balances, Governmental Funds for the Last Ten Fiscal Years</u></a> .....   | <a href="#"><u>270</u></a> |
| <a href="#"><u>Schedule 4 - Changes in Fund Balances, Governmental Funds for the Last Ten Fiscal Years</u></a> .....  | <a href="#"><u>272</u></a> |
| <br><b>Revenue Capacity:</b>  |                            |
| <a href="#"><u>Schedule 5 - Net Taxable Sales by Classification for the Last Ten Fiscal Years</u></a> .....   | <a href="#"><u>276</u></a> |
| <a href="#"><u>Schedule 6 - Sales Tax Revenue Payers by Classification, Current Year and Nine Years Ago</u></a> .....   | <a href="#"><u>279</u></a> |
| <a href="#"><u>Schedule 7 - Personal Income by Industry for the Last Ten Calendar Years</u></a> .....   | <a href="#"><u>280</u></a> |
| <a href="#"><u>Schedule 8 - Personal Income Tax Rates for the Last Ten Calendar Years</u></a> .....   | <a href="#"><u>282</u></a> |
| <a href="#"><u>Schedule 9 - Personal Income Tax Filers and Liability by Income Level for the Taxable Years 2016 and 2009</u></a> .....                                  | <a href="#"><u>282</u></a> |
| <br><b>Debt Capacity:</b>   |                            |
| <a href="#"><u>Schedule 10 - Ratios of Outstanding Debt by Type for the Last Ten Fiscal Years</u></a> .....   | <a href="#"><u>284</u></a> |
| <a href="#"><u>Schedule 11 - Legal Debt Margin Information, Arizona State University, for the Last Ten Fiscal Years</u></a> .....                                       | <a href="#"><u>286</u></a> |
| <a href="#"><u>Schedule 12 - Legal Debt Margin Information, University of Arizona, for the Last Ten Fiscal Years</u></a> .....  | <a href="#"><u>286</u></a> |
| <a href="#"><u>Schedule 13 - Legal Debt Margin Information, Northern Arizona University, for the Last Ten Fiscal Years</u></a> .....                                    | <a href="#"><u>287</u></a> |
| <a href="#"><u>Schedule 14 - Pledged-Revenue Coverage, Arizona Transportation Board Highway Revenue Bonds for the Last Ten Fiscal Years</u></a> .....                   | <a href="#"><u>287</u></a> |
| <a href="#"><u>Schedule 15 - Pledged-Revenue Coverage, Arizona Transportation Board Transportation Excise Tax Revenue Bonds for the Last Ten Fiscal Years</u></a> ..... | <a href="#"><u>288</u></a> |
| <a href="#"><u>Schedule 16 - Pledged-Revenue Coverage, School Facilities Board State School Improvement Revenue Bonds for the Last Ten Fiscal Years</u></a> .....       | <a href="#"><u>288</u></a> |
| <a href="#"><u>Schedule 17 - Pledged-Revenue Coverage, School Facilities Board State School Trust Revenue Bonds for the Last Ten Fiscal Years</u></a> .....             | <a href="#"><u>289</u></a> |
| <a href="#"><u>Schedule 18 - Pledged-Revenue Coverage, Lottery Revenue Bonds for the Last Nine Fiscal Years</u></a> .....   | <a href="#"><u>289</u></a> |
| <a href="#"><u>Schedule 19 - Pledged-Revenue Coverage, Arizona State University Revenue Bonds for the Last Ten Fiscal Years</u></a> .....                               | <a href="#"><u>290</u></a> |
| <a href="#"><u>Schedule 20 - Pledged-Revenue Coverage, University of Arizona Revenue Bonds for the Last Ten Fiscal Years</u></a> .....                                  | <a href="#"><u>290</u></a> |
| <a href="#"><u>Schedule 21 - Pledged-Revenue Coverage, Northern Arizona University Revenue Bonds for the Last Ten Fiscal Years</u></a> .....                            | <a href="#"><u>291</u></a> |

STATE OF ARIZONA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**TABLE OF CONTENTS (CONCLUDED)**

STATISTICAL SECTION - CONCLUDED

|   |                     |
|---|---------------------|
| <b>Demographic and Economic Information:</b>  | Page                |
| <a href="#">Schedule 22 - Demographic and Economic Statistics for the Last Ten Calendar Years</a> ..... | <a href="#">291</a> |
| <a href="#">Schedule 23 - Principal Employers, Current Year and Nine Years Ago</a> .....                | <a href="#">293</a> |
| <b>Operating Information:</b>   |                     |
| <a href="#">Schedule 24 - State Employees by Function for the Last Ten Fiscal Years</a> .....           | <a href="#">294</a> |
| <a href="#">Schedule 25 - Operating Indicators by Function for the Last Ten Fiscal Years</a> .....      | <a href="#">296</a> |
| <a href="#">Schedule 26 - Capital Asset Statistics by Function for the Last Ten Fiscal Years</a> .....  | <a href="#">298</a> |

# INTRODUCTORY SECTION

## **INTRODUCTORY SECTION**





**Douglas A. Ducey**  
Governor

**Andy Tobin**  
Director

## **ARIZONA DEPARTMENT OF ADMINISTRATION**

OFFICE OF THE DIRECTOR  
100 NORTH FIFTEENTH AVENUE • SUITE 403  
PHOENIX, ARIZONA 85007  
(602) 542-1500

March 30, 2020

The Honorable Douglas A. Ducey,  
Governor of the State of Arizona;  
Members of the Legislature;  
Robert M. Brutinel, Chief Justice of the Supreme Court;  
and Citizens and Taxpayers of the State of Arizona

Ladies and Gentlemen:

It is our pleasure to transmit to you the Comprehensive Annual Financial Report (CAFR) of the State of Arizona for the fiscal year ended June 30, 2019. Responsibility for the accuracy of data, as well as the completeness and fairness of presentation, including all disclosures, rests with the State's management. The data presented in this report, to the best of our knowledge and belief, is accurate in all material respects and is reported in a manner which fairly presents the financial position and results of operations of the State. All disclosures needed for the reader to gain a reasonable understanding of the State's financial activities have been included.

U.S. generally accepted accounting principles (GAAP) require that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the Independent Auditors' Report.

### **INTERNAL CONTROLS**

The State is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with U.S. GAAP. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. In the opinion of management, the State's internal controls are adequate to provide reasonable assurance that these objectives are met.

### **INDEPENDENT AUDIT**

An annual financial audit of the financial reporting entity of the State is completed each year by the State of Arizona, Office of the Auditor General in conjunction with other audit firms. Their audit was conducted in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Their report on the basic financial statements has been included in the financial section of this report. In addition, A.R.S. § 41-1279.03 requires at least a biennial single audit by the Office of the Auditor General. The Single Audit will be issued as a separate report.

## **FINANCIAL REPORTING ENTITY OF THE STATE**

The accompanying CAFR includes all funds of the State (primary government), as well as its component units. Blended component units, although legally separate entities, are in substance part of a government's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units are shown separately to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. Discretely presented component units prepared in accordance with the Governmental Accounting Standards Board (GASB) are reported in a separate column in the government-wide financial statements. Discretely presented component units prepared in accordance with the Financial Accounting Standards Board are presented as separate financial statements immediately following the government-wide financial statements to emphasize that they are prepared in accordance with accounting standards other than those promulgated by the GASB.

The criteria for inclusion in the financial reporting entity and presentation are defined by the Codification of Governmental Accounting and Financial Reporting Standards, issued by the GASB, (Section 2100). Note 1 of the Notes to the Financial Statements explains which component units are included in the financial reporting entity of the State.

## **ARIZONA**

The State of Arizona was admitted to the Union as the 48<sup>th</sup> state in 1912. Arizona is the sixth largest state by area, with 113,909 square miles. Arizona is known for the Grand Canyon, one of the Seven Wonders of the World, and its cacti and other desert landscape. A number of national forests, four national parks, eighteen national monuments, and over 20 million acres of Native American reservations and tribal communities are located in Arizona.

## **PROFILE OF THE GOVERNMENT**

The State has three branches of government: Executive, Legislative, and Judicial. The Executive branch is headed by a Governor elected for a four-year term. Arizona's Legislative branch is bicameral, consisting of a thirty-member Senate and a sixty-member House of Representatives. Legislators are elected for two-year terms. The Judicial branch consists of the Arizona Supreme Court, Court of Appeals (with two divisions), Superior Court, justice of the peace courts, and municipal courts. The Superior Court, justice of the peace courts, and municipal courts are excluded from the financial reporting entity of the State as these entities do not meet GASB criteria for inclusion. The Supreme Court is the highest court in the State and is comprised of seven justices. Article 6, Section 5 of the Arizona State Constitution describes the types of cases and matters handled by the Supreme Court.

The services provided by the State are administered through various agencies, departments, boards, commissions, councils, administrations, offices, and institutions of higher learning. These services include: (1) General Government, (2) Health and Welfare, (3) Inspection and Regulation, (4) Education, (5) Protection and Safety, (6) Transportation, and (7) Natural Resources.

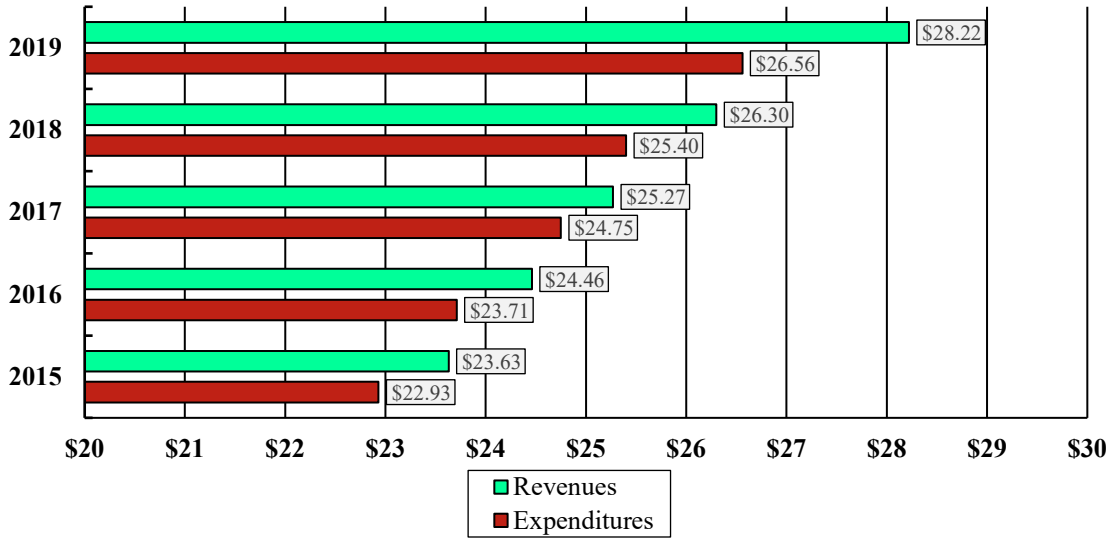
## **BUDGETARY CONTROLS**

Budgetary control is maintained through Legislative appropriation and the Executive branch allotment process. The Governor is required to submit an annual budget to the Legislature. The budget is legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. The appropriated funds are controlled by the Executive branch through an allotment process. This process generally allocates the appropriation into quarterly allotments by legal appropriation level. The State also maintains an encumbrance accounting system to further enhance budgetary control. Encumbered amounts generally lapse as of the end of the fiscal year, with the exception of capital outlay and other continuing appropriations that continue from year to year. The State's budgetary policies are explained in detail in the Required Supplementary Information.

**GENERAL FUND BALANCE**

Graph 1 summarizes the General Fund revenues and expenditures for the last five fiscal years. This graph does not include transfer amounts relating to other fund types and other financing sources (uses), which affect the ending fund balance.

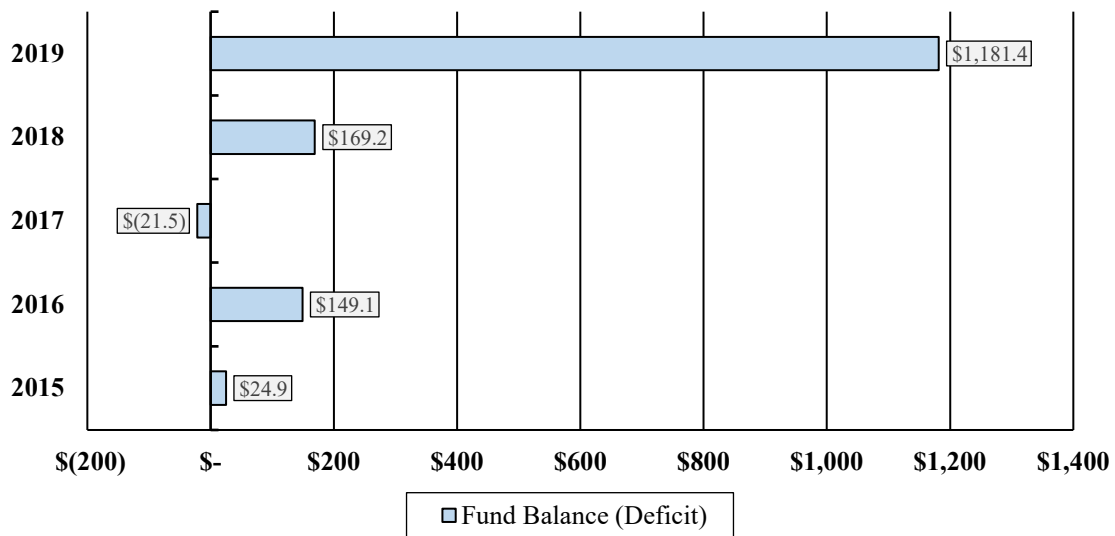
**Graph 1**  
**General Fund Revenues and Expenditures for the last 5 fiscal years**  
*(Dollars in billions)*



The General Fund ended the June 30, 2019 fiscal year with a total fund balance of \$1.2 billion. This compares to the previous year's total fund balance of \$169.2 million.

Graph 2 summarizes the General Fund Balance (Deficit) for the last five fiscal years:

**Graph 2**  
**General Fund Balance (Deficit) for the last 5 fiscal years**  
*(Dollars in millions)*



## **ECONOMIC CONDITION AND OUTLOOK**

As a result of the COVID-19 outbreak, economic uncertainties have arisen. However, the related financial impact and duration cannot be reasonably estimated at this time.

## **MAJOR INITIATIVES**

The Major Initiatives for the year ended June 30, 2019, were as follows:

- The fiscal year 2019 budget guaranteed a 20% teacher salary increase by school year 2020 (fiscal year 2021) with \$272 million for this initiative for a total of \$644 million by fiscal year 2021. Additionally, the budget restored per-pupil funding to the long suspended additional assistance formula that supports soft capital items like textbooks and technology, along with personnel. The budget contemplated full restoration of additional assistance totaling \$371 million by fiscal year 2021.
- The School Facilities Board received \$120 million to fund initiatives. Of the \$120 million, \$86 million was directed to construct five new schools or school expansions in Chandler (three schools), Queen Creek, and Tolleson school districts. The other \$34 million was dedicated to school building renewal grants to help maintain school facilities.
- The three public universities received \$27 million in funding to service up to \$1 billion in bonds for the university investments in research and development infrastructure and deferred maintenance projects. This capital investment aided: the University of Arizona's \$18 million renovation of the School of Animal and Comparative Biomedical Sciences Building; a portion of Arizona State University's \$90 million Hayden Library renovation; and Northern Arizona University's \$17 million Science Annex Renovation and \$139 million multi-discipline science, technology, engineering, and math building.
- The budget increased funding for medical and developmentally disabled providers by a total of \$27 million, expanding access and improving quality care for our most vulnerable citizens.
- Preventative road surface maintenance spending increased by \$25.6 million for a total of \$41 million, which represents the highest recorded amount spent in State history.
- The National Guard Readiness Center located in Tucson received \$24 million (\$6 million from General Fund and \$18 million from the Federal Government) that that will improve overall operations, readiness, and training techniques.
- The State-only developmentally disabled program received \$10.7 million, which fixed a recession-era shortfall and guaranteed funding for free developmental evaluations of children, case management, and room and board.
- To address the high-priority needs and costs associated with Arizona resident students, the budget allocated \$8 million in one-time General Fund resources to provide more budget flexibility to the universities.
- Two state parks, Oracle State Park near Tucson and Buckskin Mountain State Park near Parker, received combined funding totaling \$6.5 million to renovate and expand access.
- The Department of Child Safety received \$5 million for the third year of the five-year process of replacing the obsolete Children's Information Library and Data Source system. The replacement will help the Department complete critical functions for the welfare of Arizona children.
- To ensure the safety of Arizona's children across school campuses, \$3 million was provided in targeted funding to increase behavioral and mental health resources for schools across the state.
- With a \$3.6 million investment, the budget expanded the "Second Chance" initiative at the Department of Corrections which is aimed at reducing recidivism of released inmates. Efforts to lower substance abuse for 1,560 inmates were funded with \$1.7 million. Education services were provided to an additional 486 inmates for \$1.4 million. Lastly, \$500,000 was devoted to employment services and training at Lewis and Perryville complexes for 975 inmates.
- To honor Arizona's retired military service personnel, the military retiree pension exemption was increased from \$2,500 to \$3,500 for an annual ongoing cost of \$2 million.
- Arizona Schools for the Deaf and the Blind were allocated \$1.6 million to hire 21 new-early childhood teachers. This will double the number of monthly visits from two to four visits for hearing and vision-impaired infants and toddlers.
- The Department of Public Safety received \$1.4 million to increase patrol coverage and response times at night, which will reduce fatalities and save lives. Additionally, \$2.9 million was dedicated to enhance the Southern Arizona Border Strike Force to secure the Arizona border.

- To increase Arizona's food bank capacity to accept, distribute, store, and serve more farm-fresh produce, \$1 million was invested in the food bank network's capital equipment, materials, and supplies. The State's investment will decrease food waste, increase access to healthy foods for low-income families, and improve health outcomes.
- The Department of Public Safety received \$800,000 to establish the Arizona Pharmaceutical Diversion and Drug Theft Task Force that will coordinate with two Arizona agencies, the Department of Health Services and the Board of Pharmacy, to participate in opioid enforcement with the aims of reducing drug abuse and trafficking.
- In recognition of the threatening nature of wildfires in Arizona, \$650,000 was dedicated for additional fire prevention funding.

#### AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Arizona for its CAFR for the fiscal year ended June 30, 2018. This was the fifteenth consecutive year that the State has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

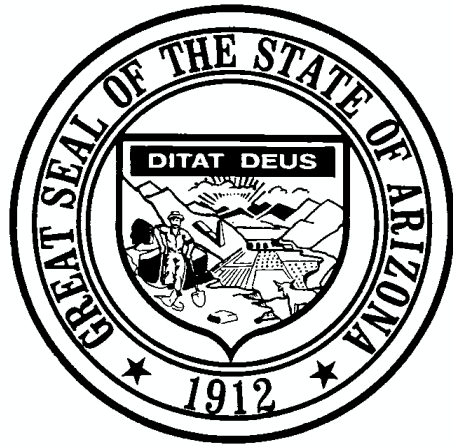
We wish to express our sincere appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each State agency, board, commission, council, administration, office, institution of higher education, and all other organizations within the reporting entity.



Andy Tobin  
Director



Ray Di Ciccio  
Interim State Comptroller





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Reporting**

Presented to

**State of Arizona**

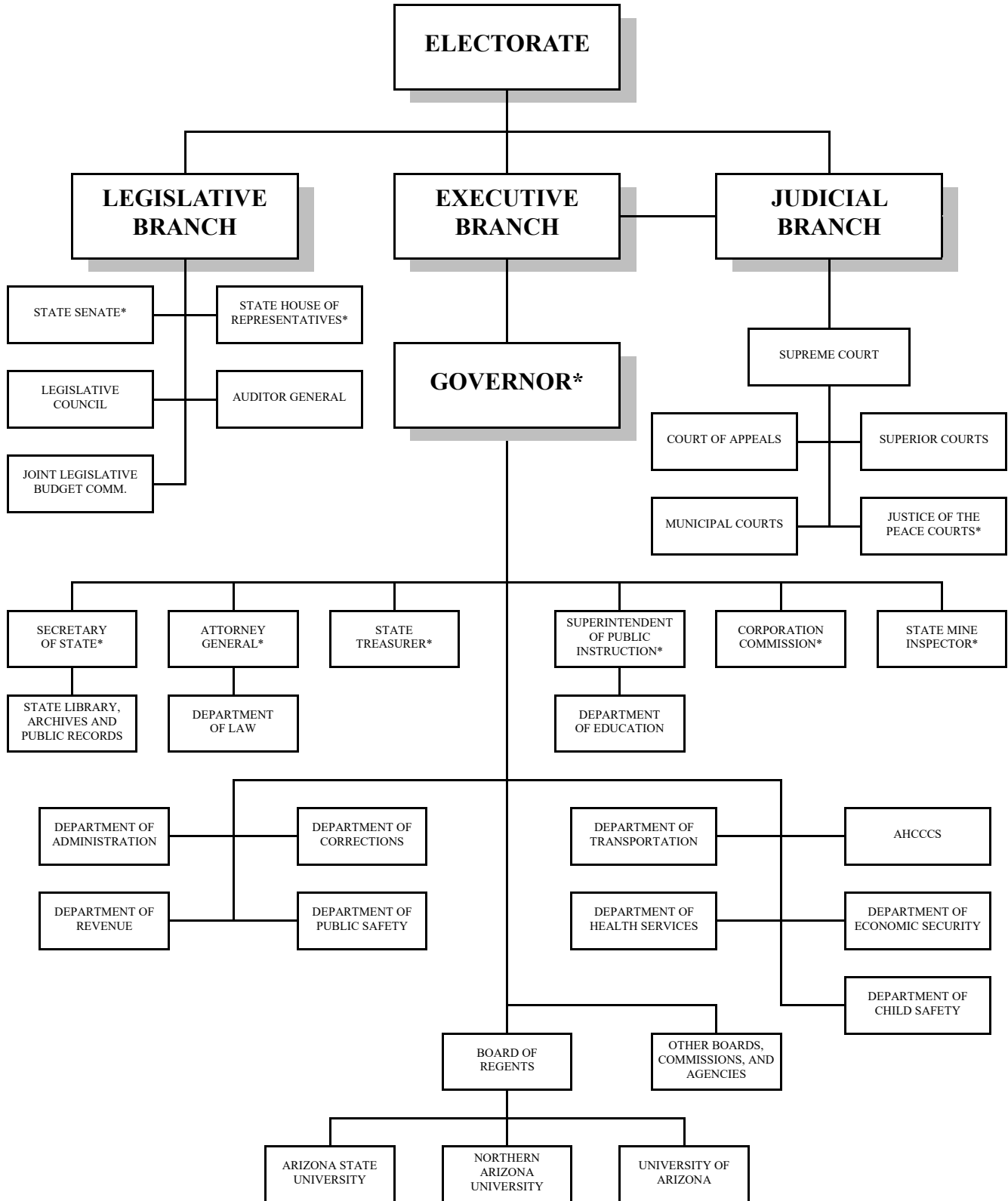
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# ARIZONA STATE GOVERNMENT ORGANIZATION



\*ELECTED OFFICIALS



STATE OF ARIZONA  
**PRINCIPAL STATE OFFICIALS**  
 JUNE 30, 2019

**ELECTED OFFICIALS**

|   |   |
|---|---|
| Douglas A. Ducey, Governor                          | Kathy Hoffman, Superintendent of Public Instruction         |
| Senator Karen Fann, President of the Senate         | Bob Burns, Chairman - Corporation Commission                |
| Representative Russell Bowers, Speaker of the House | Boyd Dunn, Commissioner - Corporation Commission            |
| Katie Hobbs, Secretary of State                     | Sandra Kennedy, Commissioner - Corporation Commission       |
| Mark Brnovich, Attorney General                     | Justin Olson, Commissioner - Corporation Commission         |
| Joe Hart, State Mine Inspector                      | Lea Márquez Peterson, Commissioner - Corporation Commission |
| Kimberly Yee, State Treasurer                       |   |

**APPOINTED OFFICIALS**

**Executive Officials**

Andy Tobin, Director - Department of Administration

Charles L. Ryan, Director - Department of Corrections - through September, 2019

David Shinn, Director - Department of Corrections - current

Michael Traylor, Director - Department of Economic Security – through October, 2019

Dr. Cara M. Christ, Interim Director - Department of Economic Security

Gregory A. McKay, Director - Department of Child Safety - through September, 2019

Mike Faust, Director - Department of Child Safety - current

Carlton Woodruff, Interim Director - Department of Revenue

Frank Milstead, Director - Department of Public Safety

Dr. Cara M. Christ, Director - Department of Health Services

Jami Snyder, Director – Arizona Health Care Cost Containment System

John S. Halikowski, Director - Department of Transportation

**Judicial Officials**

Scott Bales, Chief Justice - Supreme Court - through July, 2019

Robert M. Brutinel, Chief Justice - Supreme Court - current

**Legislative Officials**

Michael E. Braun, Executive Director - Legislative Council

Richard Stavneak, Director - Joint Legislative Budget Committee

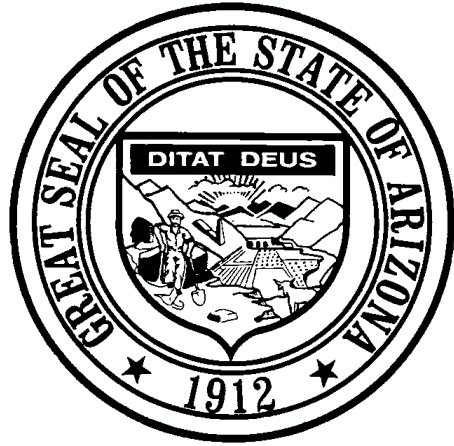
Lindsey Perry, CPA, CFE, Auditor General - Office of the Auditor General

**University Officials**

Dr. Michael M. Crow, President - Arizona State University

Dr. Rita Cheng, President - Northern Arizona University

Dr. Robert C. Robbins, President - University of Arizona



# FINANCIAL SECTION



**INDEPENDENT  
AUDITORS' REPORT**

**INDEPENDENT AUDITORS' REPORT**



**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**ARIZONA AUDITOR GENERAL**  
**LINDSEY A. PERRY**

**JOSEPH D. MOORE**  
DEPUTY AUDITOR GENERAL

## Independent auditors' report

The Honorable Doug Ducey, Governor  
State of Arizona

The Honorable Karen Fann, President  
Arizona State Senate

The Honorable Russell "Rusty" Bowers, Speaker  
Arizona House of Representatives

The Honorable Robert M. Brutinel, Chief Justice  
Arizona Supreme Court

### **Report on the financial statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Arizona as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

#### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, the State's retirement systems and plans, and certain discretely presented component units, which account for the following percentages of the assets and deferred outflows of resources and revenues, additions, and other financing sources, as applicable, of the opinion units affected:

| Opinion units affected  | Assets and deferred outflows of resources | Revenues, additions, and other financing sources |
|---|---|--|
| <b>Government-wide statements</b>   |   |  |
| <b>Governmental activities</b>  |   |  |
| Arizona Department of Transportation  | 60.81%                                    | 11.53%   |
| Arizona Health Care Cost Containment System   | 4.50%                                     | 34.55%   |
| Early Childhood Development and Health Board  | 0.90%                                     | 0.37%  |
| <b>Business-type activities</b>   |   |  |
| Arizona Correctional Industries   | 0.26%                                     | 0.69%  |
| Arizona Department of Transportation  | 0.01%                                     | 0.01%  |
| Arizona State Lottery   | 1.17%                                     | 15.34%   |
| <b>Aggregate discretely presented component units</b>                                       | <b>97.54%</b>                             | <b>93.27%</b>                                    |
| <b>Fund statements</b>  |   |  |
| <b>Major fund—General Fund</b>  |   |  |
| Arizona Health Care Cost Containment System   | 31.18%                                    | 39.67%   |
| <b>Major fund—Transportation and Aviation Planning, Highway Maintenance and Safety Fund</b> |   |  |
| Arizona Department of Transportation  | 100.00%                                   | 100.00%  |
| <b>Aggregate remaining fund information</b>   |   |  |
| Arizona Correctional Industries   | 0.05%                                     | 0.36%  |
| Arizona Department of Transportation  | 0.24%                                     | 5.37%  |
| Arizona Health Care Cost Containment System   | 0.25%                                     | 4.28%  |
| Arizona State Lottery   | 0.22%                                     | 7.94%  |
| Arizona State Retirement System   | 67.82%                                    | 36.85%   |
| Corrections Officer Retirement Plan   | 3.61%                                     | 2.47%  |
| Early Childhood Development and Health Board  | 0.60%                                     | 0.95%  |
| Elected Officials' Retirement Plan  | 0.53%                                     | 0.57%  |
| Public Safety Personnel Retirement System   | 13.82%                                    | 10.37%   |

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those departments, retirement systems and plans, and discretely presented component units, are based solely on the other auditors' reports. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Of the aggregate discretely presented component units, the other auditors did not audit in accordance with *Government Auditing Standards*, the financial statements of the Arizona Power Authority and the Universities-Affiliated Component Units, except for those of the Arizona State University Preparatory Academy, Inc.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the State's preparation and fair presentation of the financial statements 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 State'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 financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Arizona as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of matter***

As discussed in Note 8 to the financial statements, the State restated beginning net position and fund balance for the year ended June 30, 2019, to correct misstatements in its previously issued financial statements. Our opinion is not modified with respect to this matter.

### ***Other matters***

#### *Required supplementary information*

U.S. generally accepted accounting principles require that the following be presented to supplement the basic financial statements:

| <b>Required supplementary information</b>  | <b>Pages</b> |
|--|--------------|
| Management's discussion and analysis   | 21 - 33      |
| Budgetary comparison schedules   | 149 - 164    |
| Infrastructure assets  | 165 - 168    |
| Schedules of the State's proportionate share of the net pension liability—<br>cost-sharing pension plans | 169 - 170    |
| Schedules of changes in the State's net pension liability and related<br>ratios—agent pension plans      | 171 - 172    |
| Schedules of State pension contributions   | 173 - 175    |
| Notes to required supplementary information—pension plan schedules                                       | 176          |
| Schedule of changes in the State's total OPEB liability and related ratios                               | 177          |

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and other information*

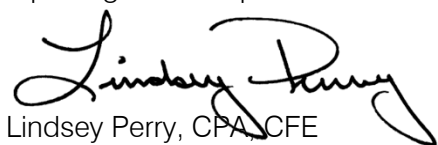
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



Lindsey Perry, CPA, CFE  
Auditor General

March 30, 2020

MANAGEMENT'S  
DISCUSSION  
AND  
ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the State of Arizona's (the State's) financial performance, providing an overview of the activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section. The completeness and fairness of the following information is the responsibility of the State's officials and management.

### FINANCIAL HIGHLIGHTS

#### Government-wide:

- The assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$30.3 billion (reported as net position). Of this amount, a deficit of \$3.8 billion exists for unrestricted net position, \$9.9 billion is restricted for specific purposes (restricted net position), and \$24.2 billion is net investment in capital assets.
- After adjustments, the State's total net position increased in fiscal year 2019 by \$3.1 billion. Net position of governmental activities increased by \$2.7 billion, while net position of the business-type activities increased by \$366.8 million.

#### Fund Level:

- As of the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$10.1 billion, an increase of \$1.5 billion from the beginning of the year. After accounting for non-spendable, restricted, and committed fund balances of \$6.1 billion, \$2.0 billion, and \$1.4 billion, respectively, the State's unassigned fund balance had a surplus of \$685.6 million, or 6.8% of combined fund balances.
- The Land Endowments Fund reported fund balance at fiscal year-end of \$6.1 billion, an increase of \$142.0 million during the year. In addition, beginning fund balance was restated (increased) by \$85.6 million due to an understatement of investment earnings in the prior fiscal year. The Land Endowments Fund is used to help finance public education within the State as required by the federal government and the State's Constitution.
- The enterprise funds reported net position at fiscal year-end of \$4.0 billion, an increase of \$374.9 million during the year.

#### Long-term Debt:

- The State's total long-term primary government debt decreased during the fiscal year to \$8.8 billion, a decrease of \$35.9 million or (0.4%). Changes during the year included the addition of revenue bonds of \$543.2 million. Also, the State retired \$361.2 million of revenue bonds and \$242.9 million of COPs. Included within the change of long-term primary government debt are increases and decreases in net issuance premiums of \$88.0 million and \$79.1 million, respectively.

More detailed information regarding the government-wide financial statements, fund level financial statements, and long-term debt activity can be found beginning on **page 37**.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Required Supplementary Information and other supplementary information are included in addition to the basic financial statements.

### Government-wide Statements (Reporting the State as a Whole)

The government-wide financial statements provide a broad overview of the State of Arizona's finances in a manner similar to private sector business. The financial statements report information about the State, as a whole, and about its activities that should help answer this question: Is the State, as a whole, better or worse off as a result of this year's activities? These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid. The government-wide financial statements include the following:

**The Statement of Net Position (pages 37-39)** presents the State's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The total of assets and deferred outflows of resources, minus the total of liabilities and deferred inflows of resources, is reported as net position. Over time, increases and decreases in net position measure whether the State's financial position is improving or deteriorating.

**The Statement of Financial Position (page 41)** presents the State's Universities-affiliated component units' assets and liabilities, with the difference between the two reported as net assets.

**The Statements of Activities (pages 42-43)** present information showing how the State's net position/net assets changed during the most recent fiscal year. All changes in net position/net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Government-wide statements report three activities:

- *Governmental Activities* - Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The Legislature, the Judiciary, and the general operations of the Executive departments fall within the governmental activities.
- *Business-type Activities* - The State charges fees to customers to help it cover all or most of the cost of certain services it provides. The State's three universities are examples of business-type activities.
- *Discretely Presented Component Units* - Component units are legally separate entities for which the State is considered to be financially accountable, or organizations that raise and hold economic resources for the direct benefit of the State. The Arizona Finance Authority, the Arizona Power Authority, the Rio Nuevo Multipurpose Facilities District, the Arizona Commerce Authority, and the Arizona Public School Credit Enhancement are discretely presented component units reported by the State. The State has included component units affiliated with the Universities whose financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP), as adopted by the Financial Accounting Standards Board. These organizations include the Arizona State University Enterprise Partners, the University of Arizona Foundation, the Arizona Capital Facilities Finance Corporation, and other non-major component units affiliated with the Universities. Financial statements for these organizations are presented immediately following the government-wide statements to emphasize that they are prepared in accordance with accounting standards other than those promulgated by the Governmental Accounting Standards Board (GASB), and include a statement of financial position (**page 41**) and a statement of activities (**page 44**). See **pages 69-72 and 134-145** for more information on discretely presented component units.

## **Fund Financial Statements (Reporting the State's Major Funds)**

The fund financial statements begin on **page 46** and provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, **page 182** begins the individual fund data for the non-major funds. The State's funds are divided into three categories - governmental, proprietary, and fiduciary - each category uses different accounting approaches.

- *Governmental funds* - Most of the State's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. This report includes two schedules (**pages 48 and 52-53**) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) reported on the appropriate government-wide statement.

**Governmental fund financial statements can be found on pages 46-47 and 50-51 of this report.**

- *Proprietary funds* - When the State charges customers for the services it provides, whether to outside customers or to other agencies within the State, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public - such as the State's Universities. Internal service funds report activities that provide supplies and services for the State's other programs and activities - such as the State's Risk Management Fund. Internal service fund operations primarily benefit governmental funds and are reported as governmental activities on the government-wide statements. The reconciliation between the government-wide financial statements for business-type activities and the proprietary fund financial statements is presented at the end of the proprietary fund financial statements on **pages 55-56**.

**Proprietary fund financial statements can be found on pages 54-59 of this report.**

- *Fiduciary funds* - The State acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on **page 60**. These funds are reported using accrual accounting and include pension and other employee benefit trust, investment trust, and agency funds. The government-wide statements exclude fiduciary fund activities and balances, because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

**Fiduciary fund financial statements can be found on pages 60 and 61 of this report.**

## **Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Notes to the financial statements begins on page 69 of this report.**

## **Required Supplementary Information**

Following the basic financial statements is additional Required Supplementary Information (RSI) that further explains and supports the information in the financial statements. The RSI includes budgetary expenditure comparison schedules for the General Fund and each major special revenue fund and a reconciliation of the schedules of statutory and U.S. GAAP expenditures for the fiscal year. The RSI also includes up to ten years of information on the State's pension and other postemployment benefits (OPEB) plans, including schedules on the State's proportionate share of the net pension liability, changes in the net pension liability and related ratios, changes in the total OPEB liability and related ratios, and State pension contributions. The RSI also includes schedules of condition and maintenance data regarding certain portions of the State's infrastructure.

**Required supplementary information begins on page 149 of this report.**

## **Other Supplementary Information**

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, all internal service funds, all fiduciary funds, non-major component units, and non-major universities - affiliated component units. These funds are added together, by fund type, and presented in single columns in the basic financial statements, but are not reported individually, as are major funds on the governmental funds and proprietary funds financial statements. Budgetary expenditure comparison schedules for the non-major special revenue funds and the Land Endowment Fund are also included.

**Other supplementary information begins on page 182 of this report.**



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and operations for the past year for the primary government are summarized, as follows, based on the information included in the government-wide financial statements.

### State of Arizona-Primary Government Net Position as of June 30, 2019 and 2018 (expressed in thousands)

|                                  | Governmental Activities |               | Business-type Activities |              | Primary Government Total |               |
|----------------------------------|-------------------------|---------------|--------------------------|--------------|--------------------------|---------------|
|                                  | 2019                    | 2018          | 2019                     | 2018         | 2019                     | 2018          |
| Current assets                   | \$ 7,756,523            | \$ 6,387,349  | \$ 2,685,971             | \$ 2,200,067 | \$ 10,442,494            | \$ 8,587,416  |
| Capital assets                   | 25,093,264              | 24,411,378    | 5,942,988                | 5,706,158    | 31,036,252               | 30,117,536    |
| Other non-current assets         | 7,638,174               | 7,220,397     | 2,867,499                | 3,011,258    | 10,505,673               | 10,231,655    |
| Total Assets                     | 40,487,961              | 38,019,124    | 11,496,458               | 10,917,483   | 51,984,419               | 48,936,607    |
| Deferred outflows of resources   | 769,419                 | 860,297       | 357,390                  | 310,578      | 1,126,809                | 1,170,875     |
| Current liabilities              | 5,172,165               | 5,018,151     | 1,111,713                | 969,732      | 6,283,878                | 5,987,883     |
| Non-current liabilities          | 9,098,147               | 9,940,243     | 6,222,552                | 6,159,180    | 15,320,699               | 16,099,423    |
| Total Liabilities                | 14,270,312              | 14,958,394    | 7,334,265                | 7,128,912    | 21,604,577               | 22,087,306    |
| Deferred inflows of resources    | 664,063                 | 404,702       | 505,585                  | 451,916      | 1,169,648                | 856,618       |
| Net position:                    |                         |               |                          |              |                          |               |
| Net investment in capital assets | 22,109,991              | 21,486,658    | 2,073,576                | 1,994,555    | 24,183,567               | 23,481,213    |
| Restricted                       | 8,136,654               | 7,552,460     | 1,809,076                | 1,669,917    | 9,945,730                | 9,222,377     |
| Unrestricted                     | (3,923,640)             | (5,522,793)   | 131,346                  | (17,239)     | (3,792,294)              | (5,540,032)   |
| Total Net Position               | \$ 26,323,005           | \$ 23,516,325 | \$ 4,013,998             | \$ 3,647,233 | \$ 30,337,003            | \$ 27,163,558 |

For the year ended June 30, 2019, the State's combined net position totaled \$30.3 billion reflecting an increase of \$3.1 billion during the current fiscal year.

The largest portion of the State's net position (79.7%) represents net investment in capital assets of \$24.2 billion. Additions to land, roads, and bridges provided the majority of the governmental activities increase in net investment in capital assets of \$623.3 million. The State uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the State's investment in its capital assets is reported net of accumulated depreciation and related debt, it should be noted that the resources needed to repay this debt are planned to be provided from other sources, since the capital assets themselves are not typically used to liquidate these liabilities.

The State's net position also included \$9.9 billion (32.8%) of resources that are subject to external restrictions on how they may be used. The governmental activities increase in restricted net position of \$584.2 million is largely a result of an increase of \$271.4 million in the amount restricted by the State's Constitution for basic education funded by the Land Endowments Fund and an increase of \$194.3 million in the amount restricted for health and welfare. The business-type activities increase in restricted net position of \$139.2 million is primarily due to an increase of \$213.7 million in the amount restricted for the Unemployment Compensation Fund offset by a decrease of \$80.4 million in the amount restricted for Other.

After accounting for the above net position restrictions, the State has a remaining deficit of \$3.8 billion (12.5%) reported as unrestricted net position.

**More detailed information regarding beginning net position restatements is on page 127.**

**State of Arizona-Primary Government**  
**Changes in Net Position for Fiscal Years June 30, 2019 and 2018**  
(expressed in thousands)

|  | Governmental Activities |                   | Business-type Activities |                  | Primary Government Total |                   |
|--|-------------------------|-------------------|--------------------------|------------------|--------------------------|-------------------|
|  | 2019                    | 2018              | 2019                     | 2018             | 2019                     | 2018              |
| Revenues:  |                         |                   |                          |                  |                          |                   |
| Program revenues:                                      |                         |                   |                          |                  |                          |                   |
| Charges for services                                   | \$ 1,447,525            | \$ 1,302,561      | \$ 4,536,148             | \$ 4,398,074     | \$ 5,983,673             | \$ 5,700,635      |
| Operating grants and contributions                     | 15,659,663              | 14,957,252        | 1,659,758                | 1,573,533        | 17,319,421               | 16,530,785        |
| Capital grants and contributions                       | 519,021                 | 718,794           | 27,255                   | 20,699           | 546,276                  | 739,493           |
| General revenues:                                      |                         |                   |                          |                  |                          |                   |
| Sales taxes  | 7,673,015               | 7,194,123         | 81,418                   | 75,642           | 7,754,433                | 7,269,765         |
| Income taxes   | 5,579,102               | 4,946,644         | —                        | —                | 5,579,102                | 4,946,644         |
| Tobacco taxes  | 287,875                 | 298,369           | —                        | —                | 287,875                  | 298,369           |
| Property taxes   | 42,208                  | 55,112            | —                        | —                | 42,208                   | 55,112            |
| Motor vehicle and fuel taxes                           | 2,202,693               | 1,950,380         | —                        | —                | 2,202,693                | 1,950,380         |
| Other taxes  | 701,912                 | 638,988           | —                        | —                | 701,912                  | 638,988           |
| Unrestricted investment earnings                       | 165,228                 | 42,463            | 136,913                  | 50,825           | 302,141                  | 93,288            |
| Unrestricted grants and contributions                  | 29,964                  | 35,324            | —                        | —                | 29,964                   | 35,324            |
| Gain on sale of trust land                             | 201,327                 | 161,953           | —                        | —                | 201,327                  | 161,953           |
| Miscellaneous revenue                                  | 245,486                 | 178,298           | 77,764                   | 79,617           | 323,250                  | 257,915           |
| <b>Total Revenues</b>                                  | <b>34,755,019</b>       | <b>32,480,261</b> | <b>6,519,256</b>         | <b>6,198,390</b> | <b>41,274,275</b>        | <b>38,678,651</b> |
| Expenses:  |                         |                   |                          |                  |                          |                   |
| General government                                     | 793,504                 | 933,641           | —                        | —                | 793,504                  | 933,641           |
| Health and welfare                                     | 16,873,025              | 16,254,160        | —                        | —                | 16,873,025               | 16,254,160        |
| Inspection and regulation                              | 149,976                 | 156,149           | —                        | —                | 149,976                  | 156,149           |
| Education  | 7,161,842               | 6,538,614         | —                        | —                | 7,161,842                | 6,538,614         |
| Protection and safety                                  | 1,601,975               | 1,954,842         | —                        | —                | 1,601,975                | 1,954,842         |
| Transportation   | 842,112                 | 834,697           | —                        | —                | 842,112                  | 834,697           |
| Natural resources                                      | 235,835                 | 230,505           | —                        | —                | 235,835                  | 230,505           |
| Intergovernmental revenue sharing                      | 3,708,063               | 3,480,014         | —                        | —                | 3,708,063                | 3,480,014         |
| Interest on long-term debt                             | 172,071                 | 153,914           | —                        | —                | 172,071                  | 153,914           |
| Universities   | —                       | —                 | 5,476,780                | 5,166,157        | 5,476,780                | 5,166,157         |
| Other business-type activities                         | —                       | —                 | 1,178,051                | 1,156,810        | 1,178,051                | 1,156,810         |
| <b>Total Expenses</b>                                  | <b>31,538,403</b>       | <b>30,536,536</b> | <b>6,654,831</b>         | <b>6,322,967</b> | <b>38,193,234</b>        | <b>36,859,503</b> |
| Excess (deficiency) before contributions and transfers | 3,216,616               | 1,943,725         | (135,575)                | (124,577)        | 3,081,041                | 1,819,148         |
| Contributions to permanent endowments                  | —                       | —                 | 6,838                    | 5,702            | 6,838                    | 5,702             |
| Transfers  | (495,502)               | (530,492)         | 495,502                  | 530,492          | —                        | —                 |
| Change in Net Position                                 | 2,721,114               | 1,413,233         | 366,765                  | 411,617          | 3,087,879                | 1,824,850         |
| Net Position - Beginning, as restated                  | 23,601,891              | 22,103,092        | 3,647,233                | 3,235,616        | 27,249,124               | 25,338,708        |
| Net Position - Ending                                  | \$ 26,323,005           | \$ 23,516,325     | \$ 4,013,998             | \$ 3,647,233     | \$ 30,337,003            | \$ 27,163,558     |

For additional information on the difference between fiscal year 2018 ending net position and fiscal year 2019 beginning net position, see Note 8.B.

## Change in Net Position

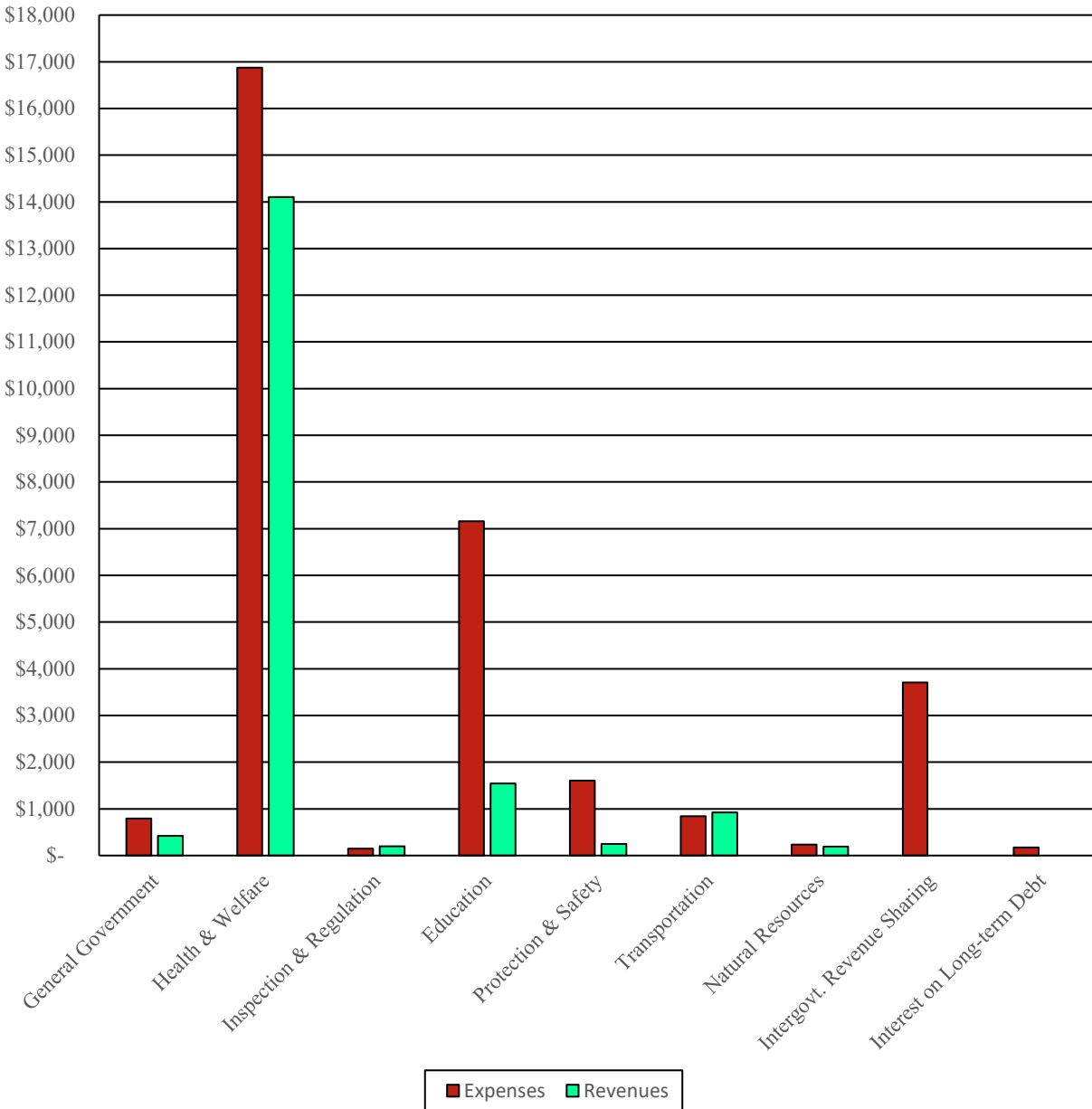
*Governmental Activities* - Net Position increased by \$2.7 billion from fiscal year 2018, or a 12% increase from fiscal year 2018. Reported sales and income tax revenues increased by \$478.9 million, or 7% and \$632.5 million, or 13%, from fiscal year 2018, respectively. The increase in tax collections generally reflects increased economic activity in the State during fiscal year 2019. Net taxable sales increased by 7% from fiscal year 2018, resulting in the increased reported sales tax revenue. The largest increases in net taxable sales during fiscal year 2019 were in retail, contracting, and restaurants and bars. The increase in income tax revenue for the State during fiscal year 2019 reflects increases in withholding, individual, and corporate tax collections. During fiscal year 2019, motor vehicle and fuel taxes increased by \$252.3 million, or 13%. In addition, unrestricted investment earnings increased by \$122.8 million, or 289%, due to increased interest earnings and market appreciation. Furthermore, operating grants and contributions increased by \$702.4 million (5%) over fiscal year 2018. This increase is mostly attributable to the rise in federal and local government grants received by the Arizona Health Care Cost Containment System (AHCCCS) as a result of the increase in expenses incurred due to utilization, capitation rate increases, the additional opioid substance use disorders grants, and enrollment growth. The increase in operating grants and contributions discussed above was offset by a decrease of \$156.1 million in the amount of gains in the fair value of the Permanent Fund investment portfolio from fiscal year 2018. The increase in health and welfare expenses of \$618.9 million (4%) resulted mostly from the increase in expenses for AHCCCS programs, as indicated above. The increase in education expenses of \$623.2 million (10%) was primarily due to the first year of a 3-year plan to raise teacher salaries by 20%, the first year of a 5-year plan to restore additional assistance funding, increased student enrollment growth, and inflation. Expenses decreased by \$352.9 million (18%) for protection and safety primarily due to a decrease in the pension expense for the Corrections Officer Retirement Plan (CORP). Pension expense was higher in the prior fiscal year as a result of a court decision for CORP that adjusted the cost-of-living benefits for retirees who became members before July, 20, 2011. In addition, pension expense was reduced in the current fiscal year due to statutory changes in benefit terms for automatic cost-of-living adjustments for CORP.

A comparison of the net cost (income) of services by function for the State's governmental activities is shown below for fiscal years 2018 and 2019. Net cost (income) is the total cost less revenues generated by the activities and shows the financial burden placed upon the State's taxpayers by each of these functions.

### Governmental Activities (expressed in thousands)

|                                      | Total Cost of Services |                      | Net Cost (Income) of Services |                      |
|--------------------------------------|------------------------|----------------------|-------------------------------|----------------------|
|                                      | 2019                   | 2018                 | 2019                          | 2018                 |
| <b>Functions/Programs:</b>           |                        |                      |                               |                      |
| General government                   | \$ 793,504             | \$ 933,641           | \$ 373,125                    | \$ 571,416           |
| Health and welfare                   | 16,873,025             | 16,254,160           | 2,772,886                     | 2,887,092            |
| Inspection and regulation            | 149,976                | 156,149              | (48,446)                      | (28,385)             |
| Education                            | 7,161,842              | 6,538,614            | 5,616,986                     | 4,880,778            |
| Protection and safety                | 1,601,975              | 1,954,842            | 1,355,163                     | 1,739,733            |
| Transportation                       | 842,112                | 834,697              | (79,437)                      | (200,091)            |
| Natural resources                    | 235,835                | 230,505              | 41,783                        | 73,458               |
| Intergovernmental revenue sharing    | 3,708,063              | 3,480,014            | 3,708,063                     | 3,480,014            |
| Interest on long-term debt           | 172,071                | 153,914              | 172,071                       | 153,914              |
| <b>Total Governmental Activities</b> | <b>\$ 31,538,403</b>   | <b>\$ 30,536,536</b> | <b>\$ 13,912,194</b>          | <b>\$ 13,557,929</b> |

**Expenses and Program Revenues  
Governmental Activities for Fiscal Year 2019  
(in millions of dollars)**



*Business-type Activities* - Net Position increased by \$366.8 million from fiscal year 2018, or 10%. This increase is primarily due to increases in net position for the Universities and the Unemployment Compensation Fund of \$129.0 million and \$213.7 million, respectively. Non-operating revenues and transfers from the General Fund more than offset the Universities' operating loss of \$1.4 billion. The Universities' operating revenues increased by \$177.5 million over fiscal year 2018 primarily due to an increase in net student tuition and fees revenue, largely as a result of increased enrollment and modest increases in nonresident tuition and fee rates. Other significant increases included an increase in investment income and in intergovernmental revenue. These increases were offset by the Universities' rise in operating expenses of \$285.4 million over fiscal year 2018 primarily due to increases in expenses for instructional, student support, and research activities. Also, the Unemployment Compensation Fund's unemployment assessment revenue decreased by \$83.3 million and cost of sales and benefits decreased by \$16.1 million, as compared to the prior fiscal year. In addition, unemployment assessment revenue of \$421.5 million was higher than the cost of sales and benefits of \$230.3 million during fiscal year 2019.

A comparison of the net cost (income) of services by function for the State's business-type activities is shown below for the fiscal years 2018 and 2019. Net cost (income) is the total cost less revenues generated by the activities and shows the financial burden placed upon the State's taxpayers by each of these functions.

**Business-type Activities  
(expressed in thousands)**

|                                | Total Cost of Services |              | Net Cost (Income) of Services |            |
|--------------------------------|------------------------|--------------|-------------------------------|------------|
|                                | 2019                   | 2018         | 2019                          | 2018       |
| <b>Functions/Programs:</b>     |                        |              |                               |            |
| Universities                   | \$ 5,476,780           | \$ 5,166,157 | \$ 906,292                    | \$ 790,392 |
| Other                          | 1,178,051              | 1,156,810    | (474,622)                     | (459,731)  |
| Total Business-type Activities | \$ 6,654,831           | \$ 6,322,967 | \$ 431,670                    | \$ 330,661 |

**FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The general government functions are contained in the general, special revenue, debt service, capital projects, and permanent funds. The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements.

**General Fund**

The General Fund is the chief operating fund of the State. At June 30, 2019, the non-spendable, restricted and committed fund balances were: \$6.6 million, \$339.1 million, and \$150.1 million, respectively.

The fund balance of the State's General Fund increased \$1.0 billion during the fiscal year. Revenues exceeded expenditures by \$1.7 billion, before other financing sources and uses. However, other financing sources and uses offset this excess by \$655.4 million, which consist primarily of transfers to the Universities in support of higher education, offset by legislative transfers from other funds to the General Fund. Overall revenues increased by \$1.9 billion (7%) and expenditures increased by \$1.2 billion (5%) from fiscal year 2018. Primary reasons for increases in fund balance during the fiscal year are increased collections of sales and income taxes and increased intergovernmental revenue, including a rise in federal and local government funding received by AHCCCS. Primary reasons for decreases in fund balance during the fiscal year are due to expenditure increases for health and welfare, education, and intergovernmental revenue sharing. The significant increases and decreases were discussed in the government-wide financial analysis beginning on **page 25**.

**Transportation and Aviation Planning, Highway Maintenance and Safety Fund**

The Transportation and Aviation Planning, Highway Maintenance and Safety Fund is responsible for the repair and maintenance of existing roads, paying the debt service for roads that are built from the issuance of revenue bonds and grant anticipation notes, and providing technical assistance with road construction provided by contractors hired by the Arizona Department of Transportation (ADOT). Total fund balance increased \$182.3 million during fiscal year 2019. Although revenues exceeded expenditures by \$477.8 million, transfers to non-major governmental funds of \$310.9 million to pay debt service, largely offset this excess. Overall, revenue increased by \$114.2 million (4%) and expenditures decreased by \$94.0 million (3%), as compared to the prior fiscal year.

**Land Endowments Fund**

The Land Endowments Fund was established when the federal government granted Arizona statehood. Both the State's Constitution and the federal government require that the land grants given to the State be maintained indefinitely, and the earnings from the land grants should be used for public education, primarily K-12. For fiscal year 2019, the Land Endowments Fund total fund balance increased \$142.0 million. Endowment investments increased \$234.9 million at fiscal year end, mainly due to a net increase in the fair value of investments of \$225.9 million, receipts from land sales of \$141.6 million, and realized gains of \$97.0 million. This was partially offset by increased distributions resulting from Proposition 123.

## Proprietary funds

The business-type activities discussion for the fund level financial statements of the State's enterprise funds provide the same type of information found in the government-wide financial analysis beginning on **page 25**.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations and appropriation revisions. Differences between the original budget and the final amended budget resulted in a \$2.3 billion net increase in appropriations for the General Fund. Some of the significant changes in the General Fund appropriations were:

- \$681.3 million increase due to prior fiscal year obligations that were paid in the current fiscal year per A.R.S. § 35-191.
- The \$976.7 million increase to the Department of Education's original budget is primarily due to the basic state aid deferred payment from fiscal year 2018, which was appropriated as a supplemental appropriation in the fiscal year 2019 budget, as well as additional state aid funding.
- The \$350.6 million increase to the General Accounting Office's original budget is primarily due to General Fund transfers for the School Facilities Board (SFB) for the construction of facilities for school districts, for the Universities for the Capital Infrastructure Fund, and for the Budget Stabilization Fund (BSF). The transfer of monies to the BSF is not included in the General Appropriations Act. The BSF is described more fully in the accompanying Notes to the Financial Statements beginning on **page 78**.
- The \$88.7 million increase to the Department of Economic Security's original budget is primarily due to supplemental appropriations for child-care subsidies to increase the number of children served and to increase maximum reimbursement levels, and for the division of developmental disabilities program expenses.
- The \$53.9 million increase to the AHCCCS' original budget is primarily due to supplemental appropriation increases for voluntary payments from political subdivisions related to graduate medical education.
- The \$49.1 million increase to the Universities' original budget is primarily due to one-time funding increases, operating lump sum appropriations, and for lease-purchase payments for research infrastructure facilities.

The actual expenditures were less than the final budget by \$1.2 billion. Of this amount, \$112.9 million will continue as legislative multiple fiscal year spending authority for fiscal years 2020 and beyond, depending upon the budgetary guidelines of the Legislature. The remaining \$1.0 billion represents the unused portion of the State's legislatively authorized annual operating budget.

**Additional budgetary information can be found on pages 149-161 of this report.**

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totaled \$31.0 billion, net of accumulated depreciation. The total primary government increase in capital assets for the current period was 3%, with a 3% increase in capital assets used for governmental activities and a 4% increase for business-type activities. Depreciation charges of the governmental and business-type activities for the fiscal year totaled \$488.3 million.

Major capital asset activity during the current fiscal year included the following:

- The ADOT started or completed roads and bridges totaling \$698.9 million during the fiscal year.
- The Universities' additions to capital assets totaled \$829.4 million and included increased investments in buildings to support instruction, research, and public service missions, as well as building renewal and other capital projects.

For the government-wide financial statement presentation, all depreciable assets were depreciated from the acquisition date to the end of the current fiscal year. Capital asset purchases of the governmental funds are reported in the fund-level financial statements as expenditures.

Capital assets for the governmental and business-type activities as of June 30, 2019 and 2018 are presented below (expressed in thousands):

|                                   | Governmental Activities |               | Business-type Activities |              | Total         |               |
|-----------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
|                                   | 2019                    | 2018          | 2019                     | 2018         | 2019          | 2018          |
| Land                              | \$ 3,680,293            | \$ 3,653,652  | \$ 299,057               | \$ 271,323   | \$ 3,979,350  | \$ 3,924,975  |
| Buildings                         | 2,490,482               | 2,500,455     | 7,365,896                | 6,769,269    | 9,856,378     | 9,269,724     |
| Improvements other than buildings | 207,893                 | 191,861       | 15,739                   | 15,739       | 223,632       | 207,600       |
| Equipment                         | 956,995                 | 944,679       | 1,668,165                | 1,619,251    | 2,625,160     | 2,563,930     |
| Software and other intangibles    | 416,770                 | 401,994       | 160,295                  | 138,205      | 577,065       | 540,199       |
| Collections (non-depreciable)     | —                       | —             | 22,330                   | 21,574       | 22,330        | 21,574        |
| Infrastructure                    | 16,473,601              | 16,330,422    | 630,125                  | 602,869      | 17,103,726    | 16,933,291    |
| Construction in progress          | 2,953,055               | 2,468,637     | 342,683                  | 582,438      | 3,295,738     | 3,051,075     |
| Development in progress           | 114,547                 | 37,790        | 77,364                   | 88,190       | 191,911       | 125,980       |
| Total Capital Assets              | 27,293,636              | 26,529,490    | 10,581,654               | 10,108,858   | 37,875,290    | 36,638,348    |
| Less: accumulated depreciation    | (2,200,372)             | (2,118,112)   | (4,638,666)              | (4,402,700)  | (6,839,038)   | (6,520,812)   |
| Total Capital Assets, Net         | \$ 25,093,264           | \$ 24,411,378 | \$ 5,942,988             | \$ 5,706,158 | \$ 31,036,252 | \$ 30,117,536 |

As provided by GASB Statement No. 34, the State has elected to record its infrastructure assets, which the ADOT is responsible for maintaining, using the modified approach as described in Note 1.G. Assets accounted for under the modified approach include 6,822 center lane miles of roads (21,532 travel lane miles) and 4,860 bridges.

The State manages its roads using the Present Serviceability Rating (PSR), which measures the condition of the pavement and its ability to serve the traveling public. The PSR uses a five-point scale (5 excellent, 0 impassable) to characterize the condition of the roadway. The State's serviceability rating goal is 3.23 for the overall system. The most recent assessment indicated that an overall rating of 3.55 was achieved for fiscal year 2019.

The State manages its bridges using the Bridge Management System. To comply with federal standards, the State is expected to maintain its bridges to a condition where not more than 10.0% are classified as poor. The State's most recent assessment indicated that 1.4% of the bridges were so classified for fiscal year 2019.

The State's most notable and largest highway construction project to date began in fiscal year 2016 and was for the design, construction, and 30-year maintenance of the Loop 202 South Mountain Freeway. The project is a 22-mile, 8 lane freeway that will complete the Loop 202 and Loop 101 freeway system. Right-of-way cost estimates, not contractually committed, brings the total project cost estimate to \$2.0 billion, not including financing costs. The project's completion date is anticipated to occur in late 2019. Actual costs incurred by the ADOT through June 30, 2019 for this project are \$1.4 billion.

**More detailed information regarding capital assets is on pages 98 and 99.**

## Long-term debt:

The State issues no general obligation debt instruments. The Arizona Constitution, under Article 9, Section 5, provides that the State may contract debts not to exceed \$350 thousand. This provision has been interpreted to restrict the State from pledging its credit as a sole payment for debts incurred for the operation of the State government. As a result, the State pledges either dedicated revenue streams or the constructed building or equipment acquired as security for the repayment of long-term debt instruments.

Major long-term debt activity during the current fiscal year included the following:

- The ADOT issued revenue bonds for \$262.0 million to pay the costs of design, right-of-way purchase, and/or construction of certain freeways and other routes within Maricopa County.
- The Universities issued revenue bonds for \$281.2 million to fund the construction and renovation of capital facilities.

### State of Arizona-Primary Government Outstanding Major Long-Term Debt as of June 30, 2019 and 2018 (expressed in thousands)

|                               | Governmental Activities |              | Business-type Activities |              | Total        |              |
|-------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
|                               | 2019                    | 2018         | 2019                     | 2018         | 2019         | 2018         |
| Revenue bonds                 | \$ 2,366,595            | \$ 2,371,765 | \$ 3,296,480             | \$ 3,109,245 | \$ 5,663,075 | \$ 5,481,010 |
| Grant anticipation notes      | 223,885                 | 177,420      | —                        | —            | 223,885      | 177,420      |
| Certificates of participation | 1,393,865               | 1,585,995    | 451,831                  | 502,636      | 1,845,696    | 2,088,631    |
| Capital leases                | 152,153                 | 189,581      | 124,952                  | 131,134      | 277,105      | 320,715      |
| Total                         | \$ 4,136,498            | \$ 4,324,761 | \$ 3,873,263             | \$ 3,743,015 | \$ 8,009,761 | \$ 8,067,776 |

**More detailed information regarding long-term debt can be found on pages 114-125**

## ECONOMIC CONDITION AND OUTLOOK

As a result of the COVID-19 outbreak, economic uncertainties have arisen. However, the related financial impact and duration cannot be reasonably estimated at this time.

*The following budgetary information is based on the State of Arizona's Fiscal Year 2020 Appropriations Report.*

The State's fiscal year 2020 General Fund budget reflects projected growth in base revenues of 4.4%. The net revenues are projected to increase from \$11.4 billion in fiscal year 2019 to \$11.9 billion in fiscal year 2020. General Fund spending is projected to increase from \$10.7 billion in fiscal year 2019 to \$11.9 billion in fiscal year 2020. The budget includes increased spending for K-12 education changes, one-time transportation funding, increases for Department of Economic Security spending, and one-time payoff of operating debt-financing. The General Fund fiscal year 2020 cash balance is projected to be a \$65 million balance.

The enacted budget's 3-year spending plan provides estimates of fiscal year 2021 and fiscal year 2022 spending.

The fiscal year 2021 General Fund budget is forecasted to have revenues of \$11.5 billion and expenditures of \$11.5 billion, with a \$42 million balance. After accounting for legislation enacted separately from the budget and technical adjustments, fiscal year 2021 revenues are projected to be \$11.5 billion compared to spending of \$11.5 billion. The fiscal year 2021 balance is estimated to be \$43 million. The structural balance (difference between ongoing revenues and expenditures and excludes one-time adjustments and BSF balance) for fiscal year 2020 is estimated to be \$139 million. The fiscal year 2021 spending projection includes statutory formula caseload growth and removal of fiscal year 2020 spending categorized as one-time in the fiscal year 2020 budget process. Fiscal year 2021 ongoing revenues are primarily based on a base growth rate of 3.4% as negotiated between the Executive and the Legislature, but also incorporate separately enacted tax law changes. It also reflects new one-time spending, including \$64 million in one-time fiscal year 2021 spending to complete SFB school construction projects started in fiscal year 2020 and start SFB projects anticipated to begin in fiscal year 2021, \$14 million of funding for teacher pay raises that will be funded from an ongoing funding source starting in fiscal year 2022, and \$80 million for costs of a 27<sup>th</sup> pay period.

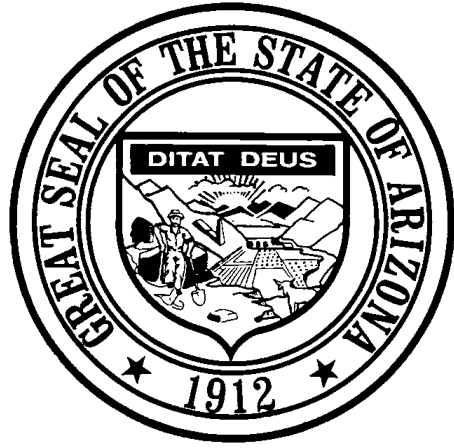


The fiscal year 2022 General Fund budget is forecasted to have revenues of \$11.9 billion and expenditures of \$11.9 billion, with a \$5 million balance. After accounting for technical adjustments, fiscal year 2022 revenues are projected to be \$11.9 billion compared to spending of \$11.9 billion. The fiscal year 2022 budget is estimated to have a \$12 million balance. The structural balance for fiscal year 2021 is estimated to be \$27 million. The fiscal year 2022 spending includes statutory formula caseload growth and removal of one-time fiscal year 2021 spending. Fiscal year 2022 ongoing revenues reflect a negotiated base growth rate of 3.7%, further adjusted for previously enacted tax law changes. It also reflects new one-time spending, including \$46 million to complete SFB school construction projects anticipated to start in fiscal year 2021 and start SFB projects anticipated to begin in fiscal year 2022 and \$30 million to reduce the K-12 rollover.

### **CONTACTING THE STATE COMPTROLLER'S OFFICE**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Department of Administration, General Accounting Office, Financial Reporting Section at (602) 542-5601. You may also access and print this report at <https://gao.az.gov/financials>.

The State's component units issue their own separately issued audited financial statements. These statements may be obtained by directly contacting the component unit. Contact information regarding the component units begins on **page 69**.



# BASIC FINANCIAL STATEMENTS

**BASIC FINANCIAL STATEMENTS**

STATE OF ARIZONA  
**STATEMENT OF NET POSITION**  
JUNE 30, 2019  
(Expressed in Thousands)

|   | PRIMARY GOVERNMENT         |                             |                             | COMPONENT<br>UNITS |
|---|----------------------------|-----------------------------|-----------------------------|--------------------|
|   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL PRIMARY<br>GOVERNMENT |                    |
| <b>ASSETS</b>   |                            |                             |                             |                    |
| Current Assets:   |                            |                             |                             |                    |
| Cash  | \$ 3,015                   | \$ 425,087                  | \$ 428,102                  | \$ 32,554          |
| Cash with U.S. Treasury   | —                          | 1,101,115                   | 1,101,115                   | —                  |
| Cash and pooled investment<br>with State Treasurer                              | 4,709,576                  | 220,539                     | 4,930,115                   | 480,858            |
| Restricted cash and pooled investments<br>with State Treasurer                  | 363,335                    | —                           | 363,335                     | —                  |
| Cash held by trustee  | —                          | —                           | —                           | 7,878              |
| Collateral investment pool  | 52,478                     | —                           | 52,478                      | —                  |
| Short-term investments  | —                          | 378,530                     | 378,530                     | —                  |
| Restricted investments held by trustee  | —                          | —                           | —                           | 722                |
| Receivables, net of allowances:   |                            |                             |                             |                    |
| Taxes   | 777,690                    | 76,626                      | 854,316                     | —                  |
| Interest  | 101,924                    | 2,424                       | 104,348                     | 4,653              |
| Loans and notes   | 65,952                     | 3,203                       | 69,155                      | 60,194             |
| Other   | 177,932                    | 264,365                     | 442,297                     | 8,221              |
| Internal balances   | (11,620)                   | 11,620                      | —                           | —                  |
| Due from U.S. Government  | 1,043,370                  | 160,929                     | 1,204,299                   | —                  |
| Due from local governments  | 115,230                    | —                           | 115,230                     | —                  |
| Due from others   | 324,618                    | —                           | 324,618                     | —                  |
| Due from component units  | 7,348                      | —                           | 7,348                       | —                  |
| Due from primary government   | —                          | —                           | —                           | 3,756              |
| Inventories, at cost  | 10,384                     | 17,828                      | 28,212                      | —                  |
| Other current assets  | 15,291                     | 23,705                      | 38,996                      | 624                |
| Total Current Assets  | <u>7,756,523</u>           | <u>2,685,971</u>            | <u>10,442,494</u>           | <u>599,460</u>     |
| Noncurrent Assets:  |                            |                             |                             |                    |
| Restricted assets:  |                            |                             |                             |                    |
| Cash  | 12                         | 26,408                      | 26,420                      | —                  |
| Cash and pooled investments<br>with State Treasurer                             | 1,291,253                  | —                           | 1,291,253                   | 11,965             |
| Cash held by trustee  | 45,653                     | 291,106                     | 336,759                     | 21,844             |
| Investments   | 3,566                      | —                           | 3,566                       | —                  |
| Investments held by trustee   | —                          | 384,796                     | 384,796                     | 1,762              |
| Receivables, net of allowances:   |                            |                             |                             |                    |
| Loans and notes   | 190,167                    | 28,662                      | 218,829                     | 641,714            |
| Securities held in escheat  | 41,784                     | —                           | 41,784                      | —                  |
| Equity interest in joint venture  | —                          | 10,011                      | 10,011                      | —                  |
| Investments   | —                          | 1,519,693                   | 1,519,693                   | 81,027             |
| Endowment investments   | 6,040,351                  | 594,777                     | 6,635,128                   | —                  |
| Net OPEB asset  | 25,388                     | 69                          | 25,457                      | —                  |
| Other noncurrent assets   | —                          | 11,977                      | 11,977                      | 23,310             |
| Capital assets:   |                            |                             |                             |                    |
| Infrastructure, land, and other non-depreciable                                 | 23,198,437                 | 741,434                     | 23,939,871                  | 18,186             |
| Buildings, equipment, and other depreciable,<br>net of accumulated depreciation | 1,894,827                  | 5,201,554                   | 7,096,381                   | 79,230             |
| Total Noncurrent Assets   | <u>32,731,438</u>          | <u>8,810,487</u>            | <u>41,541,925</u>           | <u>879,038</u>     |
| Total Assets  | <u>40,487,961</u>          | <u>11,496,458</u>           | <u>51,984,419</u>           | <u>1,478,498</u>   |

The Notes to the Financial Statements are an integral part of this statement.

(Continued)

STATE OF ARIZONA  
**STATEMENT OF NET POSITION**  
 JUNE 30, 2019  
 (Expressed in Thousands)

|   | PRIMARY GOVERNMENT         |                             |                             | COMPONENT<br>UNITS |
|---|----------------------------|-----------------------------|-----------------------------|--------------------|
|   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL PRIMARY<br>GOVERNMENT |                    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                            |                             |                             |                    |
| Related to pensions                             | \$ 629,581                 | \$ 244,437                  | \$ 874,018                  | \$ 1,062           |
| Related to OPEB                                 | 33,931                     | 24,434                      | 58,365                      | —                  |
| Loss on debt refundings                         | 105,907                    | 73,221                      | 179,128                     | 38,099             |
| Interest rate swap                              | —                          | 15,298                      | 15,298                      | —                  |
| Total Deferred Outflows of Resources            | 769,419                    | 357,390                     | 1,126,809                   | 39,161             |
| <b>LIABILITIES</b>                              |                            |                             |                             |                    |
| Current Liabilities:                            |                            |                             |                             |                    |
| Accounts payable and other current liabilities  | 570,421                    | 260,477                     | 830,898                     | 21,392             |
| Payable for securities purchased                | —                          | 71                          | 71                          | —                  |
| Accrued liabilities                             | 997,418                    | 128,382                     | 1,125,800                   | 5,564              |
| Obligations under securities loan agreements    | 52,478                     | —                           | 52,478                      | —                  |
| Tax refunds payable                             | 15,523                     | —                           | 15,523                      | —                  |
| Due to U.S. Government                          | 350,371                    | 87                          | 350,458                     | —                  |
| Due to local governments                        | 1,533,862                  | —                           | 1,533,862                   | —                  |
| Due to others                                   | 666,790                    | 105,236                     | 772,026                     | —                  |
| Due to component units                          | 3,756                      | —                           | 3,756                       | —                  |
| Due to primary government                       | —                          | —                           | —                           | 7,348              |
| Unearned revenue                                | 111,879                    | 280,189                     | 392,068                     | 2,535              |
| Current portion of accrued insurance losses     | 148,241                    | 34,698                      | 182,939                     | —                  |
| Current portion of long-term debt               | 553,117                    | 277,604                     | 830,721                     | 39,434             |
| Current portion of other long-term liabilities  | 168,309                    | 24,969                      | 193,278                     | 56                 |
| Total Current Liabilities                       | 5,172,165                  | 1,111,713                   | 6,283,878                   | 76,329             |
| Noncurrent Liabilities:                         |                            |                             |                             |                    |
| Unearned revenue                                | 75,789                     | —                           | 75,789                      | 7,674              |
| Accrued insurance losses                        | 367,699                    | 429,517                     | 797,216                     | —                  |
| Funds held for others                           | —                          | 10,819                      | 10,819                      | —                  |
| Net pension liability                           | 3,875,196                  | 1,360,120                   | 5,235,316                   | 2,201              |
| Net OPEB liability                              | 557,542                    | 326,082                     | 883,624                     | —                  |
| Long-term debt                                  | 4,027,492                  | 3,970,803                   | 7,998,295                   | 582,360            |
| Derivative instrument - interest rate swap      | —                          | 15,298                      | 15,298                      | —                  |
| Other long-term liabilities                     | 194,429                    | 109,913                     | 304,342                     | —                  |
| Total Noncurrent Liabilities                    | 9,098,147                  | 6,222,552                   | 15,320,699                  | 592,235            |
| Total Liabilities                               | 14,270,312                 | 7,334,265                   | 21,604,577                  | 668,564            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                            |                             |                             |                    |
| Related to pensions                             | 509,101                    | 153,785                     | 662,886                     | 1,054              |
| Related to OPEB                                 | 154,962                    | 134,537                     | 289,499                     | —                  |
| Resources received before time requirements met | —                          | 215,312                     | 215,312                     | —                  |
| Gain on debt refundings                         | —                          | 1,951                       | 1,951                       | —                  |
| Total Deferred Inflows of Resources             | 664,063                    | 505,585                     | 1,169,648                   | 1,054              |

The Notes to the Financial Statements are an integral part of this statement.

(Continued)

STATE OF ARIZONA  
**STATEMENT OF NET POSITION**  
 JUNE 30, 2019  
 (Expressed in Thousands)

|                                       | PRIMARY GOVERNMENT         |                             |                             | COMPONENT<br>UNITS |
|---------------------------------------|----------------------------|-----------------------------|-----------------------------|--------------------|
|                                       | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL PRIMARY<br>GOVERNMENT |                    |
| <b>NET POSITION</b>                   |                            |                             |                             |                    |
| Net investment in capital assets      | \$ 22,109,991              | \$ 2,073,576                | \$ 24,183,567               | \$ 56,941          |
| Restricted for:                       |                            |                             |                             |                    |
| General government                    | 64,262                     | —                           | 64,262                      | —                  |
| Health and welfare                    | 253,050                    | —                           | 253,050                     | —                  |
| Inspection and regulation             | 7,834                      | —                           | 7,834                       | —                  |
| Education                             | 450,465                    | —                           | 450,465                     | —                  |
| Protection and safety                 | 15,184                     | —                           | 15,184                      | —                  |
| Natural resources                     | 17,027                     | —                           | 17,027                      | —                  |
| Unemployment Compensation             | —                          | 1,114,746                   | 1,114,746                   | —                  |
| Capital projects                      | 954,133                    | 22,802                      | 976,935                     | —                  |
| Debt service                          | —                          | 31,314                      | 31,314                      | 82,866             |
| Permanent funds and University funds: |                            |                             |                             |                    |
| Expendable                            | 89,713                     | 345,993                     | 435,706                     | —                  |
| Nonexpendable                         | 6,276,220                  | 272,468                     | 6,548,688                   | —                  |
| Loans and other financial assistance: |                            |                             |                             |                    |
| Expendable                            | 8,766                      | —                           | 8,766                       | 624,296            |
| Other                                 | —                          | 21,753                      | 21,753                      | 12,864             |
| Unrestricted (deficit)                | (3,923,640)                | 131,346                     | (3,792,294)                 | 71,074             |
| Total Net Position                    | <u>\$ 26,323,005</u>       | <u>\$ 4,013,998</u>         | <u>\$ 30,337,003</u>        | <u>\$ 848,041</u>  |

The Notes to the Financial Statements are an integral part of this statement.

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STATE OF ARIZONA  
**STATEMENT OF FINANCIAL POSITION**  
UNIVERSITIES - AFFILIATED COMPONENT UNITS  
JUNE 30, 2019  
(Expressed in Thousands)

**ASSETS**

|  |                  |
|--|------------------|
| Cash and cash equivalent investments                       | \$ 144,196       |
| Receivables:   |                  |
| Pledges receivable   | 269,612          |
| Other receivables  | <u>67,579</u>    |
| Total receivables  | <u>337,191</u>   |
| Investments:   |                  |
| Investments in securities                                  | 2,352,549        |
| Other investments  | <u>97,692</u>    |
| Total investments  | <u>2,450,241</u> |
| Net direct financing leases                                | 61,202           |
| Property and equipment, net of<br>accumulated depreciation | 196,696          |
| Other assets   | <u>30,416</u>    |
| Total Assets   | <u>3,219,942</u> |

**LIABILITIES**

|  |                |
|--|----------------|
| Accounts payable and accrued liabilities   | 34,942         |
| Liability under endowment trust agreements | 509,045        |
| Long-term debt                             | 339,624        |
| Deferred revenue                           | 24,981         |
| Other liabilities                          | <u>42,736</u>  |
| Total Liabilities                          | <u>951,328</u> |

**NET ASSETS**

|                            |                     |
|----------------------------|---------------------|
| With donor restrictions    | 2,078,359           |
| Without donor restrictions | <u>190,255</u>      |
| Total Net Assets           | <u>\$ 2,268,614</u> |

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ARIZONA  
**STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Expressed in Thousands)

| <b>FUNCTIONS/PROGRAMS</b>         | PROGRAM REVENUES     |                      |                                    |                   |
|-----------------------------------|----------------------|----------------------|------------------------------------|-------------------|
|                                   | EXPENSES             | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS |                   |
| <b>PRIMARY GOVERNMENT:</b>        |                      |                      |                                    |                   |
| Governmental Activities:          |                      |                      |                                    |                   |
| General government                | \$ 793,504           | \$ 279,469           | \$ 140,910                         | \$ —              |
| Health and welfare                | 16,873,025           | 508,029              | 13,592,110                         | —                 |
| Inspection and regulation         | 149,976              | 176,676              | 21,746                             | —                 |
| Education                         | 7,161,842            | 60,979               | 1,483,877                          | —                 |
| Protection and safety             | 1,601,975            | 121,157              | 125,655                            | —                 |
| Transportation                    | 842,112              | 215,860              | 186,846                            | 518,843           |
| Natural resources                 | 235,835              | 85,355               | 108,519                            | 178               |
| Intergovernmental revenue sharing | 3,708,063            | —                    | —                                  | —                 |
| Interest on long-term debt        | 172,071              | —                    | —                                  | —                 |
| Total Governmental Activities     | <u>31,538,403</u>    | <u>1,447,525</u>     | <u>15,659,663</u>                  | <u>519,021</u>    |
| Business-type Activities:         |                      |                      |                                    |                   |
| Universities                      | 5,476,780            | 2,907,908            | 1,635,325                          | 27,255            |
| Other                             | 1,178,051            | 1,628,240            | 24,433                             | —                 |
| Total Business-type Activities    | <u>6,654,831</u>     | <u>4,536,148</u>     | <u>1,659,758</u>                   | <u>27,255</u>     |
| Total Primary Government          | <u>\$ 38,193,234</u> | <u>\$ 5,983,673</u>  | <u>\$ 17,319,421</u>               | <u>\$ 546,276</u> |
| <b>COMPONENT UNITS:</b>           |                      |                      |                                    |                   |
| Arizona Finance Authority         | \$ 82,465            | \$ 81,114            | \$ 12,381                          |                   |
| Other Component Units             | 60,731               | 25,230               | 4,522                              |                   |
| Total Component Units             | <u>\$ 143,196</u>    | <u>\$ 106,344</u>    | <u>\$ 16,903</u>                   |                   |

General Revenues:

- Taxes:
  - Sales
  - Income
  - Tobacco
  - Property
  - Motor vehicle and fuel
  - Other
- Unrestricted investment earnings
- Unrestricted grants and contributions
- Gain on sale of trust land
- Payments from primary government
- Miscellaneous
- Contributions to permanent endowments
- Transfers

Total General Revenues, Contributions, and Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

The Notes to the Financial Statements are an integral part of this statement. For beginning balance restatement detail, see Notes 8. B and 15. L.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

| PRIMARY GOVERNMENT         |                             |                                |                    |
|----------------------------|-----------------------------|--------------------------------|--------------------|
| GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL<br>PRIMARY<br>GOVERNMENT | COMPONENT<br>UNITS |
| \$ (373,125)               |                             | \$ (373,125)                   |                    |
| (2,772,886)                |                             | (2,772,886)                    |                    |
| 48,446                     |                             | 48,446                         |                    |
| (5,616,986)                |                             | (5,616,986)                    |                    |
| (1,355,163)                |                             | (1,355,163)                    |                    |
| 79,437                     |                             | 79,437                         |                    |
| (41,783)                   |                             | (41,783)                       |                    |
| (3,708,063)                |                             | (3,708,063)                    |                    |
| (172,071)                  |                             | (172,071)                      |                    |
| <u>(13,912,194)</u>        |                             | <u>(13,912,194)</u>            |                    |
|                            | \$ (906,292)                | (906,292)                      |                    |
|                            | 474,622                     | 474,622                        |                    |
|                            | <u>(431,670)</u>            | <u>(431,670)</u>               |                    |
| <u>(13,912,194)</u>        | <u>(431,670)</u>            | <u>(14,343,864)</u>            |                    |
|                            |                             |                                | \$ 11,030          |
|                            |                             |                                | <u>(30,979)</u>    |
|                            |                             |                                | <u>(19,949)</u>    |
| 7,673,015                  | 81,418                      | 7,754,433                      | —                  |
| 5,579,102                  | —                           | 5,579,102                      | —                  |
| 287,875                    | —                           | 287,875                        | —                  |
| 42,208                     | —                           | 42,208                         | —                  |
| 2,202,693                  | —                           | 2,202,693                      | —                  |
| 701,912                    | —                           | 701,912                        | —                  |
| 165,228                    | 136,913                     | 302,141                        | 15,141             |
| 29,964                     | —                           | 29,964                         | 66                 |
| 201,327                    | —                           | 201,327                        | —                  |
| —                          | —                           | —                              | 40,762             |
| 245,486                    | 77,764                      | 323,250                        | 250                |
| —                          | 6,838                       | 6,838                          | —                  |
| <u>(495,502)</u>           | <u>495,502</u>              | <u>—</u>                       | <u>—</u>           |
| <u>16,633,308</u>          | <u>798,435</u>              | <u>17,431,743</u>              | <u>56,219</u>      |
| 2,721,114                  | 366,765                     | 3,087,879                      | 36,270             |
| 23,601,891                 | 3,647,233                   | 27,249,124                     | 811,771            |
| <u>\$ 26,323,005</u>       | <u>\$ 4,013,998</u>         | <u>\$ 30,337,003</u>           | <u>\$ 848,041</u>  |

STATE OF ARIZONA  
**STATEMENT OF ACTIVITIES**  
UNIVERSITIES - AFFILIATED COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|                                       | WITHOUT DONOR<br>RESTRICTIONS | WITH DONOR<br>RESTRICTIONS | TOTAL               |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| <b>REVENUES</b>                       |                               |                            |                     |
| Contributions                         | \$ 56,322                     | \$ 348,361                 | \$ 404,683          |
| Rental revenue                        | 43,314                        | —                          | 43,314              |
| Sales and services                    | 50,338                        | —                          | 50,338              |
| Net investment income                 | 47,763                        | 93,075                     | 140,838             |
| Grants and aid                        | 27,706                        | 1,839                      | 29,545              |
| Other revenues                        | 28,425                        | 5,304                      | 33,729              |
| Net assets released from restrictions | 244,581                       | (244,581)                  | —                   |
| Total Revenues                        | <u>498,449</u>                | <u>203,998</u>             | <u>702,447</u>      |
| <b>EXPENSES</b>                       |                               |                            |                     |
| Program services:                     |                               |                            |                     |
| Payments to Universities              | 223,264                       | —                          | 223,264             |
| Leasing related expenses              | 12,209                        | —                          | 12,209              |
| Payments on behalf of Universities    | 20,568                        | —                          | 20,568              |
| Other program services                | 9,619                         | —                          | 9,619               |
| Management and general expenses       | 114,168                       | —                          | 114,168             |
| Fundraising expenses                  | 13,876                        | —                          | 13,876              |
| Interest                              | 9,972                         | —                          | 9,972               |
| Depreciation and amortization         | 10,533                        | —                          | 10,533              |
| Other expenses                        | 12,698                        | —                          | 12,698              |
| Total Expenses                        | <u>426,907</u>                | <u>—</u>                   | <u>426,907</u>      |
| Increase in Net Assets, before gain   | 71,542                        | 203,998                    | 275,540             |
| Gain on acquisition                   | <u>3,334</u>                  | <u>—</u>                   | <u>3,334</u>        |
| Increase in Net Assets                | 74,876                        | 203,998                    | 278,874             |
| Net Assets - Beginning, as restated   | <u>115,379</u>                | <u>1,874,361</u>           | <u>1,989,740</u>    |
| Net Assets - Ending                   | <u>\$ 190,255</u>             | <u>\$ 2,078,359</u>        | <u>\$ 2,268,614</u> |

The Notes to the Financial Statements are an integral part of this statement.

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STATE OF ARIZONA  
**BALANCE SHEET**  
GOVERNMENTAL FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | GENERAL<br>FUND     | TRANSPORTATION &<br>AVIATION PLANNING,<br>HIGHWAY<br>MAINTENANCE &<br>SAFETY FUND | LAND<br>ENDOWMENTS<br>FUND |
|--|---------------------|---|----------------------------|
| <b>ASSETS</b>  |                     |   |                            |
| Cash   | \$ 180              | \$ —  | \$ 28                      |
| Cash and pooled investments with State Treasurer                         | 2,798,662           | 340,911   | 126,003                    |
| Collateral investment pool   | 18,707              | —   | 33,088                     |
| Receivables, net of allowances:  |                     |   |                            |
| Taxes  | 615,114             | 69,277  | —                          |
| Interest   | 378                 | —   | 101,546                    |
| Loans and notes  | 38,393              | 2,544   | 215,182                    |
| Other  | 99,243              | 5,363   | 3,173                      |
| Due from U.S. Government   | 936,567             | 82,800  | —                          |
| Due from local governments   | 115,230             | —   | —                          |
| Due from component units   | —                   | —   | —                          |
| Due from others  | 324,618             | —   | —                          |
| Due from other funds   | 51,694              | 28,038  | 196                        |
| Inventories, at cost   | 7,585               | 212   | —                          |
| Restricted assets:   |                     |   |                            |
| Cash   | 12                  | —   | —                          |
| Cash and pooled investments with State Treasurer                         | 64,203              | 1,153,540   | —                          |
| Cash held by trustee   | 22                  | 1,790   | —                          |
| Investments  | 3,566               | —   | —                          |
| Securities held in escheat   | 41,784              | —   | —                          |
| Endowment investments  | —                   | —   | 6,040,351                  |
| Other  | —                   | —   | 25                         |
| Total Assets   | <u>\$ 5,115,958</u> | <u>\$ 1,684,475</u>   | <u>\$ 6,519,592</u>        |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                     |   |                            |
| Liabilities:   |                     |   |                            |
| Accounts payable and other current liabilities                           | \$ 358,796          | \$ 115,417  | \$ 5,960                   |
| Accrued liabilities  | 611,505             | 10,915  | 263                        |
| Obligations under securities loan agreements                             | 18,707              | —   | 33,088                     |
| Tax refunds payable  | 4,573               | 10,950  | —                          |
| Due to U.S. Government   | 338,173             | —   | —                          |
| Due to local governments   | 1,124,986           | 159,815   | —                          |
| Due to component units   | 3,756               | —   | —                          |
| Due to others  | 650,254             | —   | 1                          |
| Due to other funds   | 108,282             | 19,284  | 13,618                     |
| Unearned revenue   | 82,862              | 1,746   | 100,729                    |
| Total Liabilities  | <u>3,301,894</u>    | <u>318,127</u>  | <u>153,659</u>             |
| Deferred Inflows of Resources:   |                     |   |                            |
| Unavailable revenue  | <u>632,698</u>      | <u>12,527</u>   | <u>303,463</u>             |
| Fund Balances:   |                     |   |                            |
| Nonspendable   | 6,617               | 212   | 6,062,470                  |
| Restricted   | 339,116             | 956,126   | —                          |
| Committed  | 150,050             | 397,483   | —                          |
| Unassigned   | 685,583             | —   | —                          |
| Total Fund Balances  | <u>1,181,366</u>    | <u>1,353,821</u>  | <u>6,062,470</u>           |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances   | <u>\$ 5,115,958</u> | <u>\$ 1,684,475</u>   | <u>\$ 6,519,592</u>        |

The Notes to the Financial Statements are an integral part of this statement.

| OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL                |
|--------------------------------|----------------------|
| \$ 2,807                       | \$ 3,015             |
| 1,187,118                      | 4,452,694            |
| 683                            | 52,478               |
| 93,299                         | 777,690              |
| —                              | 101,924              |
| —                              | 256,119              |
| 30,143                         | 137,922              |
| 24,003                         | 1,043,370            |
| —                              | 115,230              |
| 7,348                          | 7,348                |
| —                              | 324,618              |
| 109,462                        | 189,390              |
| 541                            | 8,338                |
| —                              | 12                   |
| 436,845                        | 1,654,588            |
| 43,841                         | 45,653               |
| —                              | 3,566                |
| —                              | 41,784               |
| —                              | 6,040,351            |
| —                              | 25                   |
| <u>\$ 1,936,090</u>            | <u>\$ 15,256,115</u> |

|                |                  |
|----------------|------------------|
| \$ 55,346      | \$ 535,519       |
| 68,522         | 691,205          |
| 683            | 52,478           |
| —              | 15,523           |
| —              | 338,173          |
| 249,061        | 1,533,862        |
| —              | 3,756            |
| 16,535         | 666,790          |
| 11,640         | 152,824          |
| 2,331          | 187,668          |
| <u>404,118</u> | <u>4,177,798</u> |

|                     |                      |
|---------------------|----------------------|
| 432                 | 949,120              |
| —                   | 6,069,299            |
| 703,495             | 1,998,737            |
| 828,045             | 1,375,578            |
| —                   | 685,583              |
| <u>1,531,540</u>    | <u>10,129,197</u>    |
| <u>\$ 1,936,090</u> | <u>\$ 15,256,115</u> |

STATE OF ARIZONA  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**  
JUNE 30, 2019  
(Expressed in Thousands)

**Total fund balances - governmental funds** \$ 10,129,197

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 25,008,682

Certain revenues collected after year-end are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable deferred inflows of resources in the governmental funds. 949,120

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position. (385,282)

The allocation of the internal service funds accumulated net gain results in an amount due to business-type activities, which is not reported in the governmental funds. (51,418)

Net OPEB assets held in trust for future benefits are not available in the current period and, therefore, are not reported in the governmental funds. 25,303

Deferred outflows of resources are applicable to future reporting periods and, therefore, are not reported in the governmental funds. These amounts consist of:

|                           |               |         |
|---------------------------|---------------|---------|
| Loss on refunding of debt | 105,907       |         |
| Related to pensions       | 622,129       |         |
| Related to OPEB           | <u>33,315</u> | 761,351 |

Certain liabilities and related accrued interest are not due and payable from current financial resources and, therefore, are not reported in the governmental funds. These amounts consist of:

|   |                 |             |
|---|-----------------|-------------|
| Net pension                                       | (3,830,987)     |             |
| Net OPEB  | (548,681)       |             |
| Revenue bonds                                     | (2,366,595)     |             |
| Grant anticipation notes                          | (223,885)       |             |
| Certificates of participation                     | (1,393,865)     |             |
| Accrued interest on certificates of participation | (19,038)        |             |
| Capital leases                                    | (152,153)       |             |
| Premium on debt                                   | (444,111)       |             |
| Compensated absences                              | (150,716)       |             |
| Pollution remediation obligations                 | (27,910)        |             |
| Other   | <u>(16,008)</u> | (9,173,949) |

Accrued liabilities for AHCCCS programmatic costs and reimbursements are not due and payable from current financial resources and, therefore, are not reported in the governmental funds. (285,456)

Deferred inflows of resources are applicable to future reporting periods and, therefore, are not reported in the governmental funds. These amounts consist of:

|                     |                  |           |
|---------------------|------------------|-----------|
| Related to pensions | (501,959)        |           |
| Related to OPEB     | <u>(152,584)</u> | (654,543) |

**Net position of governmental activities** \$ 26,323,005

The Notes to the Financial Statements are an integral part of this statement.



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STATE OF ARIZONA  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | GENERAL<br>FUND     | TRANSPORTATION &<br>AVIATION PLANNING,<br>HIGHWAY<br>MAINTENANCE &<br>SAFETY FUND | LAND<br>ENDOWMENTS<br>FUND |
|--|---------------------|---|----------------------------|
| <b>REVENUES</b>                                  |                     |   |                            |
| Taxes:   |                     |   |                            |
| Sales  | \$ 6,660,976        | \$ 316,144  | \$ —                       |
| Income   | 5,498,061           | —   | —                          |
| Tobacco  | 57,388              | —   | —                          |
| Property   | 31,911              | 10,297  | —                          |
| Motor vehicle and fuel                           | 63,028              | 1,955,205   | —                          |
| Other  | 585,896             | —   | —                          |
| Intergovernmental                                | 14,631,155          | 721,248   | —                          |
| Licenses, fees, and permits                      | 110,121             | 165,380   | 7,605                      |
| Hospital and nursing facility assessments        | —                   | —   | —                          |
| Earnings on investments                          | 101,446             | 32,429  | 243,653                    |
| Sales and charges for services                   | 124,519             | 50,463  | 38,340                     |
| Fines, forfeitures, and penalties                | 20,837              | —   | —                          |
| Gaming   | 7,097               | —   | —                          |
| Tobacco settlement                               | 98,938              | —   | —                          |
| Proceeds from sale of trust land                 | —                   | —   | 141,616                    |
| Other  | 232,849             | 5,926   | 11,659                     |
| Total Revenues                                   | <u>28,224,222</u>   | <u>3,257,092</u>  | <u>442,873</u>             |
| <b>EXPENDITURES</b>                              |                     |   |                            |
| Current:   |                     |   |                            |
| General government                               | 719,401             | —   | 6,373                      |
| Health and welfare                               | 16,043,519          | —   | 6,714                      |
| Inspection and regulation                        | 37,800              | —   | —                          |
| Education  | 6,001,225           | —   | 278,279                    |
| Protection and safety                            | 1,273,697           | —   | 8,622                      |
| Transportation                                   | —                   | 813,253   | —                          |
| Natural resources                                | 66,721              | —   | 4,983                      |
| Intergovernmental revenue sharing                | 2,232,531           | 1,465,877   | —                          |
| Debt service:                                    |                     |   |                            |
| Principal  | 119,962             | —   | —                          |
| Interest and other fiscal charges                | 24,227              | —   | —                          |
| Capital outlay                                   | 37,597              | 500,155   | 162                        |
| Total Expenditures                               | <u>26,556,680</u>   | <u>2,779,285</u>  | <u>305,133</u>             |
| Excess (Deficiency) before Expenditures          | <u>1,667,542</u>    | <u>477,807</u>  | <u>137,740</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                     |   |                            |
| Transfers in                                     | 327,726             | 15,009  | 6,833                      |
| Transfers out                                    | (983,828)           | (310,894)   | (2,554)                    |
| Capital lease and installment purchase contracts | 689                 | —   | —                          |
| Proceeds from sale of capital assets             | —                   | 343   | —                          |
| Bonds issued                                     | —                   | —   | —                          |
| Grant anticipation notes issued                  | —                   | —   | —                          |
| Premium on debt issued                           | —                   | —   | —                          |
| Total Other Financing Sources (Uses)             | <u>(655,413)</u>    | <u>(295,542)</u>  | <u>4,279</u>               |
| Net Change in Fund Balances                      | 1,012,129           | 182,265   | 142,019                    |
| Fund Balances - Beginning, as restated           | 169,237             | 1,171,556   | 5,920,451                  |
| Fund Balances - Ending                           | <u>\$ 1,181,366</u> | <u>\$ 1,353,821</u>   | <u>\$ 6,062,470</u>        |

The Notes to the Financial Statements are an integral part of this statement. For beginning balance restatement detail, see Note 8. A.

| OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL                |
|--------------------------------|----------------------|
| \$ 678,468                     | \$ 7,655,588         |
| —                              | 5,498,061            |
| 230,487                        | 287,875              |
| —                              | 42,208               |
| 184,460                        | 2,202,693            |
| 116,016                        | 701,912              |
| 250,391                        | 15,602,794           |
| 367,378                        | 650,484              |
| 316,040                        | 316,040              |
| 111,870                        | 489,398              |
| 48,216                         | 261,538              |
| 199,676                        | 220,513              |
| 92,582                         | 99,679               |
| —                              | 98,938               |
| —                              | 141,616              |
| 34,702                         | 285,136              |
| <u>2,630,286</u>               | <u>34,554,473</u>    |
| 145,477                        | 871,251              |
| 733,632                        | 16,783,865           |
| 123,078                        | 160,878              |
| 889,567                        | 7,169,071            |
| 312,573                        | 1,594,892            |
| 39,238                         | 852,491              |
| 153,538                        | 225,242              |
| 9,655                          | 3,708,063            |
| 369,560                        | 489,522              |
| 184,727                        | 208,954              |
| 329,200                        | 867,114              |
| <u>3,290,245</u>               | <u>32,931,343</u>    |
| <u>(659,959)</u>               | <u>1,623,130</u>     |
| 643,596                        | 993,164              |
| (189,565)                      | (1,486,841)          |
| 345                            | 1,034                |
| —                              | 343                  |
| 262,010                        | 262,010              |
| 62,465                         | 62,465               |
| 41,449                         | 41,449               |
| <u>820,300</u>                 | <u>(126,376)</u>     |
| 160,341                        | 1,496,754            |
| 1,371,199                      | 8,632,443            |
| <u>\$ 1,531,540</u>            | <u>\$ 10,129,197</u> |

## STATE OF ARIZONA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2019

(Expressed in Thousands)

**Net change in fund balances - total governmental funds** \$ 1,496,754

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of assets is allocated over their estimated useful lives and reported as depreciation expense. Also, infrastructure was adjusted to primarily reflect reduction in construction in progress resulting from certain infrastructure projects being reclassified from capital outlay to non-capital. This is the amount by which capital outlays exceeded depreciation and infrastructure adjustments in the current period.

|                           |                  |         |
|---------------------------|------------------|---------|
| Capital outlay            | 867,114          |         |
| Infrastructure adjustment | (24,134)         |         |
| Depreciation expense      | <u>(142,888)</u> | 700,092 |

The net expense of the internal service funds allocable to governmental activities is included in the Statement of Activities.

(8,288)

Net change in certain revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are reported as unavailable deferred inflows of resources in the governmental funds:

|                    |                |         |
|--------------------|----------------|---------|
| Sales taxes        | 17,427         |         |
| Income taxes       | 81,041         |         |
| Tobacco settlement | 7,500          |         |
| Operating grants   | 95,929         |         |
| Capital grants     | (19,120)       |         |
| Other revenue      | <u>(1,087)</u> | 181,690 |

Trust land sales are financed with long-term mortgages. In the Statement of Activities, the gain on sale of trust land is reported, whereas in the governmental funds, the proceeds from the collection of mortgage payments are reported. In fiscal year 2019, gains resulting from current year land sales exceeded mortgage payments received. In addition, accrued interest on land sales contracts is reported as revenues in the Statement of Activities but are not reported as revenues in the governmental funds.

|  |                 |        |
|--|-----------------|--------|
| Excess of gains on sale of land over mortgage receipts | 59,711          |        |
| Accrued interest on land sales' contracts              | <u>(41,080)</u> | 18,631 |

Pension and OPEB contributions are reported as expenditures in the governmental funds in the fiscal year contributed. However, current year contributions are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability and net OPEB asset/liability are measured a year before the State's current fiscal year-end financial statements. Pension and OPEB expenses, which are the changes in the net pension liability and net OPEB asset/liability, adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, are reported in the Statement of Activities.

|  |                 |          |
|--|-----------------|----------|
| Pension contributions made during fiscal year 2019 | 321,851         |          |
| Pension expense and pension-related grant expense  | <u>(50,598)</u> | 271,253  |
| OPEB contributions during fiscal year 2019         | 24,271          |          |
| OPEB expense                                       | <u>(36,720)</u> | (12,449) |

The Notes to the Financial Statements are an integral part of this statement.

(Continued)

## STATE OF ARIZONA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2019

(Expressed in Thousands)

Certain expenses reported in Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| AHCCCS accrued programmatic costs | (115,314) |           |
| Compensated absences              | 18,835    |           |
| Pollution remediation obligation  | (7,288)   |           |
| Interest on long-term obligations | 2,214     |           |
| Other expenses                    | (6,499)   | (108,052) |

Debt proceeds provide current financial resources to the governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current period, proceeds were received from:

|                        |           |           |
|------------------------|-----------|-----------|
| GANs issued            | (62,465)  |           |
| Bonds issued           | (262,010) |           |
| Premium on debt issued | (41,449)  | (365,924) |

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities and deferred outflows of resources in the Statement of Net Position. Governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the Statement of Activities. In the current year, these amounts consist of:

|   |          |         |
|---|----------|---------|
| Debt service principal                        | 489,522  |         |
| Debt premium/discount amortization            | 51,051   |         |
| Amortization of deferred losses on refundings | (16,382) | 524,191 |

Some capital asset additions were financed through capital leases and installment purchase contracts. Such financing arrangements are reported as other financing sources in the governmental funds; however, these amounts are reported as liabilities in the Statement of Net Position.

|  |         |        |
|--|---------|--------|
| Governmental funds capital leases and installment purchase contracts   | (1,034) |        |
| One-time write off of a capital lease liability does not provide current financial resources, and, therefore, is not reported in the funds | 24,250  | 23,216 |

**Change in net position of governmental activities**\$ 2,721,114

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ARIZONA  
**STATEMENT OF NET POSITION**  
 PROPRIETARY FUNDS  
 JUNE 30, 2019  
 (Expressed in Thousands)

|   | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |                  |                              | GOVERNMENTAL<br>ACTIVITIES -<br>INTERNAL<br>SERVICE FUNDS |
|---|---|------------------|------------------------------|---|
|   | UNIVERSITIES                                | OTHER            | TOTAL<br>ENTERPRISE<br>FUNDS |   |
| <b>ASSETS</b>   |   |                  |                              |   |
| Current Assets:   |   |                  |                              |   |
| Cash  | \$ 381,465                                  | \$ 43,622        | \$ 425,087                   | \$ —  |
| Cash with U.S. Treasury   | —   | 1,101,115        | 1,101,115                    | —   |
| Cash and pooled investments   |   |                  |                              |   |
| with State Treasurer  | 83,803                                      | 136,736          | 220,539                      | 256,882   |
| Short-term investments  | 254,938                                     | 123,592          | 378,530                      | —   |
| Receivables, net of allowances:   |   |                  |                              |   |
| Taxes   | —   | 76,626           | 76,626                       | —   |
| Interest  | 1,249                                       | 1,175            | 2,424                        | —   |
| Loans and notes   | 3,203                                       | —                | 3,203                        | —   |
| Other   | 229,324                                     | 35,041           | 264,365                      | 40,012  |
| Due from U.S. Government  | 160,929                                     | —                | 160,929                      | —   |
| Due from other funds  | —   | —                | —                            | 4,011   |
| Inventories, at cost  | 6,450                                       | 11,378           | 17,828                       | 2,045   |
| Other current assets  | 23,634                                      | 71               | 23,705                       | 15,266  |
| Total Current Assets  | <u>1,144,995</u>                            | <u>1,529,356</u> | <u>2,674,351</u>             | <u>318,216</u>  |
| Noncurrent Assets:  |   |                  |                              |   |
| Restricted assets:  |   |                  |                              |   |
| Cash  | 26,408                                      | —                | 26,408                       | —   |
| Cash held by trustee  | 291,106                                     | —                | 291,106                      | —   |
| Investments held by trustee   | 384,796                                     | —                | 384,796                      | —   |
| Receivables, net of allowances:   |   |                  |                              |   |
| Loans and notes   | 28,662                                      | —                | 28,662                       | —   |
| Equity interest in joint venture  | 10,011                                      | —                | 10,011                       | —   |
| Investments   | 1,117,208                                   | 402,485          | 1,519,693                    | —   |
| Endowment investments   | 594,777                                     | —                | 594,777                      | —   |
| Net OPEB asset  | —   | 69               | 69                           | 85  |
| Other noncurrent assets   | 1,280                                       | 10,697           | 11,977                       | —   |
| Capital assets:   |   |                  |                              |   |
| Land and other non-depreciable  | 732,727                                     | 8,707            | 741,434                      | —   |
| Buildings, equipment, and other depreciable,<br>net of accumulated depreciation | 5,168,952                                   | 32,602           | 5,201,554                    | 84,582  |
| Total Noncurrent Assets   | <u>8,355,927</u>                            | <u>454,560</u>   | <u>8,810,487</u>             | <u>84,667</u>   |
| Total Assets  | <u>9,500,922</u>                            | <u>1,983,916</u> | <u>11,484,838</u>            | <u>402,883</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |   |                  |                              |   |
| Related to pensions   | 239,239                                     | 5,198            | 244,437                      | 7,452   |
| Related to OPEB   | 23,875                                      | 559              | 24,434                       | 616   |
| Loss on debt refundings   | 73,221                                      | —                | 73,221                       | —   |
| Interest rate swap  | 15,298                                      | —                | 15,298                       | —   |
| Total Deferred Outflows of Resources  | <u>351,633</u>                              | <u>5,757</u>     | <u>357,390</u>               | <u>8,068</u>  |

The Notes to the Financial Statements are an integral part of this statement.

(Continued)

STATE OF ARIZONA  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**  
(Expressed in Thousands)

|   | <u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u> |                     |                                       | <u>GOVERNMENTAL<br/>ACTIVITIES -<br/>INTERNAL<br/>SERVICE FUNDS</u> |
|---|--|---------------------|---------------------------------------|---|
|   | <u>UNIVERSITIES</u>                                | <u>OTHER</u>        | <u>TOTAL<br/>ENTERPRISE<br/>FUNDS</u> |   |
| <b>LIABILITIES</b>  |  |                     |                                       |   |
| Current Liabilities:  |  |                     |                                       |   |
| Accounts payable and other current liabilities  | \$ 244,757   | \$ 15,720           | \$ 260,477                            | \$ 34,903   |
| Payable for securities purchased  | —  | 71                  | 71                                    | —   |
| Accrued liabilities   | 70,748   | 57,634              | 128,382                               | 1,719   |
| Due to U.S. Government  | —  | 87                  | 87                                    | 12,198  |
| Due to others   | 24,860   | 80,376              | 105,236                               | —   |
| Due to other funds  | —  | 39,798              | 39,798                                | 779   |
| Unearned revenue  | 280,028  | 161                 | 280,189                               | —   |
| Current portion of accrued insurance losses   | —  | 34,698              | 34,698                                | 148,241   |
| Current portion of long-term debt   | 277,604  | —                   | 277,604                               | —   |
| Current portion of other long-term liabilities  | 23,222   | 1,747               | 24,969                                | 12,470  |
| Total Current Liabilities   | <u>921,219</u>                                     | <u>230,292</u>      | <u>1,151,511</u>                      | <u>210,310</u>  |
| Noncurrent Liabilities:   |  |                     |                                       |   |
| Accrued insurance losses  | —  | 429,517             | 429,517                               | 367,699   |
| Funds held for others   | 10,819   | —                   | 10,819                                | —   |
| Net pension liability   | 1,328,161  | 31,959              | 1,360,120                             | 44,209  |
| Net OPEB liability  | 317,730  | 8,352               | 326,082                               | 8,861   |
| Long-term debt  | 3,970,803  | —                   | 3,970,803                             | —   |
| Derivative instrument - interest rate swap  | 15,298   | —                   | 15,298                                | —   |
| Other long-term liabilities   | 109,913  | —                   | 109,913                               | 155,634   |
| Total Noncurrent Liabilities  | <u>5,752,724</u>                                   | <u>469,828</u>      | <u>6,222,552</u>                      | <u>576,403</u>  |
| Total Liabilities   | <u>6,673,943</u>                                   | <u>700,120</u>      | <u>7,374,063</u>                      | <u>786,713</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |                     |                                       |   |
| Related to pensions   | 149,217  | 4,568               | 153,785                               | 7,142   |
| Related to OPEB   | 132,290  | 2,247               | 134,537                               | 2,378   |
| Resources received before time requirements met   | 215,312  | —                   | 215,312                               | —   |
| Gain on debt refundings   | 1,951  | —                   | 1,951                                 | —   |
| Total Deferred Inflows of Resources   | <u>498,770</u>                                     | <u>6,815</u>        | <u>505,585</u>                        | <u>9,520</u>  |
| <b>NET POSITION</b>   |  |                     |                                       |   |
| Net investment in capital assets  | 2,032,267  | 41,309              | 2,073,576                             | 84,582  |
| Restricted for:   |  |                     |                                       |   |
| Unemployment compensation   | —  | 1,114,746           | 1,114,746                             | —   |
| Capital projects  | 22,802   | —                   | 22,802                                | —   |
| Debt service  | 31,314   | —                   | 31,314                                | —   |
| Universities fund:  |  |                     |                                       |   |
| Expendable  | 345,993  | —                   | 345,993                               | —   |
| Nonexpendable   | 272,468  | —                   | 272,468                               | —   |
| Other   | —  | 21,753              | 21,753                                | —   |
| Unrestricted (deficit)  | <u>(25,002)</u>                                    | <u>104,930</u>      | <u>79,928</u>                         | <u>(469,864)</u>  |
| Total Net Position  | <u>\$ 2,679,842</u>                                | <u>\$ 1,282,738</u> | <u>\$ 3,962,580</u>                   | <u>\$ (385,282)</u>   |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |  |                     | 51,418                                |   |
| Net position of business-type activities  |  |                     | <u>\$ 4,013,998</u>                   |   |

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ARIZONA  
**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands).

|   | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |                     |                              | GOVERNMENTAL                              |
|---|---|---------------------|------------------------------|---|
|   | UNIVERSITIES                                | OTHER               | TOTAL<br>ENTERPRISE<br>FUNDS | ACTIVITIES -<br>INTERNAL<br>SERVICE FUNDS |
| <b>OPERATING REVENUES</b>   |   |                     |                              |   |
| Sales and charges for services:   |   |                     |                              |   |
| Student tuition and fees, net of<br>scholarship allowances of \$779,748                                 | \$ 2,318,748                                | \$ —                | \$ 2,318,748                 | \$ —                                      |
| Auxiliary enterprises, net of<br>scholarship allowances of \$38,218                                     | 454,569                                     | —                   | 454,569                      | —   |
| Educational department  | 134,591                                     | —                   | 134,591                      | —   |
| Other   | —   | 1,175,162           | 1,175,162                    | 1,068,009                                 |
| Assessments   | —   | 430,709             | 430,709                      | —   |
| Intergovernmental   | 670,454                                     | 2,501               | 672,955                      | —   |
| Nongovernmental grants and contracts  | 245,708                                     | —                   | 245,708                      | —   |
| Fines, forfeitures, and penalties   | —   | 2,261               | 2,261                        | —   |
| Settlement income   | —   | 20,108              | 20,108                       | —   |
| Other   | 60,394                                      | 389                 | 60,783                       | 3,315                                     |
| Total Operating Revenues  | <u>3,884,464</u>                            | <u>1,631,130</u>    | <u>5,515,594</u>             | <u>1,071,324</u>                          |
| <b>OPERATING EXPENSES</b>   |   |                     |                              |   |
| Cost of sales and benefits  | 1,508,796                                   | 1,076,918           | 2,585,714                    | 929,033                                   |
| Scholarships and fellowships  | 348,716                                     | —                   | 348,716                      | —   |
| Personal services   | 3,118,117                                   | 38,079              | 3,156,196                    | 42,518                                    |
| Contractual services  | —   | 25,090              | 25,090                       | 36,293                                    |
| Depreciation and amortization   | 324,136                                     | 3,234               | 327,370                      | 18,068                                    |
| Insurance   | —   | 480                 | 480                          | 49,574                                    |
| Other   | —   | 15,419              | 15,419                       | 16,488                                    |
| Total Operating Expenses  | <u>5,299,765</u>                            | <u>1,159,220</u>    | <u>6,458,985</u>             | <u>1,091,974</u>                          |
| Operating Income (Loss)   | <u>(1,415,301)</u>                          | <u>471,910</u>      | <u>(943,391)</u>             | <u>(20,650)</u>                           |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>  |   |                     |                              |   |
| Share of State sales tax revenues   | 81,418                                      | —                   | 81,418                       | —   |
| Intergovernmental   | 399,414                                     | —                   | 399,414                      | —   |
| Gifts and donations   | 312,626                                     | —                   | 312,626                      | —   |
| Gain on sale of capital assets  | 96  | 27                  | 123                          | 816                                       |
| Investment income   | 109,214                                     | 49,631              | 158,845                      | 120                                       |
| Endowment earnings on investments   | 7,123                                       | —                   | 7,123                        | —   |
| Gain on extinguishment of debt  | —   | —                   | —                            | 4,657                                     |
| Other non-operating revenue   | 13,780                                      | 3,078               | 16,858                       | 6   |
| Distributions   | —   | (14,964)            | (14,964)                     | —   |
| Interest expense  | (146,569)                                   | —                   | (146,569)                    | —   |
| Other non-operating expense   | (22,341)                                    | (3,867)             | (26,208)                     | (8,359)                                   |
| Total Non-Operating Revenues (Expenses)   | <u>754,761</u>                              | <u>33,905</u>       | <u>788,666</u>               | <u>(2,760)</u>                            |
| Income (Loss) Before Contributions and Transfers  | <u>(660,540)</u>                            | <u>505,815</u>      | <u>(154,725)</u>             | <u>(23,410)</u>                           |
| Capital grants and contributions  | 27,255                                      | —                   | 27,255                       | 8,842                                     |
| Contributions to permanent endowments   | 6,838                                       | —                   | 6,838                        | —   |
| Transfers in  | 755,426                                     | 15                  | 755,441                      | 9,401                                     |
| Transfers out   | —   | (259,939)           | (259,939)                    | (11,226)                                  |
| Change in Net Position  | <u>128,979</u>                              | <u>245,891</u>      | <u>374,870</u>               | <u>(16,393)</u>                           |
| Total Net Position - Beginning  | <u>2,550,863</u>                            | <u>1,036,847</u>    | <u>3,587,710</u>             | <u>(368,889)</u>                          |
| Total Net Position - Ending   | <u>\$ 2,679,842</u>                         | <u>\$ 1,282,738</u> | <u>\$ 3,962,580</u>          | <u>\$ (385,282)</u>                       |
| Change in net position of enterprise funds  |   |                     | \$ 374,870                   |   |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |   |                     | (8,105)                      |   |
| Change in net position of business-type activities  |   |                     | <u>\$ 366,765</u>            |   |

The Notes to the Financial Statements are an integral part of this statement.



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STATE OF ARIZONA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(Expressed in Thousands)

|  | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS |            |                              | GOVERNMENTAL                              |
|--|---|------------|------------------------------|---|
|  | UNIVERSITIES                                | OTHER      | TOTAL<br>ENTERPRISE<br>FUNDS | ACTIVITIES -<br>INTERNAL<br>SERVICE FUNDS |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |            |                              |   |
| Receipts from customers  | \$ —  | \$ 562,677 | \$ 562,677                   | \$ —                                      |
| Receipts from assessments  | —   | 459,173    | 459,173                      | —   |
| Receipts from student tuition and fees   | 2,296,600                                   | —          | 2,296,600                    | —   |
| Receipts from sales and services of auxiliary enterprises                          | 456,556                                     | —          | 456,556                      | —   |
| Receipts from sales and services of educational departments                        | 134,559                                     | —          | 134,559                      | —   |
| Receipts from interfund services / premiums  | —   | —          | —                            | 1,065,630                                 |
| Receipts from grants and contracts   | 860,931                                     | 2,501      | 863,432                      | —   |
| Receipts from student loans collected  | 6,876                                       | —          | 6,876                        | —   |
| Receipts from settlement income  | —   | 12,148     | 12,148                       | —   |
| Payments to suppliers, prize winners, claimants, or insurance companies            | (1,471,112)                                 | (497,931)  | (1,969,043)                  | (1,001,890)                               |
| Payments to employees  | (3,123,790)                                 | (58,005)   | (3,181,795)                  | (46,264)                                  |
| Payments to retirees   | —   | —          | —                            | (14,476)                                  |
| Payments for scholarships and fellowships  | (358,358)                                   | —          | (358,358)                    | —   |
| Payments for student loans issued  | (2,231)                                     | —          | (2,231)                      | —   |
| Other receipts   | 45,184                                      | 4,642      | 49,826                       | 7,948                                     |
| Other payments   | —   | (52)       | (52)                         | (8,359)                                   |
| Net Cash Provided (Used) by Operating Activities                                   | (1,154,785)                                 | 485,153    | (669,632)                    | 2,589                                     |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                            |   |            |                              |   |
| Receipts from custodial funds  | 280,269                                     | —          | 280,269                      | —   |
| Receipts from share of State sales tax   | 81,493                                      | —          | 81,493                       | —   |
| Receipts from grants and contributions   | 1,797,974                                   | —          | 1,797,974                    | —   |
| Transfers from other funds   | 659,501                                     | 15         | 659,516                      | 41  |
| Custodial funds disbursed  | (272,022)                                   | —          | (272,022)                    | —   |
| Grants and contributions disbursed   | (1,069,410)                                 | —          | (1,069,410)                  | —   |
| Distributions  | —   | (44,964)   | (44,964)                     | —   |
| Transfers to other funds   | —   | (210,841)  | (210,841)                    | (11,226)                                  |
| Other receipts   | 17,980                                      | —          | 17,980                       | —   |
| Net Cash Provided (Used) by Non-capital Financing Activities                       | 1,495,785                                   | (255,790)  | 1,239,995                    | (11,185)                                  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                    |   |            |                              |   |
| Proceeds from sale of capital assets   | 335   | 27         | 362                          | 1,885                                     |
| Proceeds from capital debt, installment purchase contracts, and capital leases     | 327,713                                     | —          | 327,713                      | —   |
| Receipts from federal subsidy  | 3,947                                       | —          | 3,947                        | —   |
| Receipts from capital grants and contributions                                     | 50,506                                      | —          | 50,506                       | —   |
| Transfers from other funds   | 71,122                                      | —          | 71,122                       | 9,360                                     |
| Acquisition and construction of capital assets                                     | (572,809)                                   | (12,160)   | (584,969)                    | (11,489)                                  |
| Interest paid on capital debt, installment purchase contracts, and capital leases  | (168,978)                                   | —          | (168,978)                    | —   |
| Principal paid on capital debt, installment purchase contracts, and capital leases | (153,680)                                   | —          | (153,680)                    | —   |
| Net Cash (Used) by Capital and Related Financing Activities                        | (441,844)                                   | (12,133)   | (453,977)                    | (244)                                     |

The Notes to the Financial Statements are an integral part of this statement.

(Continued)

STATE OF ARIZONA  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(Expressed in Thousands)

|   | <u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u> |                     |                                       | <u>GOVERNMENTAL</u>                                |
|---|--|---------------------|---------------------------------------|--|
|   | <u>UNIVERSITIES</u>                                | <u>OTHER</u>        | <u>TOTAL<br/>ENTERPRISE<br/>FUNDS</u> | <u>ACTIVITIES -<br/>INTERNAL<br/>SERVICE FUNDS</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |                     |                                       |  |
| Proceeds from sales and maturities of investments   | 1,046,423  | 413,661             | 1,460,084                             | —  |
| Interest and dividends from investments   | 70,210   | 39,549              | 109,759                               | 119  |
| Change in cash collateral received from securities<br>lending transactions                                | —  | (1,877)             | (1,877)                               | —  |
| Purchase of investments   | (801,931)  | (383,046)           | (1,184,977)                           | —  |
| Net Cash Provided by Investing Activities   | <u>314,702</u>                                     | <u>68,287</u>       | <u>382,989</u>                        | <u>119</u>   |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 213,858  | 285,517             | 499,375                               | (8,721)  |
| Cash and Cash Equivalents - Beginning   | <u>568,924</u>                                     | <u>995,956</u>      | <u>1,564,880</u>                      | <u>265,603</u>                                     |
| Cash and Cash Equivalents - Ending  | <u>\$ 782,782</u>                                  | <u>\$ 1,281,473</u> | <u>\$ 2,064,255</u>                   | <u>\$ 256,882</u>                                  |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  |  |                     |                                       |  |
| Operating income (loss)   | \$ (1,415,301)                                     | \$ 471,910          | \$ (943,391)                          | \$ (20,650)  |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities   |  |                     |                                       |  |
| Depreciation and amortization   | 324,136  | 3,234               | 327,370                               | 18,068   |
| Provision for uncollectible accounts  | —  | —                   | —                                     | —  |
| Miscellaneous expense   | (10,343)   | (428)               | (10,771)                              | (3,696)  |
| Net changes in assets, deferred outflows of resources,<br>liabilities, and deferred inflows of resources: |  |                     |                                       |  |
| (Increase) decrease in receivables, net of allowances   | (118,122)  | 10,833              | (107,289)                             | (2,992)  |
| Decrease in due from other funds  | —  | —                   | —                                     | 543  |
| Decrease in inventories, at cost  | 677  | 983                 | 1,660                                 | 892  |
| (Increase) decrease in other assets   | (3,915)  | 1,341               | (2,574)                               | 1,126  |
| Decrease in net OPEB asset  | —  | 31                  | 31                                    | 52   |
| Decrease in equity interest in joint venture  | 1,447  | —                   | 1,447                                 | —  |
| (Increase) decrease in deferred pension outflows of resources   | (38,923)   | (699)               | (39,622)                              | 1,790  |
| (Increase) in deferred OPEB outflows of resources   | (8,995)  | (204)               | (9,199)                               | (215)  |
| Increase (decrease) in accounts payable   | 44,339   | (5,068)             | 39,271                                | (278)  |
| Increase in accrued liabilities   | 6,303  | 34,439              | 40,742                                | 4  |
| Increase in due to U.S. Government  | —  | 87                  | 87                                    | 3,702  |
| Increase in due to other funds  | —  | —                   | —                                     | 4  |
| Increase in due to others   | —  | 152                 | 152                                   | —  |
| Increase in unearned revenue  | 65,739   | 95                  | 65,834                                | —  |
| Increase (decrease) in accrued insurance losses   | —  | (31,739)            | (31,739)                              | 5,663  |
| (Decrease) in net pension liability   | (77,356)   | (2,003)             | (79,359)                              | (8,143)  |
| Increase in net OPEB liability  | 14,508   | 628                 | 15,136                                | 318  |
| Increase in other liabilities   | —  | 137                 | 137                                   | 3,693  |
| Increase in deferred pension inflows of resources   | 63,699   | 1,252               | 64,951                                | 2,580  |
| Increase (decrease) in deferred OPEB inflows of resources   | (2,678)  | 172                 | (2,506)                               | 128  |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ (1,154,785)</u>                              | <u>\$ 485,153</u>   | <u>\$ (669,632)</u>                   | <u>\$ 2,589</u>                                    |
| <b>SCHEDULE OF NONCASH INVESTING, CAPITAL<br/>AND NON-CAPITAL FINANCING ACTIVITIES</b>                    |  |                     |                                       |  |
| Contribution of capital assets from other funds   | \$ —   | \$ —                | \$ —                                  | \$ 8,842   |
| Acquisition of capital assets through capital leases  | 16,015   | —                   | 16,015                                | —  |
| Increase in fair value of investments   | 33,137   | 13,056              | 46,193                                | —  |
| Increase in fair value of investments held by trustee   | 10,069   | —                   | 10,069                                | —  |
| Amortization of bond premium  | 24,138   | —                   | 24,138                                | —  |
| Total Noncash Investing, Capital and Non-capital<br>Financing Activities                                  | <u>\$ 83,359</u>                                   | <u>\$ 13,056</u>    | <u>\$ 96,415</u>                      | <u>\$ 8,842</u>                                    |

STATE OF ARIZONA  
**STATEMENT OF FIDUCIARY NET POSITION**  
 FIDUCIARY FUNDS  
 JUNE 30, 2019  
 (Expressed in Thousands)

|  | PENSION AND OTHER<br>EMPLOYEE BENEFIT<br>TRUST FUNDS | INVESTMENT<br>TRUST FUNDS | AGENCY<br>FUNDS |
|--|--|---------------------------|-----------------|
| <b>ASSETS</b>  |  |                           |                 |
| Cash   | \$ 358,059   | \$ —                      | \$ 4,132        |
| Cash and pooled investments with<br>State Treasurer        | —  | 983                       | 75,494          |
| Receivables, net of allowances:                            |  |                           |                 |
| Accrued interest and dividends                             | 54,105   | 3,792                     | 3               |
| Securities sold  | 28,589   | —                         | —               |
| Futures contracts  | 4,816  | —                         | —               |
| Contributions  | 126,869  | —                         | —               |
| Court fees   | 926  | —                         | —               |
| Due from other funds                                       | 9,123  | —                         | —               |
| Other  | 54,342   | —                         | 7               |
| Total receivables  | <u>278,770</u>                                       | <u>3,792</u>              | <u>10</u>       |
| Investments, at fair value:                                |  |                           |                 |
| Short-term investments                                     | 666,570  | —                         | —               |
| Fixed income securities                                    | 12,218,644   | 3,811,956                 | —               |
| Equity   | 26,813,905   | —                         | —               |
| Global trading strategies                                  | 920,811  | —                         | —               |
| Real assets  | 890,430  | —                         | —               |
| Real estate  | 6,909,441  | —                         | —               |
| Private equity   | 1,383,208  | —                         | —               |
| Private credit   | 1,604,558  | —                         | —               |
| Collateral investment pool                                 | 631,176  | 47,583                    | —               |
| Other investments  | 466,995  | —                         | —               |
| Total investments  | <u>52,505,738</u>                                    | <u>3,859,539</u>          | <u>—</u>        |
| Due from others  | —  | —                         | 77,388          |
| Custodial securities in safekeeping                        | —  | —                         | 456,022         |
| Prepaid benefits   | —  | —                         | —               |
| Property and equipment, net of<br>accumulated depreciation | 3,465  | —                         | —               |
| Total Assets   | <u>53,146,032</u>                                    | <u>3,864,314</u>          | <u>613,046</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      |  |                           |                 |
| Related to pensions  | <u>1,525</u>   | <u>—</u>                  | <u>—</u>        |
| <b>LIABILITIES</b>   |  |                           |                 |
| Accounts payable and other current<br>liabilities          | 25,645   | —                         | —               |
| Payable for securities purchased                           | 28,371   | 49,749                    | —               |
| Management fee payable                                     | —  | 185                       | —               |
| Obligation under securities loan agreements                | 631,176  | 47,583                    | —               |
| Futures contracts payable                                  | 6,111  | —                         | —               |
| Due to local governments                                   | —  | —                         | 10,474          |
| Due to others  | —  | —                         | 602,572         |
| Due to other funds   | 9,123  | —                         | —               |
| Net pension liability                                      | 6,976  | —                         | —               |
| Total Liabilities  | <u>707,402</u>                                       | <u>97,517</u>             | <u>613,046</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       |  |                           |                 |
| Related to pensions  | <u>824</u>   | <u>—</u>                  | <u>—</u>        |
| <b>NET POSITION</b>  |  |                           |                 |
| Restricted for:  |  |                           |                 |
| Pension benefits   | 49,937,633   | —                         | —               |
| Other post-employment benefits                             | 2,501,698  | —                         | —               |
| Held in trust for pool participants                        | —  | 3,766,797                 | —               |
| Total Net Position   | <u>\$ 52,439,331</u>                                 | <u>\$ 3,766,797</u>       | <u>\$ —</u>     |

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ARIZONA  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(Expressed in Thousands)

|   | PENSION AND OTHER<br>EMPLOYEE BENEFIT<br>TRUST FUNDS | INVESTMENT<br>TRUST FUNDS |
|---|--|---------------------------|
|   | <u>TRUST FUNDS</u>                                   | <u>TRUST FUNDS</u>        |
| <b>ADDITIONS:</b>                                     |  |                           |
| Member contributions                                  | \$ 1,384,704   | \$ —                      |
| Employer contributions                                | 2,301,613  | —                         |
| Non-employer entity contributions                     | 24,985   | —                         |
| Member purchase of service credit                     | 24,069   | —                         |
| Court fees  | 10,944   | —                         |
| Investment income:                                    |  |                           |
| Net increase in fair value of investments             | 2,601,732  | 9,474                     |
| Interest income                                       | 91,004   | 86,826                    |
| Dividends   | 507,873  | —                         |
| Other investment income                               | 108,260  | —                         |
| Securities lending income                             | 23,039   | 484                       |
| Total investment income                               | <u>3,331,908</u>                                     | <u>96,784</u>             |
| Less investment expenses:                             |  |                           |
| Investment activity expenses                          | 254,699  | 2,017                     |
| Securities lending expenses                           | 12,644   | 212                       |
| Net investment income                                 | <u>3,064,565</u>                                     | <u>94,555</u>             |
| Capital share and individual account transactions:    |  |                           |
| Shares sold   | —  | 5,386,502                 |
| Reinvested interest income                            | —  | 85,436                    |
| Shares redeemed                                       | —  | (5,218,038)               |
| Net capital share and individual account transactions | <u>—</u>   | <u>253,900</u>            |
| Other additions                                       | 11,665   | —                         |
| Total Additions                                       | <u>6,822,545</u>                                     | <u>348,455</u>            |
| <b>DEDUCTIONS:</b>                                    |  |                           |
| Retirement, disability, and survivor benefits         | 4,259,026  | —                         |
| Health insurance subsidy                              | 137,733  | —                         |
| Refunds to withdrawing members, including interest    | 308,570  | —                         |
| Administrative expense                                | 39,353   | —                         |
| Dividends to investors                                | —  | 94,676                    |
| Other deductions                                      | 1,645  | —                         |
| Total Deductions                                      | <u>4,746,327</u>                                     | <u>94,676</u>             |
| Change in net position restricted in trust for:       |  |                           |
| Pension benefits                                      | 2,027,338  | —                         |
| Other post-employment benefits                        | 48,880   | —                         |
| Pool participants                                     | —  | 253,779                   |
| Net Position - Beginning                              | <u>50,363,113</u>                                    | <u>3,513,018</u>          |
| Net Position - Ending                                 | <u>\$ 52,439,331</u>                                 | <u>\$ 3,766,797</u>       |

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ARIZONA  
**COMBINING STATEMENT OF NET POSITION**  
 COMPONENT UNITS  
 JUNE 30, 2019  
 (Expressed in Thousands)

|   | ARIZONA<br>FINANCE<br>AUTHORITY | OTHER<br>COMPONENT<br>UNITS | TOTAL            |
|---|---------------------------------|-----------------------------|------------------|
| <b>ASSETS</b>   |                                 |                             |                  |
| Current Assets:   |                                 |                             |                  |
| Cash  | \$ 10,735                       | \$ 21,819                   | \$ 32,554        |
| Cash and pooled investments with State Treasurer                                | 274,892                         | 205,966                     | 480,858          |
| Cash held by trustee  | 7,878                           | —                           | 7,878            |
| Restricted investments held by trustee  | —                               | 722                         | 722              |
| Receivables, net of allowances:   |                                 |                             |                  |
| Interest  | 4,653                           | —                           | 4,653            |
| Loans and notes   | 59,671                          | 523                         | 60,194           |
| Other   | 4,315                           | 3,906                       | 8,221            |
| Due from primary government   | 279                             | 3,477                       | 3,756            |
| Other current assets  | —                               | 624                         | 624              |
| Total Current Assets  | <u>362,423</u>                  | <u>237,037</u>              | <u>599,460</u>   |
| Noncurrent Assets:  |                                 |                             |                  |
| Restricted assets:  |                                 |                             |                  |
| Cash and pooled investments with State Treasurer                                | 11,965                          | —                           | 11,965           |
| Cash held by trustee  | —                               | 21,844                      | 21,844           |
| Investments held by trustee   | —                               | 1,762                       | 1,762            |
| Loans and notes receivable, net of allowances                                   | 629,270                         | 12,444                      | 641,714          |
| Investments   | 81,027                          | —                           | 81,027           |
| Other noncurrent assets   | —                               | 23,310                      | 23,310           |
| Capital assets:   |                                 |                             |                  |
| Land and other non-depreciable  | —                               | 18,186                      | 18,186           |
| Buildings, equipment, and other depreciable,<br>net of accumulated depreciation | 10                              | 79,220                      | 79,230           |
| Total Noncurrent Assets   | <u>722,272</u>                  | <u>156,766</u>              | <u>879,038</u>   |
| Total Assets  | <u>1,084,695</u>                | <u>393,803</u>              | <u>1,478,498</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                                 |                             |                  |
| Related to pensions   | 741                             | 321                         | 1,062            |
| Loss on debt refundings   | 33,018                          | 5,081                       | 38,099           |
| Total Deferred Outflows of Resources  | <u>33,759</u>                   | <u>5,402</u>                | <u>39,161</u>    |

The Notes to the Financial Statements are an integral part of this statement.

(Continued)

STATE OF ARIZONA  
**COMBINING STATEMENT OF NET POSITION**  
 COMPONENT UNITS  
 JUNE 30, 2019  
 (Expressed in Thousands)

|  | ARIZONA<br>FINANCE<br>AUTHORITY | OTHER<br>COMPONENT<br>UNITS | TOTAL             |
|--|---------------------------------|-----------------------------|-------------------|
| <b>LIABILITIES</b>                             |                                 |                             |                   |
| Current Liabilities:                           |                                 |                             |                   |
| Accounts payable and other current liabilities | \$ 303                          | \$ 21,089                   | \$ 21,392         |
| Accrued liabilities                            | 4,516                           | 1,048                       | 5,564             |
| Due to primary government                      | 7,348                           | —                           | 7,348             |
| Unearned revenue                               | —                               | 2,535                       | 2,535             |
| Current portion of long-term debt              | 29,815                          | 9,619                       | 39,434            |
| Current portion of other long-term liabilities | 56                              | —                           | 56                |
| Total Current Liabilities                      | <u>42,038</u>                   | <u>34,291</u>               | <u>76,329</u>     |
| Noncurrent Liabilities:                        |                                 |                             |                   |
| Unearned revenue                               | 2,157                           | 5,517                       | 7,674             |
| Net pension liability                          | 1,293                           | 908                         | 2,201             |
| Long-term debt                                 | 395,884                         | 186,476                     | 582,360           |
| Total Noncurrent Liabilities                   | <u>399,334</u>                  | <u>192,901</u>              | <u>592,235</u>    |
| Total Liabilities                              | <u>441,372</u>                  | <u>227,192</u>              | <u>668,564</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                                 |                             |                   |
| Related to pensions                            | 933                             | 121                         | 1,054             |
| Total Deferred Inflows of Resources            | <u>933</u>                      | <u>121</u>                  | <u>1,054</u>      |
| <b>NET POSITION</b>                            |                                 |                             |                   |
| Net investment in capital assets               | 10                              | 56,931                      | 56,941            |
| Restricted for:                                |                                 |                             |                   |
| Debt service                                   | 73,613                          | 9,253                       | 82,866            |
| Loans and other financial assistance           | 597,703                         | 26,593                      | 624,296           |
| Other  | —                               | 12,864                      | 12,864            |
| Unrestricted                                   | 4,823                           | 66,251                      | 71,074            |
| Total Net Position                             | <u>\$ 676,149</u>               | <u>\$ 171,892</u>           | <u>\$ 848,041</u> |

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ARIZONA  
**COMBINING STATEMENT OF ACTIVITIES**  
 COMPONENT UNITS  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Expressed in Thousands)

| <u>FUNCTIONS/PROGRAMS</u> | <u>PROGRAM REVENUES</u> |                             |   |
|---------------------------|-------------------------|-----------------------------|---|
|                           | <u>EXPENSES</u>         | <u>CHARGES FOR SERVICES</u> | <u>OPERATING GRANTS AND CONTRIBUTIONS</u> |
| Arizona Finance Authority | \$ 82,465               | \$ 81,114                   | \$ 12,381                                 |
| Other Component Units     | 60,731                  | 25,230                      | 4,522                                     |
| Total                     | <u>\$ 143,196</u>       | <u>\$ 106,344</u>           | <u>\$ 16,903</u>                          |

General Revenues:  
 Unrestricted investment earnings  
 Unrestricted grants and contributions  
 Payments from primary government  
 Miscellaneous  
 Change in Net Position  
 Net Position - Beginning, as restated  
 Net Position - Ending

The Notes to the Financial Statements are an integral part of this statement. For beginning balance restatement detail, see Note 15. L.



NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

| ARIZONA<br>FINANCE<br>AUTHORITY | OTHER<br>COMPONENT<br>UNITS | TOTAL      |
|---------------------------------|-----------------------------|------------|
| \$ 11,030                       | \$ —                        | \$ 11,030  |
| —                               | (30,979)                    | (30,979)   |
| 11,882                          | 3,259                       | 15,141     |
| —                               | 66                          | 66         |
| —                               | 40,762                      | 40,762     |
| 36                              | 214                         | 250        |
| 22,948                          | 13,322                      | 36,270     |
| 653,201                         | 158,570                     | 811,771    |
| \$ 676,149                      | \$ 171,892                  | \$ 848,041 |

STATE OF ARIZONA  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
UNIVERSITIES - AFFILIATED COMPONENT UNITS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | ARIZONA STATE<br>UNIVERSITY<br>ENTERPRISE<br>PARTNERS | UNIVERSITY<br>OF ARIZONA<br>FOUNDATION | ARIZONA CAPITAL<br>FACILITIES<br>FINANCE<br>CORPORATION | OTHER<br>COMPONENT<br>UNITS | TOTAL               |
|--|---|--|---|-----------------------------|---------------------|
| <b>ASSETS</b>  |   |  |   |                             |                     |
| Cash and cash equivalent investments                       | \$ 15,496   | \$ 98,472                              | \$ 6,161  | \$ 24,067                   | \$ 144,196          |
| Receivables:   |   |  |   |                             |                     |
| Pledges receivable, net of allowances                      | 156,536   | 65,735                                 | —   | 47,341                      | 269,612             |
| Other receivables  | 7,204   | —                                      | 451   | 59,924                      | 67,579              |
| Total receivables  | <u>163,740</u>  | <u>65,735</u>                          | <u>451</u>  | <u>107,265</u>              | <u>337,191</u>      |
| Investments:   |   |  |   |                             |                     |
| Investments in securities                                  | 1,135,404   | 986,281                                | 15,371  | 215,493                     | 2,352,549           |
| Other investments  | 83,167  | —                                      | —   | 14,525                      | 97,692              |
| Total investments  | <u>1,218,571</u>                                      | <u>986,281</u>                         | <u>15,371</u>   | <u>230,018</u>              | <u>2,450,241</u>    |
| Net direct financing leases                                | 20,035  | —                                      | 36,773  | 4,394                       | 61,202              |
| Property and equipment, net of<br>accumulated depreciation | 13,583  | 2,292                                  | 134,828   | 45,993                      | 196,696             |
| Other assets   | <u>17,327</u>   | <u>3,610</u>                           | <u>6</u>  | <u>9,473</u>                | <u>30,416</u>       |
| Total Assets   | <u>1,448,752</u>                                      | <u>1,156,390</u>                       | <u>193,590</u>  | <u>421,210</u>              | <u>3,219,942</u>    |
| <b>LIABILITIES</b>   |   |  |   |                             |                     |
| Accounts payable and accrued liabilities                   | 17,638  | 7,061                                  | 720   | 9,523                       | 34,942              |
| Liability under endowment trust<br>agreements              | 250,356   | 223,707                                | —   | 34,982                      | 509,045             |
| Long-term debt   | 92,493  | —                                      | 234,367   | 12,764                      | 339,624             |
| Deferred revenue   | —   | —                                      | —   | 24,981                      | 24,981              |
| Other liabilities  | <u>28,755</u>   | <u>—</u>                               | <u>8,356</u>  | <u>5,625</u>                | <u>42,736</u>       |
| Total Liabilities  | <u>389,242</u>  | <u>230,768</u>                         | <u>243,443</u>  | <u>87,875</u>               | <u>951,328</u>      |
| <b>NET ASSETS</b>  |   |  |   |                             |                     |
| With donor restrictions                                    | 946,915   | 905,105                                | —   | 226,339                     | 2,078,359           |
| Without donor restrictions                                 | <u>112,595</u>  | <u>20,517</u>                          | <u>(49,853)</u>   | <u>106,996</u>              | <u>190,255</u>      |
| Total Net Assets   | <u>\$ 1,059,510</u>                                   | <u>\$ 925,622</u>                      | <u>\$ (49,853)</u>                                      | <u>\$ 333,335</u>           | <u>\$ 2,268,614</u> |

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ARIZONA  
**COMBINING STATEMENT OF ACTIVITIES**  
UNIVERSITIES - AFFILIATED COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|                                     | ARIZONA STATE<br>UNIVERSITY<br>ENTERPRISE<br>PARTNERS | UNIVERSITY<br>OF ARIZONA<br>FOUNDATION | ARIZONA CAPITAL<br>FACILITIES<br>FINANCE<br>CORPORATION | OTHER<br>COMPONENT<br>UNITS | TOTAL        |
|-------------------------------------|---|--|---|-----------------------------|--------------|
| <b>REVENUES</b>                     |   |  |   |                             |              |
| Contributions                       | \$ 205,161  | \$ 155,705                             | \$ —  | \$ 43,817                   | \$ 404,683   |
| Rental revenue                      | 1,982   | —                                      | 14,987  | 26,345                      | 43,314       |
| Sales and services                  | 27,177  | 5,100                                  | 11,436  | 6,625                       | 50,338       |
| Net investment income               | 98,589  | 31,901                                 | 463   | 9,885                       | 140,838      |
| Grants and aid                      | —   | —                                      | —   | 29,545                      | 29,545       |
| Other revenues                      | 9,599   | 12,786                                 | 4,565   | 6,779                       | 33,729       |
| Total Revenues                      | 342,508   | 205,492                                | 31,451  | 122,996                     | 702,447      |
| <b>EXPENSES</b>                     |   |  |   |                             |              |
| Program services:                   |   |  |   |                             |              |
| Payments to Universities            | 118,909   | 76,961                                 | 2,152   | 25,242                      | 223,264      |
| Leasing related expenses            | —   | —                                      | —   | 12,209                      | 12,209       |
| Payments on behalf of Universities  | —   | 14,852                                 | —   | 5,716                       | 20,568       |
| Other program services              | —   | —                                      | —   | 9,619                       | 9,619        |
| Management and general expenses     | 40,827  | 7,153                                  | 9,512   | 56,676                      | 114,168      |
| Fundraising expenses                | —   | 8,616                                  | —   | 5,260                       | 13,876       |
| Interest                            | 1,444   | —                                      | 8,365   | 163                         | 9,972        |
| Depreciation and amortization       | 831   | —                                      | 9,314   | 388                         | 10,533       |
| Other expenses                      | 11,067  | —                                      | 52  | 1,579                       | 12,698       |
| Total Expenses                      | 173,078   | 107,582                                | 29,395  | 116,852                     | 426,907      |
| Increase in Net Assets, before gain | 169,430   | 97,910                                 | 2,056   | 6,144                       | 275,540      |
| Gain on acquisition                 | —   | —                                      | —   | 3,334                       | 3,334        |
| Increase in Net Assets              | 169,430   | 97,910                                 | 2,056   | 9,478                       | 278,874      |
| Net Assets - Beginning              | 890,080   | 827,712                                | (51,909)  | 323,857                     | 1,989,740    |
| Net Assets - Ending                 | \$ 1,059,510  | \$ 925,622                             | \$ (49,853)   | \$ 333,335                  | \$ 2,268,614 |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
INDEX

|         | Page  |     | Page     |   |     |
|---------|---|-----|----------|---|-----|
| Note 1. | <a href="#">Summary of Significant Accounting Policies</a> .....  | 69  | Note 6.  | <a href="#">Long-Term Obligations</a> .....                           | 114 |
| A.      | <a href="#">Reporting Entity</a> .....  | 69  | A.       | <a href="#">Revenue Bonds</a> .....                                   | 114 |
| B.      | <a href="#">Basis of Presentation</a> .....   | 73  | B.       | <a href="#">Grant Anticipation Notes</a> .....                        | 119 |
| C.      | <a href="#">Measurement Focus and Basis of Accounting</a> .....   | 74  | C.       | <a href="#">Certificates of Participation</a> .....                   | 120 |
| D.      | <a href="#">Deposits and Investments</a> .....  | 74  | D.       | <a href="#">Direct Placements</a> .....                               | 122 |
| E.      | <a href="#">Taxes Receivable</a> .....  | 75  | E.       | <a href="#">Leases</a> .....  | 123 |
| F.      | <a href="#">Inventories</a> .....   | 75  | F.       | <a href="#">Compensated Absences</a> .....                            | 124 |
| G.      | <a href="#">Capital Assets</a> .....  | 75  | G.       | <a href="#">Changes in Long-Term Obligations</a> .....                | 125 |
| H.      | <a href="#">Deferred Outflows of Resources</a> .....  | 76  | Note 7.  | <a href="#">Interfund Transactions</a> .....                          | 126 |
| I.      | <a href="#">Investment Earnings</a> .....   | 76  | Note 8.  | <a href="#">Accounting Changes</a> .....                              | 127 |
| J.      | <a href="#">Scholarship Allowances</a> .....  | 76  | A.       | <a href="#">Fund Financial Statements</a> .....                       | 127 |
| K.      | <a href="#">Unearned Revenue</a> .....  | 77  | B.       | <a href="#">Government-wide Financial Statements</a> .....            | 127 |
| L.      | <a href="#">Postemployment Benefits</a> .....   | 77  | Note 9.  | <a href="#">Governmental Fund Balances</a> .....                      | 128 |
| M.      | <a href="#">Compensated Absences</a> .....  | 77  | Note 10. | <a href="#">Deficit Net Position</a> .....                            | 128 |
| N.      | <a href="#">Long-Term Obligations</a> .....   | 77  | Note 11. | <a href="#">Joint Ventures</a> .....                                  | 129 |
| O.      | <a href="#">Deferred Inflows of Resources</a> .....   | 77  | A.       | <a href="#">Large Binocular Telescope Corporation</a> .....           | 129 |
| P.      | <a href="#">Net Position/Fund Balances</a> .....  | 78  | B.       | <a href="#">Giant Magellan Telescope Organization</a> ....            | 129 |
| Q.      | <a href="#">New Accounting Pronouncements</a> .....   | 79  | Note 12. | <a href="#">Commitments, Contingencies, and Compliance</a> .....      | 129 |
| Note 2. | <a href="#">Deposits and Investments</a> .....  | 79  | A.       | <a href="#">Insurance Losses</a> .....                                | 129 |
| A.      | <a href="#">Deposits and Investment Policies</a> .....  | 79  | B.       | <a href="#">Litigation</a> .....                                      | 131 |
| B.      | <a href="#">Custodial Credit Risk - Deposits and Investments</a> .....                                  | 81  | C.       | <a href="#">Accumulated Sick Leave</a> .....                          | 131 |
| C.      | <a href="#">Interest Rate Risk</a> .....  | 81  | D.       | <a href="#">Unclaimed Property</a> .....                              | 132 |
| D.      | <a href="#">Credit Risk</a> .....   | 83  | E.       | <a href="#">Construction Commitments</a> .....                        | 132 |
| E.      | <a href="#">Concentration of Credit Risk</a> .....  | 84  | F.       | <a href="#">Arizona State Lottery</a> .....                           | 132 |
| F.      | <a href="#">Foreign Currency Risk</a> .....   | 85  | Note 13. | <a href="#">Tobacco Settlement</a> .....                              | 132 |
| G.      | <a href="#">Fair Value Measurement of Investments</a> ....  | 86  | Note 14. | <a href="#">Subsequent Events</a> .....                               | 133 |
| H.      | <a href="#">Securities Lending</a> .....  | 92  | Note 15. | <a href="#">Discretely Presented Component Unit Disclosures</a> ..... | 134 |
| I.      | <a href="#">Derivatives</a> .....   | 93  | A.       | <a href="#">Summary of Significant Accounting Policies</a> .....      | 134 |
| J.      | <a href="#">State Treasurer’s Separately Issued Financial Statements</a> .....                          | 95  | B.       | <a href="#">Deposits and Investments</a> .....                        | 135 |
| Note 3. | <a href="#">Receivables/Unavailable Revenue/Unearned Revenue</a> .....                                  | 96  | C.       | <a href="#">Endowments</a> .....                                      | 139 |
| A.      | <a href="#">Taxes Receivable</a> .....  | 96  | D.       | <a href="#">Program Loans</a> .....                                   | 140 |
| B.      | <a href="#">Unavailable Revenue</a> .....   | 96  | E.       | <a href="#">Pledges Receivable</a> .....                              | 140 |
| C.      | <a href="#">Unearned Revenue</a> .....  | 97  | F.       | <a href="#">Direct Financing Lease Agreements</a> .....               | 141 |
| Note 4. | <a href="#">Capital Assets</a> .....  | 98  | G.       | <a href="#">Capital Assets</a> .....                                  | 141 |
| Note 5. | <a href="#">Pension and Other Postemployment Benefits</a> ....  | 99  | H.       | <a href="#">Long-Term Obligations</a> .....                           | 142 |
| A.      | <a href="#">Arizona State Retirement System</a> .....   | 100 | I.       | <a href="#">Tax Abatements</a> .....                                  | 144 |
| B.      | <a href="#">Public Safety Personnel Retirement System and Corrections Officer Retirement Plan</a> ..... | 103 | J.       | <a href="#">Conduit Debt</a> .....                                    | 144 |
| C.      | <a href="#">Elected Officials’ Retirement Plan</a> .....  | 109 | K.       | <a href="#">Nonexchange Financial Guarantees</a> .....                | 145 |
| D.      | <a href="#">Arizona Department of Administration Defined Benefit Healthcare Plan</a> .....              | 112 | L.       | <a href="#">Accounting Changes</a> .....                              | 145 |

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the State of Arizona (the State) conform to U.S. Generally Accepted Accounting Principles (U.S. GAAP) applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

**A. REPORTING ENTITY**

The State is a general purpose government. The accompanying financial statements present the activities of the State (the primary government) and its component units. Component Units' footnote disclosures are presented in Note 15 - *Discretely Presented Component Unit Disclosures*.

***Component Units***

Component units are legally separate entities for which the State is considered to be financially accountable, or organizations that raise and hold economic resources for the direct benefit of the State. Blended component units, although legally separate entities, are in substance, part of a government's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units of the State, except for component units affiliated with the State's Universities, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the State. Because the component units affiliated with the Universities follow Financial Accounting Standards Board (FASB) statements, these financial statements have been reported on separate pages following the respective counterpart financial statements of the State. For financial reporting purposes, only the statement of financial position and the statement of activities for component units affiliated with the Universities are included in the State's financial statements, as required by the GASB.

GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. Where the State does not appoint a voting majority of an organization's governing body, GASB requires inclusion in the reporting entity if it is fiscally dependent on the State and there is a potential for the organization to either provide specific financial benefits to, or to impose specific financial burdens on, the State. Further, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading.

In addition, GASB requires that legally separate, tax-exempt entities that meet *all* of the following criteria should be discretely presented as component units: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents, (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization, and (3) The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Northern Arizona Capital Facilities Finance Corporation (NACFFC), the Thunderbird School of Global Management (Thunderbird), and the Arizona State University Athletic Facilities District (ASUAFD) are blended with the Universities' financial statements. The NACFFC was established for the purpose of acquiring, developing, constructing, and operating student housing and other capital facilities and equipment for the use and benefit of Northern Arizona University's (NAU) students. The NACFFC's debt outstanding is expected to be repaid entirely or almost entirely with resources from the NAU. The Thunderbird primarily exists to benefit the Arizona State University (ASU) by providing a framework for global education programming. The ASUAFD was formed pursuant to the provisions of Arizona Revised Statutes (A.R.S.) Title 48, Chapter 26 and supports the ASU's efforts to construct, reconstruct, finance, furnish, maintain, and improve intercollegiate athletic facilities located on the ASU's property, including utilities, roads, parking areas or buildings necessary for full use of the athletic facilities.

The State reports the following component units as fiduciary funds:

The Arizona State Retirement System (ASRS) is a cost-sharing, multiple-employer, pension plan that benefits employees of the State and participating political subdivisions and school districts. The ASRS is administered in accordance with provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is governed by a nine-member board that is appointed by the Governor and approved by the Senate to serve three-year terms. The State has the ability to impose its will on the ASRS as the State Legislature can modify the plan design and benefits. Additionally, per A.R.S. § 38-721, the State Legislature appropriates monies to pay for the administrative expenses of the ASRS. Complete financial statements may be obtained from the ASRS's administrative office at P.O. Box 33910, Phoenix, AZ 85067-3910, (602) 240-2000, or its website at <https://www.azasrs.gov>.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

The Public Safety Personnel Retirement System (PSPRS) is an agent, multiple-employer public employee retirement system that benefits public safety employees of certain state, county, and local governments. The PSPRS is jointly administered by the Board of Trustees and 230 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. The Board of Trustees, which is comprised of a nine-member board, serve a fixed five-year term. Two board members are appointed by the President of the Senate, two are appointed by the Speaker of the House of Representatives, and five are appointed by the Governor. The State has the ability to impose its will on the PSPRS as the State Legislature can modify the plan design and benefits. Each eligible group participating in the system has a five-member local board. In general, all members serve a fixed four-year term. Complete financial statements may be obtained from the PSPRS's administrative office at 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016-4416, (602) 255-5575, or its website at [www.psprs.com](http://www.psprs.com).

The Elected Officials' Retirement Plan (EORP) is a cost-sharing, multiple-employer public employee retirement plan that benefits elected officials and judges of certain state, county, and local governments who were members of the plan on December 31, 2013, and remain in the plan. As part of the 2013 Fifty-first Legislature, House Bill 2608 effectively closed the EORP to new members and created the Elected Officials' Defined Contribution Retirement System, with an effective date of January 1, 2014. The Board of Trustees of the PSPRS administers the EORP plan according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The State has the ability to impose its will on the EORP as the State Legislature can modify the plan design and benefits. Complete financial statements may be obtained from the PSPRS's administrative office at 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016-4416, (602) 255-5575, or its website at [www.psprs.com](http://www.psprs.com).

The Corrections Officer Retirement Plan (CORP) is a multiple-employer public employee retirement plan that benefits prison and jail employees of certain state, county, and local governments. CORP includes a cost-sharing multiple employer plan for Administrative Office of the Courts (AOC) probation officers and an agent multiple-employer plan for all other members. Pension reform legislation (Senate Bill 1442) passed in 2017 that created a new tier of benefits for those members who will become members on or after July 1, 2018. Senate Bill 1442 closed CORP to new members for corrections and detention positions. Newly hired corrections and detention officers who work in state prisons, county jails, and municipalities will receive retirement benefits through the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). CORP remains open for new hires of the AOC's probation and surveillance positions. Those hired into these positions will have a choice of enrolling in the defined benefit plan or in the PSPDCRP. The Board of Trustees of the PSPRS, 28 local boards of the CORP, and 15 local boards of the AOC administer the plans according to the provisions of A.R.S. Title 38, Chapter 5, Article 6. The State has the ability to impose its will on the CORP and AOC as the State Legislature can modify the plans design and benefits. Complete financial statements may be obtained from the PSPRS's administrative office at 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016-4416, (602) 255-5575, or its website at [www.psprs.com](http://www.psprs.com).

The State reports the following discretely presented component units:

*Major Component Unit:*

Arizona Finance Authority (AFA) - In the Fifty-second Legislature - Second Regular Session (2016), the State Legislature passed into law House Bill 2666 (HB2666) that established the AFA. The AFA was created to provide a one-stop shop for financing, supporting expanding and relocating businesses, communities' infrastructure needs, and first-time homebuyers. The Water Infrastructure Finance Authority (WIFA), the Greater Arizona Development Authority (GADA), and the Arizona Industrial Development Authority (AIDA) are established in the AFA by HB2666 for this purpose. Also enacted by this law, the powers, duties, and responsibilities of the Arizona Health Facilities Authority, the Arizona Housing Finance Authority, and the Arizona International Development Authority succeed to the AIDA. The AFA is governed by a five-member board of directors that also governs the AFA's WIFA, GADA, and AIDA. Members are appointed by the Governor and serve at the pleasure of the Governor; thus, the State has the ability to impose its will on AFA.

The AFA's WIFA is authorized to administer the Clean Water Revolving Fund. The Clean Water Revolving Fund was created pursuant to the Federal Water Pollution Control Act, which required the State to establish the Clean Water Revolving Fund to accept federal capitalization grants for publicly owned wastewater treatment projects. The AFA's WIFA has also entered into an agreement with the U.S. Environmental Protection Agency to administer the Drinking Water Revolving Fund pursuant to the Safe Drinking Water Act. The AFA's GADA provides cost-effective access to capital for local communities, certain special districts, and tribal governments for public infrastructure projects. The AFA's AIDA provides cost-effective capital for private borrowers by reducing their financing costs through the issuance of tax-exempt bonds. Complete financial statements for AFA's WIFA and GADA may be obtained from the administrative office at 100 North 7th Avenue, Suite 100, Phoenix, AZ 85007, (602) 364-1323. Complete financial statements for AFA's AIDA may be obtained from Kutak Rock LLP's administrative office at 8601 North Scottsdale Road, Suite 300, Scottsdale, AZ 85253.

*Non-major Component Units:*

Rio Nuevo Multipurpose Facilities District (Rio Nuevo) - The Rio Nuevo was established in 1999 with the passage of Proposition 400 by the voters in the Cities of Tucson and South Tucson. Under A.R.S. § 42-5031, the District can utilize tax incremental financing to help develop multipurpose facilities in the downtown Tucson area. The Rio Nuevo is governed by a nine-member board of directors, with five members appointed by the Governor, two members appointed by the President of the Senate, and the remaining two members appointed by

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

the Speaker of the House of Representatives. All board of directors can be removed at will; thus, the State has the ability to impose its will on Rio Nuevo. Complete financial statements may be obtained from Rio Nuevo's administrative office at 400 West Congress, Suite 152, Tucson, AZ 85701, (520) 623-7336, or its website at <https://rionuevo.org>.

Arizona Power Authority (APA) - The APA purchases the State's allocation of power produced at the federally owned Boulder Canyon Project hydropower plant and resells it to Arizona entities that are eligible purchasers under federal and state laws. The APA is governed by a commission of five members appointed by the Governor and approved by the Senate. The term of office of each member is six years and the members select a chairman and vice-chairman from among their membership for a term of two years. The APA is required to follow specific State policies; thus, the State has the ability to impose its will on APA. Complete financial statements may be obtained from the APA's administrative office at 1810 West Adams Street, Phoenix, AZ 85007-2679, (602) 368-4265.

Arizona Commerce Authority (ACA) - The ACA is charged with the following responsibilities: job creation and expansion of capital investment through business attraction, expansion, and retention, including business incubation and entrepreneurship; creation, monitoring, and execution of a comprehensive economic and workforce strategy; management and administration of economic development and workforce programs; providing statewide marketing leadership; utilization of all means necessary, prudent and practical to integrate private sector-based innovation, flexibility, focus, and responsiveness; and advancement of public policy to meet the State's economic development objectives. The ACA is governed by a nineteen-member board of directors consisting of the Governor serving as Chairperson, a Chief Executive Officer, and seventeen members consisting of private sector business leaders serving staggered three-year terms, of which, nine are appointed by the Governor, four are appointed by the President of the Senate, and the other four are appointed by the Speaker of the House of Representatives. A financial benefit/burden relationship exists between the State and ACA as its primary funding source is the allocated State General Fund withholding tax revenues received in each fiscal year according to A.R.S. § 43-409. Complete financial statements may be obtained from the ACA's administrative office at 100 North 7<sup>th</sup> Avenue, Suite 400, Phoenix, AZ 85007, (602) 845-1200.

Arizona Public School Credit Enhancement (APSCE) - The APSCE was established to assist achievement district schools in obtaining more favorable financing by guaranteeing the payment of principal and interest on guaranteed financings issued by or on behalf of achievement district schools. The APSCE is governed by a three-member board of directors that is established by A.R.S. § 15-2152 and consists of the Governor (or designee), State Treasurer (or designee), and the director of the Department of Administration (or designee). A financial benefit/burden relationship exists between the State and APSCE as monies were appropriated by the State Legislature for partial capitalization of its fund. Separate financial statements are not prepared for the APSCE.

Component units of the State affiliated with the Universities are legally separate, tax-exempt organizations controlled by separate boards of directors that meet the criteria established in GASB, with the exception of the ASU Preparatory Academy, Inc. (ASU Prep), and Campus Research Corporation (CRC). The ASU Prep is included because of its close affiliation to the State and that the State believes it would be misleading to exclude. The CRC is included because the U of A approves the budget and can access its resources.

The following discretely presented component units of the State affiliated with the Universities are reported as *major* component units:

Arizona State University Enterprise Partners (ASUEP) - The ASUEP's resources are disbursed at the discretion of the ASUEP's independent board of directors, in accordance with donor directions and the ASUEP policy. The directors of the ASUEP make all decisions regarding the ASUEP's business affairs, including distributions made to the ASU. The economic resources held by the ASUEP are significant to the ASU and are entirely for the benefit of the ASU.

Arizona Capital Facilities Finance Corporation (ACFFC) - The ACFFC provides facilities for use by students of ASU or ASU itself. A fiscal dependency and financial benefit/burden relationship exists between the ACFFC and the ASU.

University of Arizona Foundation (U of A Foundation) - The U of A Foundation advances the U of A by building relationships, securing philanthropic support, and stewarding assets. The restricted resources held by the U of A Foundation are significant to the U of A and can only be used by, or for the benefit of, the U of A or its constituents.

The following discretely presented component units of the State affiliated with the Universities are reported as *non-major* component units:

Arizona State University Alumni Association (ASU Alumni Association) and Sun Angel Foundation - These two component units of the State affiliated with the Universities receive funds primarily through donations, dues, and/or affinity partners and contribute funds to the ASU for support of various programs. The economic resources held by these two component units are significant to the ASU and are entirely for the benefit of the ASU.

Arizona State University Research Park, Inc. (ASU Research Park) - The ASU Research Park manages a research park to promote and support research activities in coordination with ASU. In developing the research park, bonds were issued that are guaranteed by the ASU. A fiscal dependency and financial benefit/burden relationship exists between the ASU Research Park and the ASU.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
JUNE 30, 2019

ASU Preparatory Academy, Inc. (ASU Prep) - The ASU Prep prepares Arizona K-12 students for success with a university-embedded academic program that empowers them to complete college, compete globally, and contribute to their communities.

University of Arizona Alumni Association (U of A Alumni Association) - The U of A Alumni Association was established to serve the U of A, its graduates, former students, and friends by cultivating lifelong connections, strengthening commitment to the U of A and inspiring advocacy, engagement, and giving. The economic resources held by the U of A Alumni Association are significant to the U of A and are entirely or almost entirely for the benefit of the U of A.

University of Arizona Law College Association (Law Association) - The Law Association was established to provide support and financial assistance to the College of Law at the U of A. The Law Association funds provide support to the College on many levels, from endowed student scholarships to named faculty professorships. The economic resources held by the Law Association are significant to the U of A and are entirely or almost entirely for the benefit of the U of A.

University of Arizona Campus Research Corporation (CRC) - The CRC was established to assist the U of A in the acquisition, improvement, and operation of the U of A Science and Technology Park (Tech Park), the original U of A Tech Park at Rita Road and the U of A Tech Park at the Bridges, related properties and entities. The CRC currently leases from the U of A all the buildings at the UA Tech Park at Rita Road. The CRC is responsible for assisting in the development of the presently undeveloped portions of the Tech Park and for subleasing unoccupied space, newly developed space, and space now occupied by IBM or its subtenants once the current subleases expire. The U of A is responsible for payment of operational expenses associated with the space occupied by the U of A departments, offices, and programs.

University of Arizona Eller Executive Education (EEE) - The EEE was established to advance the missions of the Eller College of Management and the U of A through noncredit, non-degree programs for business, government, and nonprofit leaders. The U of A president appoints all EEE board members and can remove any member at will; thus, the U of A can impose its will on the EEE.

Northern Arizona University Foundation, Inc. (NAU Foundation) - The NAU Foundation receives gifts and bequests, administers and invests in securities and property, and disburses payments to and on behalf of the NAU for advancement of its mission. The restricted resources of the NAU Foundation can only be used by, or for the benefit of the NAU or its constituents.

Complete financial statements for each of the aforementioned component units, except for the U of A Foundation and the ASUAFD, may be obtained as follows:

ASUEP, ACFFC, ASU Alumni Association, Sun Angel Foundation, ASU Research Park, and the ASU Prep - contact ASU Financial Services at (480) 965-3601

U of A Alumni Association - The University of Arizona Alumni Association, P.O. Box 210109, Tucson, AZ 85721-0109

Law Association - Law College Association, James E. Rogers College of Law at the University of Arizona, 1201 E. Speedway Blvd., Tucson, AZ 85721-0176

CRC - The University of Arizona Science and Technology Park, 9070 South Rita Road, Suite 1750, Tucson, AZ 85747

EEE - Eller Executive Education, P.O. Box 210108, Tucson, AZ 85721-0108

NAU Foundation and NACFFC - Northern Arizona University, Comptroller's Office, P.O. Box 4069, Flagstaff, AZ 86011

The financial statements of the ASUAFD are not available as of June 30, 2019, as there was no financial activity.

The financial statements of the U of A Foundation are not publicly available. For information regarding the U of A Foundation's financial statements, contact the U of A Foundation Comptroller at the following address: The University of Arizona Foundation, Financial Services Office, 1111 N. Cherry Ave., Room 403, Tucson, AZ 85721-0109.

***Related Organizations***

Related organizations are legally separate entities for which the State is not considered to be financially accountable, and that do not meet the criteria established by GASB for inclusion. The State's accountability for these organizations does not extend beyond making the appointments, nor are the economic resources accessible to the State. As a result, financial activity for the organization described below is not included in the State's financial statements.



STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

Arizona Sports and Tourism Authority (the Authority) - A.R.S. § 5-802 established the Authority to construct, finance, furnish, maintain, improve, operate, market, and promote the use of a multipurpose facility and do all things necessary or convenient to accomplish those purposes. The Authority may issue revenue bonds in such principal amounts to accomplish the above stated purposes. The Authority is governed by a nine-member board of directors of which five are appointed by the Governor and approved by the Senate and two members each by the President of the Senate and the Speaker of the House. The directors serve terms of five years, may be re-appointed for one full subsequent term, and can be removed only for cause.

**Joint Ventures**

As described in Note 11, the U of A participates in joint ventures. In accordance with U.S. GAAP, the financial activities of these joint ventures are not included in the State's financial statements.

**B. BASIS OF PRESENTATION**

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the State as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

**Government-wide statements** provide information about the primary government and its component units. The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the State and between the State and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The **Statement of Net Position** presents the State's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The total of assets and deferred outflows of resources, minus the total of liabilities and deferred inflows of resources, is reported as net position. Both the governmental and business-type activities are presented on a consolidated basis by column.

The **Statement of Activities** presents a comparison between direct expenses and program revenues for each function of the State's governmental activities, and its different business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. The State does not allocate indirect expenses to programs or functions.

Program revenues include:

- charges to customers or applicants for goods, services, privileges provided, and fines or forfeitures
- operating grants and contributions
- capital grants and contributions, including special assessments

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

Interfund balances have been eliminated from the government-wide financial statements to the extent that they occur within either the governmental or business-type activities. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Revenues and expenses associated with reciprocal transactions within governmental or within business-type activities have not been eliminated.

**Fund financial statements** provide information about the State's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The State reports the following major governmental funds:

*The General Fund* - is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

*The Transportation and Aviation Planning, Highway Maintenance and Safety Fund* - accounts for all financial transactions applicable to the general operations of the Arizona Department of Transportation (ADOT). The ADOT builds and maintains the State's highway system and the Grand Canyon Airport. The fund primarily receives revenues from motor vehicle and fuel taxes and federal grants.

*The Land Endowments Fund* - holds lands granted to the State by the Federal government for the benefit of public schools and other public institutions. Principal is maintained intact and investment earnings and lease revenues are distributed to beneficiaries in accordance with State statute.

The State reports the following major enterprise fund:

*The Universities* - account for transactions of the State's three universities, which comprise the State's university system.

Additionally, the State reports the following fund types:

*Internal Service Funds* - account for insurance coverage, employee benefits, automotive maintenance and operation, highway equipment rentals, data processing, telecommunications, information technology, personnel administration, postage and mailing, and surplus material services provided to State agencies on a cost-reimbursement basis.

*Pension and Other Employee Benefit Trust Funds* - account for the activities of the ASRS, the PSPRS, the EORP, and the CORP, for which the State acts as a trustee. These retirement and other post-employment benefit plans accumulate resources to pay pension, health insurance premium subsidies, and long-term disability benefits of State employees and employees of other governmental entities participating in the plans.

*Investment Trust Funds* - account for transactions by local governments and political subdivisions that elect to participate in the State Treasurer's investment pools. The Treasurer acts as trustee for the original deposits made into the investment pools.

*Agency Funds* - account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the State.

### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. However, the agency funds are custodial in nature and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and donations are recognized as revenues as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Those revenues susceptible to accrual are federal reimbursements, highway user revenue tax, and state sales tax. Expenditures are recorded when the related fund liability is incurred, except for net pension liability, net other postemployment benefits (OPEB) liability, principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expense is incurred for purposes for which restricted and unrestricted net position are available, the State considers restricted and unrestricted amounts to have been spent in that order.

### D. DEPOSITS AND INVESTMENTS

#### 1. Cash and Cash Equivalents

On the Statement of Cash Flows, the amount reported as "Cash and Cash Equivalents" is equal to the total of the amounts on the Statement of Net Position (unrestricted/restricted) "Cash", "Cash with U.S. Treasury", "Cash and pooled investments with State Treasurer", "Cash held by trustee" and "Collateral investment pool". For purposes of the Statement of Cash Flows, the State considers only those highly liquid debt instruments with an original maturity of ninety days or less to be cash equivalents.

- *Cash (not with State Treasurer)* - includes un-deposited receipts, petty cash, bank accounts, non-negotiable certificates of deposit, and demand deposits with banking institutions other than the State Treasurer.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

- *Cash with U.S. Treasury* - consists of unemployment compensation contributions from Arizona employers that are deposited in a trust fund maintained by the United States Treasury.
- *Cash and pooled investments with State Treasurer* - consists of a centralized management of most State cash resources maintained by the State Treasurer. From the perspective of the various State funds, the pool functions as both a cash management pool and a demand deposit account. The operations and investments of the State Treasurer's pooled investments are described in Note 2.
- *Cash held by trustee* - consists of capital projects and bond debt service funds invested by the trustee in accordance with the applicable financing indenture, generally limited to United States Treasury securities and other Federal agency securities, certificates of deposit, commercial paper, and money market funds.
- *Collateral investment pool* - consists of cash received as collateral on securities lending transactions and investments made with that cash. The State records the collateral received as an asset. A corresponding liability is also recorded for such securities lending transactions.

## 2. Investment Valuation

Investments maintained by the State Treasurer are reported at fair value using State Street prices, as determined by independent, industry recognized data vendors who provide values that are either exchange based or based on an evaluation bid. Equities are priced utilizing the primary exchange closing price. All bonds are priced using an evaluated bid, except securities with a remaining maturity of 90 days or less are priced at amortized cost (amortizing premium/accreting discount on a straight-line to maturity method). The evaluated bid is based on a compilation of primary observable market information or a broker quote in a non-active market.

The ASRS' publicly traded investments are reported at fair value determined by the custodial agents. The agents' determination of fair values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates. The derivative instruments held by the ASRS consist of futures, forward contracts, options, swaps, rights, and warrants. Fair value of derivative instruments are determined by the custodial agent and reported on the Statement of Fiduciary Net Position. The fair value of limited partnership investments are based on estimated current values and accepted industry practice. Fair value is based on estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable fair values.

For the PSPRS, the EORP, and the CORP, short term investments are reported at cost plus accrued interest.

A schedule of investments measured at fair value and additional information regarding the inputs used to determine the fair value of investments are provided in Note 2.

## E. TAXES RECEIVABLE

Taxes receivable include amounts owed by taxpayers for prior periods including assessments for underpayments, penalties, and interest. In the government-wide financial statements, a corresponding amount is recorded as revenue using the accrual basis of accounting. In the governmental fund financial statements, revenue is recorded using the modified accrual basis of accounting. The remainder is recorded as deferred inflows of resources.

The income tax receivable is composed of individual and corporate estimated payments, withholding payments, and payments with final returns and assessments that relate to income earned through June 30, 2019. Sales and motor vehicle and fuel tax receivables represent amounts that are earned by the State in the fiscal period ended June 30, 2019, but not collected until the following month.

## F. INVENTORIES

Inventories consist of expendable supplies held for consumption in all funds and merchandise intended for sale to customers in the proprietary funds. Inventories are stated at cost using the first-in, first-out method, weighted average, or lower of cost or market. In the governmental funds, inventories are accounted for using the consumption method. Under this method, inventories are recorded as expenditures as they are used.

## G. CAPITAL ASSETS

Capital assets are stated at cost or, if donated, at acquisition value. Interest incurred during the construction of capital assets, net of interest earned on the invested proceeds over the same period, is only capitalized in the proprietary funds.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

Most capital assets are depreciated over their estimated useful lives. However, the State reports most infrastructure assets using the modified approach, as provided by the GASB. Under this approach, rather than being depreciated, costs to maintain and preserve these assets are expensed. This approach is discussed further in the Required Supplementary Information portion of this report. The State has adopted a general policy for capitalization thresholds, depreciation, and estimated useful lives of capital assets. In addition, the State has approved alternative policies for some State agencies.

Depreciable capital assets are depreciated on a straight-line basis. Capitalization thresholds (the dollar values at which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets being depreciated in the government-wide financial statements and the proprietary funds are as follows:

| Asset Category                    | General State Policy     |                               | Other Authorized Agency Policies |                               |
|-----------------------------------|--------------------------|-------------------------------|----------------------------------|-------------------------------|
|                                   | Capitalization Threshold | Estimated Useful Life (years) | Capitalization Threshold         | Estimated Useful Life (years) |
| Land                              | All capitalized          | Not depreciated               | All Capitalized                  | Not Depreciated               |
| Buildings                         | All capitalized          | 25 - 40                       | \$0 - \$100,000                  | 10 - 50                       |
| Improvements other than buildings | \$5,000                  | 15                            | —                                | —                             |
| Equipment                         | \$5,000                  | 3 - 15                        | \$0 - \$5,000                    | 3 - 25                        |
| Infrastructure                    | All capitalized          | Not depreciated               | \$0 - \$100,000                  | 10 - 100                      |
| Software                          | \$1,000,000              | 5 - 10                        | \$1,000,000 - \$5,000,000        | 5 - 10                        |
| Other intangibles                 | \$100,000                | Varied                        | \$100,000                        | Varied                        |

Other intangibles include non-software licenses and permits, patents, copyrights and trademarks, websites, rights-of-way and easements, and natural resource extraction rights. These are amortized over the shorter of the legal or estimated useful life if the useful life is definite or limited. If the life is indefinite or unlimited, they are not amortized. In addition, rights-of-way and easements are amortized only if the value is separable from the underlying land and natural resource extraction rights are not amortized unless the value of the underlying asset is identifiable.

The State is trustee to approximately 9.2 million acres of land acquired through U.S. Government land grants in the early 1900's. The State's unit of account for trust land is total acres for purposes of applying GASB requirements. Grazing lease agreements with open recreation use comprise the primary use of trust land and the nominal charge received from lease agreements fund the cost of the State's stewardship responsibilities. Trust land is classified as a capital asset. It does not meet the GASB definition of an investment as it's not held primarily for the purpose of income or profit nor does it have a present service capacity based solely on its ability to generate cash or to be sold to generate cash. The State acquired a substantial portion of trust land at no cost and its acquisition value has not been reliably estimated. Accordingly, trust land is not reported in the accompanying financial statements.

The State has interest in and maintains significant special collections, works of art, and historical treasures. Except for the ASU, all special collections, works of art, and historical treasures which are held for financial gain are capitalized at fair value at the date of acquisition or acquisition value if donated. Those special collections, works of art, and historical treasures which are held for educational, research, or public exhibition purposes are not capitalized, as they are not subject to disposal for financial gain or encumbrance. Such items are inventoried for property control purposes. The ASU capitalizes all works of art and historical treasures with a unit cost of \$5,000 or more.

Additional disclosures related to capital assets and assets acquired through capital leases are provided in Notes 4 and 6, respectively.

**H. DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources represent a consumption of net position by the government that applies to a future period, and therefore will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources increase net position, similar to assets.

**I. INVESTMENT EARNINGS**

Investment earnings are composed of interest, dividends, and net changes in fair value of applicable investments.

**J. SCHOLARSHIP ALLOWANCES**

Student tuition and fee revenues, and certain other revenues earned by the three State Universities are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Fund Net Position. A scholarship discount and allowance is the difference between the stated charge for goods and services provided and the amount that is paid by the student or third party making payment on behalf of the student. Accordingly, some types of student financial aid such as fee waivers, Pell grants, and scholarships

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
JUNE 30, 2019

awarded by the Universities are considered to be scholarship allowances. These allowances are netted against applicable revenues in the Statement of Revenues, Expenses and Changes in Fund Net Position.

**K. UNEARNED REVENUE**

In the government-wide, governmental fund, and proprietary fund financial statements, unearned revenue is recorded when cash, receivables, or other assets are received prior to their being earned.

**L. POSTEMPLOYMENT BENEFITS**

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**M. COMPENSATED ABSENCES**

In the government-wide and proprietary fund financial statements, the State accrues liabilities for compensated absences as required by the GASB. In the governmental fund financial statements, liabilities for compensated absences are not accrued, because they are not considered due and payable.

In general, State employees accrue vested annual leave at a variable rate based on years of service. Except for uncovered State employees and University employees, an employee generally forfeits accumulated annual leave in excess of 240 hours as of the last day of the last pay period for a calendar year, unless the Director of the Department of Administration authorizes an exception. Uncovered State employees shall forfeit accumulated annual leave in excess of 320 hours as of the end of each calendar year, unless an exception is authorized. University employees may accumulate up to 264 hours of vacation, and any vacation hours in excess of the maximum amount that are unused at December 31 are forfeited. Except for University employees, an employee who separates from State employment is paid for all unused and unforfeited annual leave at the employee's rate of pay at the time of separation. University employees, upon termination of employment, are paid all unused vacation benefits not exceeding 176 hours (annual accrual amount), depending on years of service and full-time equivalent employment status.

Some employees accumulate compensatory leave for time worked over 40 hours per week. An employee may accumulate up to 240 hours of compensatory leave (480 hours if working in a public safety activity or an emergency response activity). An employee who separates from State employment is paid for all unused compensatory leave at a rate of compensation not less than the higher of: (1) the average regular rate received by such employee during the last three years of employment or (2) the final regular rate received by such employee.

For sick leave policy, see Note 12.C.

**N. LONG-TERM OBLIGATIONS**

In the government-wide and proprietary fund financial statements, long-term debt and long-term liabilities are reported as liabilities. Amounts due within one year are reported as current liabilities, and amounts due thereafter are reported as non-current liabilities. Premiums and discounts on revenue bonds and COPs are deferred and amortized over the life of the debt instrument using the straight-line method or the effective interest method. Bonds and COPs are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize proceeds from revenue bonds, COPs, other issuances, and premiums and discounts on debt as other financing sources and uses in the current period. Long-term obligations are more fully described in Note 6.

**O. DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period, and therefore will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources decrease net position or fund balance, similar to liabilities.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**P. NET POSITION/FUND BALANCES**

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is “Net Position” on the government-wide, proprietary fund, and fiduciary fund financial statements and “Fund Balance” on the governmental fund financial statements.

Net position is reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions, voter initiatives, or court orders.

**Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

In the governmental fund financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Five classifications are available for reporting fund balances:

**Nonspendable fund balance** includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted or committed) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

**Restricted fund balances** have constraints placed upon the use of the resources that are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions, voter initiatives, or court orders.

**Committed fund balances** can be used only for specific purposes pursuant to constraints imposed by a formal action of the Arizona State Legislature, the State’s highest level of decision-making authority. This formal action is the passage of law by the Legislature, creating, modifying, or rescinding fund balance commitments.

**Assigned fund balance** includes amounts that are constrained by the State’s intent to be used for a specific purpose, but are neither restricted nor committed. The State does not have policies or procedures comparable to the policies that underlie this classification and, accordingly, does not report assigned fund balances.

**Unassigned fund balance** is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

When an expenditure is incurred for purposes for which restricted, committed, and unassigned fund balance is available, the State considers restricted, committed, and unassigned amounts to have been spent in that order.

**Budget Stabilization Fund**

The State’s Budget Stabilization Fund (BSF) was enacted in 1990 by A.R.S. § 35-144. The BSF is administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. The BSF is designed to set revenue aside during times of above-trend economic growth and to utilize this revenue during times of below-trend growth. The BSF is also known as the “Rainy Day Fund.”

There is a statutory formula to calculate the amount to be appropriated to (deposit) or transferred out (withdrawal) of the BSF. The amount is based on calculations from the Arizona Economic Estimates Commission (EEC). The EEC compares the annual growth rate of real adjusted Arizona personal income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of real adjusted AZPI for the most recent 7 years. AZPI in the BSF formula is defined as total AZPI less transfer payments, adjusted by the gross domestic product price deflator index. If the annual growth rate exceeds the trend growth rate, the “excess” percent multiplied by General Fund revenue of the prior fiscal year would equal the amount to be deposited into the BSF. If the annual growth rate of AZPI is both less than 2% and less than the trend growth rate, the deficiency when multiplied by the General Fund revenue of the prior year would equal the amount to be withdrawn from the BSF. The BSF’s total fund balance cannot be larger than 10% of the current year’s General Fund revenues, excluding the beginning balance.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

The budgets developed by the Governor and the Joint Legislative Budget Committee and submitted to the State Legislature at the start of each regular session include estimates of the amount to be appropriated to or transferred from the BSF for the upcoming budget year. The final determination of the amount is done by the EEC on June 1 of the budget year. The EEC calculations, however, do not result in any automatic deposits or withdrawals, as they must be authorized by legislative action. Additionally, by a two-thirds majority, the State Legislature, with the concurrence of the Governor, can decrease a deposit or increase a withdrawal. The BSF's fund balance, including earnings on investments, as of June 30, 2019, was \$743.0 million.

**Q. NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No.83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement is effective for financial statements for periods beginning after June 15, 2018. The implementation of this standard had no effect on the financial statements.

GASB Statement No.88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires that additional essential information related to debt, including direct borrowings and direct placements, be disclosed in the notes to the financial statements. This statement is effective for financial statements for periods beginning after June 15, 2018. The State has implemented the requirements of this standard.

**NOTE 2. DEPOSITS AND INVESTMENTS**

**A. DEPOSITS AND INVESTMENT POLICIES**

The State's deposits and investments are primarily under the control of the State Treasurer, the Retirement Systems, the Universities, the Industrial Commission (the Commission), and the Insurance Department Guaranty Funds (IDGF). These entities maintain the majority of the deposits and investments of the primary government. The investment policies of these organizations are defined according to State statutes, or a governing board, or both, and are described below.

A.R.S. § 35-312, § 35-313, and § 35-314 authorize the State Treasurer to invest operating, trust, and permanent endowment fund monies. Monies deposited with the State Treasurer by State agencies are invested by the State Treasurer in a pooled fund. Any interest earned is allocated monthly into each respective fund based on average daily cash balances. There is no income from investments associated with one fund that is assigned to another fund.

The State statutes and the State Treasurer's investment policies designed to administer these statutes restrict investments to obligations of the U.S. Government and its agencies, obligations or other evidence of indebtedness of the State and certain local government subdivisions, negotiable certificates of deposit, bonds, debentures and notes issued by entities which are U.S. dollar denominated, commercial paper issued by entities which are U.S. dollar denominated, bankers acceptances, collateralized repurchase agreements, money market mutual funds, exchange traded funds, equities, and other securities. The State Treasurer is not allowed to invest in foreign investments unless the investment is denominated in U.S. dollars.

The State Treasurer maintains external investment pools [the Local Government Investment Pool (LGIP), Local Government Investment Pool - FF&C, Local Government Investment Pool - Medium Term, and Local Government Investment Pool - Medium Term FF&C]. The pools are not required to register (and are not registered) with the Securities and Exchange Commission under the Dodd-Frank Act of 2010. The activity and performance of the pools are reviewed monthly by the State Board of Investment in accordance with A.R.S. § 35-311.

In September 2008, the State agencies' and an external investment pool's share of the Lehman Brothers bond value of \$39.4 million was transferred to the Lehman Brothers Pool due to Lehman Brothers filing for Chapter 11 bankruptcy protection on September 15, 2008. The transfer was made to provide for the decline in fair value of the Lehman Brothers securities.

In December 2011, the United States Bankruptcy Court for the Southern District of New York entered an order confirming the Modified Third Amended Lehman Brothers Joint Plan of Liquidation. During the current year, approximately \$0.4 million was received as payout of funds being held by the Indenture Trustee for Lehman Brothers securities. The payout received will be allocated to participants based on the participant's share balance and then transferred to the LGIP, reducing the carry or cost basis in the Lehman Brothers Pool. As of June 30, 2019, the carry or cost basis and the fair value for the Lehman Brothers Pool were \$21.4 million and \$0.2 million, respectively. There was a distribution in June 2019 during fiscal year 2019. Future distributions are generally expected every year thereafter. The remaining amount to be recovered is unknown.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

The fair value of investments is measured on a monthly basis. Participant shares are purchased and sold based on the Net Position Value (NPV) of the shares. The NPV is determined by dividing the fair value of the portfolio by the total shares outstanding. The State Treasurer does not contract with an outside insurer in order to guarantee the value of the portfolio or the price of shares redeemed.

The Central Arizona Water Conservation District is an individual investment account.

The State Treasurer's deposits and investments disclosures include the amounts reported by the State's component units as (unrestricted/restricted) "Cash and pooled investments with State Treasurer" in the accompanying financial statements, as applicable.

State statutes authorize the retirement systems to make investments in accordance with the "Prudent Person" rule. As such, investment management shall discharge the duties of their position with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a "prudent person" acting in a like capacity and familiar with the same matters would use in the conduct of an enterprise of a like character and with like aims as that of the system.

The ASRS invests in short-term securities, obligations of the U.S. government or agencies of the U.S. government, corporate bonds, common and preferred stocks (domestic and foreign), mortgages, derivatives, commodities, real estate, loans, and direct investments in partnerships. Per A.R.S. § 38-718, no more than 80% of the ASRS' assets may be invested at any given time in equities, measured at fair value. No more than 40% of the ASRS' assets may be in non-U.S. public investments, measured at fair value. No more than 60% of the ASRS' assets may be invested internally, measured at fair value. No more than 10% of the ASRS' assets may be invested in bonds or other evidences of indebtedness of those multinational development banks in which the U.S. is a member nation, including the International Bank for Reconstruction and Development, the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank, measured at fair value. The ASRS Board has not formally adopted more restrictive policies for the various types of risks.

Per A.R.S. § 38-848F(1), § 38-803A(4), and § 38-883A(4), the PSPRS, the EORP, and the CORP, respectively, may not invest at any given time more than 80% of the combined assets of the system or other plans that the Board of Trustees manages in corporate stocks, based on cost value of such stocks irrespective of capital appreciation. In addition, the PSPRS, the EORP, and the CORP investments shall be restricted to stocks and exchange traded funds that, except for bank and insurance stocks and membership interests in limited liability companies, are either: (1) listed or approved on issuance for listing on an exchange registered under the Securities Exchange Act of 1934, as amended, (2) designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the Securities Exchange Act of 1934, as amended, (3) listed or approved on issuance for listing on an exchange registered under the laws of this State or any other State, (4) listed or approved on issuance for listing on an exchange registered of a foreign country with which the U.S. is maintaining diplomatic relations at the time of purchase, except that no more than 20% of the combined assets of the system or other plans that the board manages shall be invested in foreign securities, based on the cost value of the stocks irrespective of capital appreciation, or (5) an exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the Investment Company Act of 1940, and that is both traded on a public exchange and based on a publicly recognized index. Not more than 5% of the combined assets of the system or other plans that the board manages shall be invested in corporate stock issued by any one corporation, other than corporate stock issued by corporations chartered by the U.S. government or corporate stock issued by a bank or insurance company. Not more than 5% of the voting stock of any one corporation shall be owned by the system and other plans that the board administers, except that this limitation does not apply to membership interests in limited liability companies.

The Arizona Board of Regents (ABOR) governs the investment policies of the Universities. The Universities are generally limited to investing their pooled operating funds in collateralized certificates of deposit and repurchase agreements, U.S. Treasury securities, Federal agency securities, investment grade corporate bonds, or in the LGIP administered by the State Treasurer. Investment of capital project funds is also governed by the financing indenture agreements. For endowment investments, ABOR policy dictates that these funds are to be invested under the direction of an investment committee designated by the president of each university. The investment committee is responsible for advising on the definition, development, and implementation of investment objectives, policies, and restrictions. However, if donors restrict the investments, ABOR policy requires the University to invest those funds separately as directed by the donor, and the individual endowments bear all changes in value.

Per A.R.S. § 23-1065, the Commission's investment committee is responsible for prescribing investment policies and supervising the investment activities of the Commission. The Commission requires that their investment policy be responsive to the unpredictable nature of the incidence and severity of claims, the long periods over which losses may be paid, and the effect on both claims and losses of increases in treatment and rehabilitation costs. The investment committee may invest in any legal investment authorized under A.R.S. § 38-718.

Per A.R.S. § 20-665 and § 20-687, the IDGF's board of directors shall submit to the director the fund's plan of operations. Investment policies adopted pursuant to the plans of operation authorize the IDGF to invest monies in obligations issued or guaranteed by the United States or any of its senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; certain corporate obligations; specified state and local government bonds; interest earning investments such as share, checking, savings accounts, or certificate of deposits.



STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**B. CUSTODIAL CREDIT RISK - DEPOSITS AND INVESTMENTS**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the deposits or collateral securities may not be recovered from an outside party. The State Treasurer's, the Retirement Systems', and the Universities' deposits of State treasury monies with financial institutions are required by State statutes to be entirely covered by the Federal Depository Insurance Corporation (FDIC) or, alternatively, collateralized for amounts in excess of the amount insured. Surety collateral for the Universities and the ASRS must be equal to at least 100% of the bank balance required to be collateralized (102% for the State Treasurer, the PSPRS, the EORP, and the CORP). Beyond this requirement, these organizations do not have a formal policy specifically addressing custodial credit risk on deposits, except for the State Treasurer. The State statutes require surety collateral for the State Treasurer to consist of either: (1) U.S. Government obligations, State obligations, or obligations of counties or municipalities within the State, (2) State Treasurer's warrant notes, or (3) the safekeeping receipt of the financial institution accepting the deposit.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the value of the investment or collateral securities that are in the possession of an outside party may not be recovered. The State does not have a formal policy in regard to custodial credit risk for investments. As of June 30, 2019, the State had \$88.9 million in securities that were uninsured, not registered in the State's name, and held by either the counterparty or counterparty's trust department or agent, but not in the State's name.

**C. INTEREST RATE RISK**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State manages interest rate risk using the segmented time distribution, weighted average maturity, and effective duration methods.

The State Treasurer manages interest rate risk by incorporating A.R.S. limitations into their investment policy and setting forth various thresholds or parameters relating to interest rate risk in accordance with each investment pool's portfolio structure. The State Treasurer's policy provides either maturity or duration limitations for the various investment pools. The interest rate risk inherent in the portfolio is monitored monthly by measuring the weighted average maturity and/or duration.

The ASRS has not adopted a specific formal policy for interest rate risk, but does set more restrictive requirements in its contracts with money managers.

The ASU's policies do not limit the overall maturity of the investments held by the operating and endowment funds; however, the operating fund investment policy includes guidelines addressing diversification and liquidity. The capital projects fund's portfolio is not limited as to the overall maturity of its investments, with the funds invested per the financing indentures to coincide with capital spending needs and debt service requirements, which are typically less than three years, with the additional limitation that certificates of deposit and commercial paper have maximum maturities of 360 days and 270 days, respectively.

The Commission approves and contracts with different investment managers of fixed income securities in order to manage the exposure to interest rate risk with each different manager focusing on different goals of yield periods or duration of maturities of their particular portion of the investment pool.

The IDGF's investment policy requires that the maximum final maturity on an individual investment is 4 years or less.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The following table presents the State Treasurer's, the ASRS', the ASU's, the Commission's, and the IDGF's weighted average maturity in years by investment type as of June 30, 2019 (expressed in thousands):

| <b>Investment Type</b>                              | <b>Fair Value</b> | <b>Weighted Average Maturity (in years)</b> |
|---|-------------------|---|
| Asset backed securities                             | \$ 417,704        | 2.90  |
| Certificates of deposit (negotiable)                | 96,128            | 0.43  |
| Commercial mortgage backed securities               | 154,773           | 25.77                                       |
| Commercial paper                                    | 2,667,948         | 0.08  |
| Commingled funds - fixed income                     | 2,177,960         | *   |
| Corporate notes & bonds                             | 2,723,168         | 3.88  |
| Government bonds                                    | 1,046,322         | 7.68  |
| Money market mutual funds                           | 349,983           | 0.09  |
| Private market fixed income                         | 7,484,331         | *   |
| Repurchase agreements                               | 3,324,209         | —   |
| U.S. agency mortgage backed securities              | 1,750,936         | 19.33                                       |
| U.S. agency mortgage backed securities - full faith | 675,494           | 22.44                                       |
| U.S. agency securities                              | 568,451           | 1.75  |
| U.S. agency securities - full faith                 | 85,950            | 1.23  |
| U.S. Treasury securities                            | 3,053,882         | 1.47  |
| Other   | 1,322             | 23.91                                       |
| Total   | \$ 26,578,561     |   |

\*Weighted average maturity information for some securities is not available.

The PSPRS, the EORP, and the CORP do not have a formal policy in regard to interest rate risk. The PSPRS, the EORP, and the CORP utilize effective duration to identify and manage its interest rate risk.

The following table presents the PSPRS', the EORP's, and the CORP's effective duration by investment type as of June 30, 2019 (expressed in thousands):

| <b>Investment Type</b>  | <b>Fair Value</b> | <b>Effective Duration (in years)</b> |
|-------------------------|-------------------|--------------------------------------|
| Asset backed securities | \$ 63             | 0.09                                 |
| U.S. agency securities  | 7,540             | 19.14                                |
| Corporate notes & bonds | 602,723           | *                                    |
| Total                   | \$ 610,326        |                                      |

\*Duration calculations for some securities are not available.

The U of A does not have a formal policy in regard to interest rate risk. The NAU's investment policy for its operating funds limits the maximum maturity of any fixed-rate or variable-rate security to five years from the settlement date of purchase. The NAU's endowment fund portfolio has no such limitation.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The following table presents the interest rate risk for the NAU, the U of A, and other State agencies utilizing the segmented time distribution as of June 30, 2019 (expressed in thousands):

| Investment Type                      | Fair Value | Investment Maturities (in years) |            |           |              |
|--------------------------------------|------------|----------------------------------|------------|-----------|--------------|
|                                      |            | Less than 1                      | 1-5        | 6-10      | More than 10 |
| Certificates of deposit (negotiable) | \$ 27,344  | \$ 9,441                         | \$ 17,410  | \$ 493    | \$ —         |
| Corporate notes & bonds              | 495,513    | 115,441                          | 325,552    | 54,520    | —            |
| Government bonds                     | 1,652      | 1,500                            | 152        | —         | —            |
| Money market mutual funds            | 211,836    | 211,836                          | —          | —         | —            |
| U.S. agency securities               | 127,875    | 44,865                           | 79,960     | 3,050     | —            |
| U.S. Treasury securities             | 51,884     | —                                | 51,702     | 182       | —            |
| Other                                | 6,164      | —                                | 2,073      | 3,020     | 1,071        |
| Total                                | \$ 922,268 | \$ 383,083                       | \$ 476,849 | \$ 61,265 | \$ 1,071     |

The following table presents the State's investments at fair value that are considered to be highly sensitive to interest rate changes as of June 30, 2019 (expressed in thousands):

| Interest Rate Terms   | Corporate Notes & Securities | U.S. Agency Securities | Other    | Total        |
|---|------------------------------|------------------------|----------|--------------|
| Investments (including full faith) with coupon tied to the London Interbank Offered Rate (LIBOR) plus/minus a fixed basis point which resets monthly, quarterly, or semi-annually.  | \$ 689,147                   | \$ 138,136             | \$ —     | \$ 827,283   |
| Asset backed securities with coupon tied to the LIBOR plus/minus a fixed basis point which resets from monthly to quarterly.  | 69,826                       | —                      | —        | 69,826       |
| Mortgage backed securities (including full faith) - when interest rates fall, mortgages are refinanced and paid off early and the reduced stream of future interest payments diminishes fair value of the investment.   | 87,448                       | 1,876,859              | —        | 1,964,307    |
| U.S. Treasury securities with coupon tied to the U.S. Treasury 3 month bill money market yield plus/minus a fixed basis point which resets weekly.  | —                            | —                      | 4,999    | 4,999        |
| Investments - where on certain specified dates, the issuer can call the investment. If the investment is not called, the interest rate is increased by a specified amount. Prevailing interest rates may go up faster than the increases in the coupon interest rate. | 129,555                      | 10,000                 | —        | 139,555      |
| Other investments (including full faith) with high sensitivity to rate changes.   | —                            | 82,006                 | —        | 82,006       |
| Total   | \$ 975,976                   | \$ 2,107,001           | \$ 4,999 | \$ 3,087,976 |

**D. CREDIT RISK**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment.

State statutes and the State Treasurer's investment policy require that commercial paper must be rated by at least two nationally recognized statistical rating organizations (NRSROs) and that the ratings assigned by at least two of the NRSROs be of the two highest rating categories for short-term obligations. Corporate bonds, debentures, notes, negotiable certificates of deposit, and municipal bonds must carry an investment grade rating by any NRSRO. For securities of, or any other interests in, any open-end management type investment company or investment trust, including exchange traded funds, the underlying investments must be securities which are allowable under State statutes. There is no statute or investment policy on ratings or credit quality for obligations issued by the U.S. Government or its agencies, or repurchase agreements. The underlying securities for repurchase agreements are either directly guaranteed by the U.S. Government (Treasury securities) or implicitly guaranteed by the U.S. Government (agency securities).

The ASRS has not adopted a formal policy with respect to credit risk.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The PSPRS', the EORP's, and the CORP's investment policies are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios. The fixed income portfolio must have a minimum weighted average quality rating of A3 by Moody's and A- by Standard and Poor's (S & P). Fixed income securities must have a minimum quality rating of Baa3 by Moody's and BBB by S & P at the time of purchase. The portion of the bond portfolio in securities rated Baa3 through Baa1 by Moody's and BBB- through BBB+ by S & P must be 20% or less of the fair value of the fixed income portfolio. Commercial paper must have a minimum quality rating of P-1 by Moody's and A-1 by S & P at the time of purchase.

The Universities' policies mirror that of the ABOR, which requires that negotiable certificates of deposit, corporate bonds, debentures and notes, bankers acceptances, and State of Arizona bonds carry a minimum BBB or better rating by S & P or Baa or better rating by Moody's; and that commercial paper be rated by at least two NRSROs and be of the two highest rating categories for short-term obligations of at least two of the NRSROs. In addition, the Universities do not have formal policies that specifically address credit risk over endowment funds. The Universities' endowment funds are primarily invested in their Foundations' endowment pools, which are not rated. The Foundations' investment committees manage the credit risk of the pools' investments. Also, the ASU's capital projects and bond debt service funds are invested by the bond trustee in accordance with the applicable financing indenture.

The Commission's investment policy requires that purchases of fixed income securities will consist of U.S. Treasury or Federal agency obligations or those bonds rated not less than Baa3 by Moody's or BBB- by S & P, except for fixed income managers who have been hired to manage funds in a specialized manner (high yield).

The IDGF's investment policy requires that investments shall be limited to those securities or other investments with a rating no lower than BBB- from S & P.

The following table presents the State's investments which were rated by S & P and/or an equivalent national rating organization as of June 30, 2019. The ratings are presented using S & P's rating scale (expressed in thousands):

| Investment Type                        | Fair Value           | B                   |                     |                     |                     |                  |                 |                     | Not Rated            |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|------------------|-----------------|---------------------|----------------------|
|  |                      | AAA                 | AA                  | A                   | BBB                 | BB               | Thru C          | A-1 / A-2           |                      |
| Asset backed securities                | \$ 400,681           | \$ 340,033          | \$ 4,977            | \$ —                | \$ 1,757            | \$ 23            | \$ 1            | \$ 36,191           | \$ 17,699            |
| Certificates of deposit (negotiable)   | 105,881              | —                   | —                   | 20,000              | —                   | —                | —               | 75,878              | 10,003               |
| Commercial mortgage backed securities  | 154,773              | 135,554             | 6,638               | —                   | —                   | —                | —               | —                   | 12,581               |
| Commercial paper                       | 2,667,948            | —                   | —                   | —                   | —                   | —                | —               | 2,665,450           | 2,498                |
| Commingled funds - fixed income        | 2,177,960            | —                   | —                   | —                   | —                   | —                | —               | —                   | 2,177,960            |
| Corporate notes & bonds                | 3,843,057            | 83,524              | 431,550             | 1,391,205           | 1,279,399           | 19,243           | 5,980           | 4,987               | 627,169              |
| Government bonds                       | 1,034,837            | 123,321             | 895,431             | 12,596              | 508                 | —                | —               | —                   | 2,981                |
| Money market mutual funds              | 561,819              | 561,819             | —                   | —                   | —                   | —                | —               | —                   | —                    |
| Private market fixed income            | 7,484,331            | —                   | —                   | —                   | —                   | —                | —               | —                   | 7,484,331            |
| Repurchase agreements                  | 1,775,000            | —                   | 1,775,000           | —                   | —                   | —                | —               | —                   | —                    |
| U.S. agency mortgage backed securities | 1,738,027            | 1,609               | 1,729,553           | —                   | 5,109               | —                | —               | —                   | 1,756                |
| U.S. agency securities                 | 703,866              | 54,006              | 649,860             | —                   | —                   | —                | —               | —                   | —                    |
| Other                                  | 37,188               | —                   | —                   | —                   | —                   | —                | —               | —                   | 37,188               |
| <b>Total</b>                           | <b>\$ 22,685,368</b> | <b>\$ 1,299,866</b> | <b>\$ 5,493,009</b> | <b>\$ 1,423,801</b> | <b>\$ 1,286,773</b> | <b>\$ 19,266</b> | <b>\$ 5,981</b> | <b>\$ 2,782,506</b> | <b>\$ 10,374,166</b> |

**E. CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State Treasurer's, the ASRS', the Universities', and the Commission's investment policies provide that no more than 5% of their investments shall be invested in securities issued by a single corporation and its subsidiaries/affiliates. However, securities issued by the U.S. government or its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities are exempt. The State Treasurer also exempts from this policy the purchase of Treasurer Warrant Notes for the State Agencies Diversified pool, provided the maximum amount of the notes purchased shall not exceed 50% of the market value of the pool, bonds issued by an agency of the State, and pre-refunded municipal bonds issued by any entity that are invested in obligations issued or guaranteed by the U.S. government or any of its

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities. The PSPRS', the EORP's, and the CORP's investment policies state that no more than 5% of the Fund or its fixed income portfolio at fair value shall be invested in bonds issued by any one institution, agency, or corporation other than bonds issued as direct obligations of, and fully guaranteed by, the U.S. Government. The IDGF's investment policies state that no more than 5% of its investment portfolio or \$5 million, whichever is less, shall be invested with any one issuer, with the exception of the U.S. government, its agencies, or instrumentalities. At June 30, 2019, no investments in any one issuer exceeded more than 5% of the primary government's total investments.

**F. FOREIGN CURRENCY RISK**

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely impact the fair value of an investment or deposit. The State does not have a formal policy regarding foreign currency risk. The ASRS, the PSPRS, the EORP, and the CORP are the primary State agencies that have foreign currency risk. Per A.R.S. § 38-718, no more than 40% of the ASRS' assets may be invested in foreign securities and those investments shall be made only by investment managers with expertise in those investments. The ASRS has not adopted a formal policy that is more restrictive. According to State statutes, the PSPRS, the EORP, and the CORP shall not invest more than 20% of the combined assets of the system or other plans that the Board of Trustees manages in foreign securities.

The following table summarizes the State's foreign currency risk as of June 30, 2019 (expressed in thousands):

| <b>Foreign Currency Risk by Investment Type at Fair Value</b> |                   |                     |                          |                     |
|---|-------------------|---------------------|--------------------------|---------------------|
| <b>Currency</b>   | <b>Short Term</b> | <b>Equities</b>     | <b>Other Investments</b> | <b>Total</b>        |
| Australian Dollar   | \$ 1,640          | \$ 457,923          | \$ —                     | \$ 459,563          |
| Brazilian Real  | 140               | 28,463              | —                        | 28,603              |
| British Pound Sterling  | 4,387             | 1,129,048           | 55,963                   | 1,189,398           |
| Canadian Dollar   | 3,259             | 682,204             | —                        | 685,463             |
| Chilean Peso  | 78                | 3,604               | —                        | 3,682               |
| Chinese Yuan Renminbi   | 240               | 2,138               | —                        | 2,378               |
| Columbian Peso  | 45                | 1,568               | —                        | 1,613               |
| Czech Koruna  | 18                | 385                 | —                        | 403                 |
| Danish Krone  | 225               | 119,520             | —                        | 119,745             |
| Euro Currency   | 5,631             | 2,240,671           | 336,798                  | 2,583,100           |
| Hong Kong Dollar  | 1,820             | 312,666             | —                        | 314,486             |
| Hungarian Forint  | 26                | 752                 | —                        | 778                 |
| Indian Rupee  | 199               | 25,566              | —                        | 25,765              |
| Indonesian Rupiah   | 157               | 7,221               | —                        | 7,378               |
| Japanese Yen  | 11,061            | 1,658,336           | —                        | 1,669,397           |
| Malaysian Ringgit   | 54                | 7,395               | —                        | 7,449               |
| Mexican Peso  | 163               | 12,287              | 2,563                    | 15,013              |
| New Israeli Shekel  | 400               | 49,388              | —                        | 49,788              |
| New Taiwan Dollar   | 1,307             | 40,259              | —                        | 41,566              |
| New Zealand Dollar  | 210               | 31,114              | —                        | 31,324              |
| Norwegian Krone   | 434               | 69,452              | 4                        | 69,890              |
| Philippine Peso   | 49                | 3,518               | —                        | 3,567               |
| Polish Zloty  | 64                | 4,156               | —                        | 4,220               |
| Qatari Riyal  | (152)             | 3,530               | —                        | 3,378               |
| Singapore Dollar  | 678               | 114,398             | —                        | 115,076             |
| South African Rand  | 52                | 21,825              | —                        | 21,877              |
| South Korean Won  | 142               | 45,806              | —                        | 45,948              |
| Swedish Krona   | 720               | 219,050             | —                        | 219,770             |
| Swiss Franc   | 1,331             | 538,078             | —                        | 539,409             |
| Thai Baht   | 966               | 11,375              | —                        | 12,341              |
| Turkish Lira  | 104               | 1,512               | —                        | 1,616               |
| UAE Dirham  | 132               | 2,146               | —                        | 2,278               |
| Total   | <u>\$ 35,580</u>  | <u>\$ 7,845,354</u> | <u>\$ 395,328</u>        | <u>\$ 8,276,262</u> |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**G. FAIR VALUE MEASUREMENT OF INVESTMENTS**

Fair value measurements are categorized within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) as follows:

- Level 1 - Quoted prices for identical investments in active markets that are accessible at the measurement date;
- Level 2 - Inputs, other than quoted market prices included in Level 1, that are observable, either directly or indirectly;
- Level 3 - Prices or valuations that require inputs that are significant to the fair value measurement and unobservable.

**1. Primary Government (excluding Universities and Retirement Systems)**

**a. Investments Classified in Fair Value Hierarchy**

The investments held by the primary government (excluding Universities and Retirement Systems) at June 30, 2019, categorized within the fair value hierarchy, were as follows (expressed in thousands):

| Investments by Fair Value Level                          | June 30, 2019        | Fair Value Measurements Using  |   |  |
|--|----------------------|--|---|--|
|  |                      | Quoted Prices<br>In Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Asset backed securities                                  | \$ 348,756           | \$ —   | \$ 348,756  | \$ —   |
| Certificates of deposit (negotiable)                     | 95,878               | —  | 95,878  | —  |
| Commercial mortgage backed securities                    | 106,826              | —  | 106,826   | —  |
| Commercial paper   | 2,665,450            | —  | 2,665,450   | —  |
| Corporate notes & bonds                                  | 1,842,081            | —  | 1,842,081   | —  |
| Equities   | 3,769,830            | 3,769,830  | —   | —  |
| Government bonds   | 159,358              | —  | 159,358   | —  |
| Money market mutual funds                                | 29,308               | 7,974  | 21,334  | —  |
| Repurchase agreements                                    | 3,324,209            | —  | 3,324,209   | —  |
| Security lending collateral investments                  | 100,060              | —  | 100,060   | —  |
| U.S. agency mortgage backed securities                   | 1,201,577            | —  | 1,201,577   | —  |
| U.S. agency mortgage backed securities - full faith      | 675,494              | —  | 675,494   | —  |
| U.S. agency securities                                   | 474,288              | —  | 474,288   | —  |
| U.S. agency securities - full faith                      | 85,950               | —  | 85,950  | —  |
| U.S. Treasury securities                                 | 2,822,398            | 209,880  | 2,612,518   | —  |
| Other  | 32,346               | 31,024   | 1,322   | —  |
| Total investments by fair value level                    | <u>17,733,809</u>    | <u>\$ 4,018,708</u>  | <u>\$ 13,715,101</u>                                      | <u>\$ —</u>  |
| <b>Investments Measured at the Net Asset Value (NAV)</b> |                      |  |   |  |
| Bank loan partnership fund                               | 21,161               |  |   |  |
| Foreign large value fund                                 | 28,079               |  |   |  |
| High yield short term duration bond fund                 | 22,895               |  |   |  |
| Total investments measured at the NAV                    | <u>72,135</u>        |  |   |  |
| Total investments measured at fair value                 | <u>\$ 17,805,944</u> |  |   |  |

Investments categorized as Level 1 of the fair value hierarchy are primarily valued using prices quoted in active markets for those investments. Investments categorized as Level 2 of the fair value hierarchy are primarily valued using evaluated bids. The evaluated bid is based on a compilation of primary observable market information or a broker quote in a non-active market.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**b. Investments Measured at the NAV**

The investments held at June 30, 2019, valued using the NAV per share were as follows (expressed in thousands):

| <b>Investments Measured at the NAV</b>   | <b>Fair Value</b> | <b>Unfunded<br/>Commitments</b> | <b>Redemption<br/>Frequency (if<br/>Currently Eligible)</b> | <b>Redemption<br/>Notice<br/>Period</b> |
|--|-------------------|---------------------------------|---|---|
| Bank loan partnership fund               | \$ 21,161         | —                               | N/A   | N/A                                     |
| Foreign large value fund                 | 28,079            | —                               | N/A   | N/A                                     |
| High yield short term duration bond fund | 22,895            | —                               | N/A   | N/A                                     |
| Total                                    | <u>\$ 72,135</u>  |                                 |   |   |

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

2. Universities

a. Investments Classified in Fair Value Hierarchy

The investments held by the Universities at June 30, 2019, categorized within the fair value hierarchy, were as follows (expressed in thousands):

| Investments by Fair Value Level          | June 30, 2019 | Fair Value Measurements Using  |   |  |
|--|---------------|--|---|--|
|  |               | Quoted Prices<br>In Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Asset backed securities                  | \$ 58,978     | \$ —   | \$ 58,978   | \$ —   |
| Certificates of deposit (negotiable)     | 27,594        | —  | 27,594  | —  |
| Commercial mortgage backed securities    | 8,845         | —  | 8,845   | —  |
| Commercial paper                         | 2,498         | —  | 2,498   | —  |
| Corporate notes & bonds                  | 897,133       | —  | 897,133   | —  |
| Equities                                 | 9,276         | 7,623  | 495   | 1,158  |
| Equity mutual funds                      | 45,934        | 12,415   | 33,519  | —  |
| Fixed income mutual funds                | 3,350         | 1,315  | 2,035   | —  |
| Government bonds                         | 20,972        | —  | 20,972  | —  |
| Money market mutual funds                | 532,255       | 207,258  | 324,997   | —  |
| Mutual funds - asset allocation          | 652           | 652  | —   | —  |
| Real estate                              | 61,717        | —  | —   | 61,717   |
| U.S. agency securities                   | 221,553       | 15,790   | 205,763   | —  |
| U.S. Treasury securities                 | 283,368       | 283,368  | —   | —  |
| Total investments by fair value level    | 2,174,125     | \$ 528,421   | \$ 1,582,829  | \$ 62,875  |
| <b>Other Investments at Fair Value</b>   |               |  |   |  |
| ASU Foundation Endowment Pool            | 250,356       |  |   |  |
| NAU Foundation Investment Pool           | 34,586        |  |   |  |
| U of A - Academic Enhancement Fund Trust | 247,812       |  |   |  |
| U of A Foundation                        | 200,596       |  |   |  |
| U of A - Split Interest Endowment        | 9,526         |  |   |  |
| Total other investments at fair value    | 742,876       |  |   |  |
| <b>Investments Measured at the NAV</b>   |               |  |   |  |
| Equity mutual funds                      | 3,264         |  |   |  |
| Total investments measured at the NAV    | 3,264         |  |   |  |
| Total investments measured at fair value | \$ 2,920,265  |  |   |  |

Investments categorized as Level 1 of the fair value hierarchy are valued using unadjusted prices quoted for identical assets in active, exchange, and brokered markets for those securities. Investments categorized as Level 2 of the fair value hierarchy are primarily valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments categorized as Level 3 of the fair value hierarchy are valued using various methods. The fair value of equities are valued using multiple pricing options. For managed assets, business appraisers use valuation methodologies based on a number of assumptions to create the price. For non-managed assets, pricing is provided by various sources including the issuer or private investment manager. Real estate is valued by using either (1) the market approach industry standard valuation technique which includes independent appraisals or (2) the income approach to measuring fair value which discounts future amounts to a single current amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.



STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**b. Other Investments at Fair Value**

The fair value of the ASU's position in the ASU Foundation Endowment Pool is based on the ASU's proportionate share of the Pool, which is valued at marked-to-market monthly. The fair values of the U of A Academic Enhancement Fund Trust and Interest in Permanent Endowment are derived from their respective custodial bank's independent pricing services. The U of A has beneficial interests in these investment accounts, and determines fair value based on the U of A's percentage of beneficial interest, which is the unit of account for purposes of fair value determination. The fair value of the U of A's position in the U of A Foundation Pool is based on the U of A's proportionate share of the Pool, which is valued at marked-to-market monthly.

**c. Investments Measured at the NAV**

The investments held by the Universities at June 30, 2019, valued using the NAV per share were as follows (expressed in thousands):

| <b>Investments Measured at the NAV</b> | <b>Fair Value</b> | <b>Unfunded<br/>Commitments</b> | <b>Redemption<br/>Frequency (if<br/>Currently Eligible)</b> | <b>Redemption<br/>Notice<br/>Period</b> |
|--|-------------------|---------------------------------|---|---|
| Equity mutual funds                    | \$ 3,264          | —                               | Quarterly   | 90 days                                 |
| Total                                  | <u>\$ 3,264</u>   |                                 |   |   |

Equity mutual funds include event-driven hedge funds investing in corporate financial restructurings, major operations reorganizations, distressed situations, and other events.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

3. Retirement Systems

a. Investments Classified in Fair Value Hierarchy

The investments held by the ASRS, PSPRS, CORP, and EORP at June 30, 2019, categorized within the fair value hierarchy, were as follows (expressed in thousands):

| Investments by Fair Value Level                   | June 30, 2019 | Fair Value Measurements Using  |   |  |
|---|---------------|--|---|--|
|   |               | Quoted Prices<br>In Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Asset backed securities                           | \$ 9,970      | \$ —   | \$ 9,970  | \$ —   |
| Commercial mortgage backed securities             | 39,102        | —  | 39,102  | —  |
| Corporate notes & bonds                           | 479,467       | —  | 479,467   | —  |
| Government bonds                                  | 1,471,715     | 51,227   | 875,732   | 544,756  |
| Opportunistic equity                              | 10,134        | 10,134   | —   | —  |
| Real estate                                       | 44,076        | —  | —   | 44,076   |
| U.S. agency mortgage backed securities            | 549,359       | —  | 549,359   | —  |
| U.S. equities                                     | 10,651,769    | 10,407,031   | 465   | 244,273  |
| Non-U.S. equities                                 | 7,915,789     | 7,760,652  | 678   | 154,459  |
| Other   | 6,740         | 1,111  | 5,629   | —  |
| Total investments by fair value level             | 21,178,121    | \$ 18,230,155  | \$ 1,960,402  | \$ 987,564   |
| <b>Investments Measured at the NAV</b>            |               |  |   |  |
| Commingled funds - fixed income                   | 2,177,960     |  |   |  |
| Commingled funds - international emerging markets | 1,995,312     |  |   |  |
| Commingled funds - U.S. equities                  | 2,013,444     |  |   |  |
| Distressed debt funds                             | 1,707,276     |  |   |  |
| Global trading strategies                         | 920,811       |  |   |  |
| Private credit                                    | 1,604,558     |  |   |  |
| Private debt funds                                | 5,451,597     |  |   |  |
| Private equity funds                              | 5,610,665     |  |   |  |
| Real assets                                       | 890,430       |  |   |  |
| Real estate                                       | 797,237       |  |   |  |
| Real estate funds                                 | 6,068,128     |  |   |  |
| Risk parity                                       | 466,995       |  |   |  |
| Other credit funds                                | 325,458       |  |   |  |
| Total investments measured at the NAV             | 30,029,871    |  |   |  |
| Cash and short term instruments                   | 666,570       |  |   |  |
| Securities lending collateral                     | 631,176       |  |   |  |
| Total investments                                 | \$ 52,505,738 |  |   |  |

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 are primarily valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 securities, whose stated market prices are unobservable by the marketplace, are primarily priced using discounted cash flow techniques. Real estate assets classified in Level 3 are real estate investments valued by external appraisals generally obtained at least annually and performed by an independent appraiser.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**b. Investments Measured at the NAV**

The investments held by the ASRS, PSPRS, CORP, and EORP at June 30, 2019, valued using the NAV per share were as follows (expressed in thousands):

| <b>Investment Measured at the NAV</b>             | <b>Fair Value</b>    | <b>Unfunded Commitments</b> | <b>Redemption Frequency (if Currently Eligible)</b> | <b>Redemption Notice Period</b> |
|---|----------------------|-----------------------------|---|---------------------------------|
| Commingled funds - fixed income                   | \$ 2,177,960         | \$ —                        | Daily   | 2 days                          |
| Commingled funds - international emerging markets | 1,995,312            | —                           | Daily   | 1 - 2 days                      |
| Commingled funds - U.S. equities                  | 2,013,444            | —                           | Monthly   | 5 days                          |
| Distressed debt funds                             | 1,707,276            | 909,212                     | N/A   | N/A                             |
| Global trading strategies                         | 920,811              | 51,366                      | Monthly, Quarterly, Annually                        | 5 days - 1 year                 |
| Private credit                                    | 1,604,558            | 924,606                     | Daily, Monthly, Quarterly, Annually                 | 1 day - 1 year                  |
| Private debt funds                                | 5,451,597            | 3,636,788                   | N/A   | N/A                             |
| Private equity funds                              | 5,610,665            | 3,449,426                   | N/A   | N/A                             |
| Real assets                                       | 890,430              | 437,660                     | Daily, Monthly, Quarterly, Annually                 | 1 day - 1 year                  |
| Real estate                                       | 797,237              | 673,190                     | Daily, Monthly, Quarterly, Annually                 | 1 day - 1 year                  |
| Real estate funds                                 | 6,068,128            | 2,971,956                   | N/A   | N/A                             |
| Risk parity                                       | 466,995              | —                           | Monthly, Quarterly, Annually                        | 5 days                          |
| Other credit funds                                | 325,458              | 1,286,613                   | N/A   | N/A                             |
| <b>Total</b>                                      | <b>\$ 30,029,871</b> | <b>\$ 14,340,817</b>        |   |                                 |

*Commingled Funds* - The types of strategies within commingled funds include investments in fixed income, public equity, real estate, commodities, and multi-asset type funds. Investments in the commingled multi-asset fund are in a fund that invests in liquid public securities. Multi-asset class strategies invest tactically within and across asset classes, seeking to exploit quantitative or fundamental drivers of asset class returns or risk allocations as market conditions warrant. The funds have a perpetual life. Redemption frequencies range from daily to monthly. There are no plans to liquidate the total portfolio.

*Global Trading Strategies (GTS)* - GTS investments are designed to offer risk reduction, uncorrelated returns and liquidity.

*Private Credit* - Private credit investments are held in funds that focus on debt instruments.

*Private Debt and Other Credit Funds* - Private debt and other credit investments are primarily invested within limited partnerships or limited liability companies. The types of investment strategies within these structures consist of corporate debt, asset backed, and special situations. These investments generally have an approximate life of seven to ten years and are generally illiquid. Redemption restrictions are in place throughout the life of the investment. Distributions are received as investments are realized. There are no plans to liquidate the portfolio.

*Private Equity and Distressed Debt Funds* - Private equity and distressed debt investments are primarily invested within limited partnerships. The types of investment strategies within these partnerships include: buyouts, distressed debt, special situations, secondaries, mezzanine, and venture capital. These investments generally have an approximate life of ten years and are considered illiquid. Redemptions are generally restricted over the life of the partnerships. During the life of the partnerships, distributions are received as underlying partnership investments are realized. There are no plans to liquidate the total portfolio.

*Real Assets* - Real asset investments are held in assets like gas, oil, minerals, and timber.

*Real Estate Funds* - Investments in real estate funds are invested within limited partnerships or limited liability companies. Real estate investments include opportunistic, stabilized, and development assets within multi-family and senior housing, industrial, retail, office, and self-storage, with a North America focus. Redemption restrictions are generally in place throughout the life of the investment unless an early termination right exists. If the early termination right is exercised, the result is an acceleration of distributions and the approximate life of the investment would be reduced. Distributions are received as investments are realized. There are no plans to liquidate the portfolio.

*Risk Parity* - Risk Parity investments focus on allocation of risk or volatility to be more resistant to market downturns.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**c. Other Investments at Cost Plus Accrued Interest**

Reinvested cash collateral held related to securities lending activities is reported based on the cash deposit value of the collateral held, which approximates fair value. Accordingly, securities lending cash collateral held is not categorized within the fair value level hierarchy.

**H. SECURITIES LENDING**

Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. A corresponding liability is also recorded for such securities lending transactions.

**1. Arizona State Retirement System**

The ASRS is permitted by A.R.S. § 38-718(G) to enter into securities lending transactions. The ASRS' custodial bank enters into agreements with borrowers to loan securities and have the same securities redelivered at a later date. Securities eligible for loan include U.S. fixed income securities, U.S. equities, and international equities. The ASRS currently receives as collateral at least 102% of the fair value of the loaned securities and maintains collateral at no less than 100% for the duration of the loan. At year-end, the ASRS had limited counter party risk to borrowers because the collateral held by the ASRS for each loan exceeded the fair value owed to the ASRS. Securities loaned are initially fully collateralized by cash (USD), U.S. Government or agency securities, sovereign debt, corporate bonds and/or equities. Cash collateral may be reinvested (under certain constraints) in: (a) instruments issued or fully guaranteed by the U.S. Government, Federal agencies, or sponsored agencies or sponsored corporations, (b) repurchase agreements, (c) money market mutual funds, (d) commercial paper, (e) certificates of deposit, and (f) bank notes. The ASRS records the reinvested cash collateral as an asset, and the cash collateral received as an obligation, for securities on loan on the Statement of Fiduciary Net Position. The maturities of the investments are closely matched to those of the security loans to avoid interest rate exposure. The ASRS receives a spread for its lending activities. The obligation for securities on loan is recorded as a liability because the ASRS must return the cash collateral to the borrower upon expiration of the loan. At June 30, 2019, the fair value of securities on loan was \$1.2 billion; of which \$138.6 million were cash collateralized loans. Cash of \$143.6 million received as collateral for securities loaned was reinvested and had a net position value of \$143.6 million, as of June 30, 2019. The securities lending payable at June 30, 2019 was \$143.6 million. The ASRS does not have the ability to pledge or sell the collateral unless there is a borrower default. There are no statutory restrictions on the dollar amount of security loans that may be made by the ASRS. The ASRS is indemnified against gross negligence and borrower default by the lending agents, but is not indemnified against cash collateral reinvestment risk.

**2. Public Safety Personnel Retirement System, Elected Officials' Retirement Plan, and Corrections Officer Retirement Plan**

The PSPRS, the EORP, and the CORP are permitted by A.R.S. Title 38, Chapter 5, Articles 4, 3, and 6, respectively, to enter into securities lending transactions. The PSPRS, the EORP, and the CORP are parties to securities lending agreements with a bank. The bank, on behalf of the PSPRS, the EORP, and the CORP, enters into agreements with brokers to loan securities and have the same securities returned at a later date. The loans are fully collateralized by cash and securities. Collateral is marked-to-market on a daily basis. Non-cash collateral can be sold only upon borrower default. The PSPRS, the EORP, and the CORP require collateral of at least 102% of the fair value of the loaned U.S. securities and 105% of the fair value of the loaned foreign securities, plus any applicable accrued interest in the case of debt securities. Securities on loan are carried at fair value. As of June 30, 2019, the fair values of securities on loan for the PSPRS, the EORP, and the CORP were \$372.6 million, \$13.9 million, and \$97.5 million, respectively. At June 30, 2019, the values of the cash collateral for the PSPRS, the EORP, and the CORP were \$375.3 million, \$14.0 million, and \$98.2 million, respectively. At June 30, 2019, the values of the non-cash collateral for the PSPRS, the EORP, and the CORP were \$4.6 million, \$174 thousand, and \$1.2 million, respectively. The PSPRS, the EORP, and the CORP are indemnified for broker default by the securities lending agent. The PSPRS, the EORP, and the CORP have no credit risk because the associated value of the collateral held exceed the value of the securities loaned.

**3. State Treasurer**

The State Treasurer is permitted under A.R.S. § 35-313 and § 35-324 to enter into securities lending transactions. The State Treasurer's custodial bank manages the securities lending program through a contractual agreement. At fiscal year-end, the State Treasurer had no credit risk exposure to borrowers because the amount the State Treasurer owes to the borrowers exceeds the amount the borrowers owe the State Treasurer. All securities are eligible for loan, but equities and U.S. Treasuries comprise a majority of securities that are on loan. There are no restrictions on the dollar amount of security loans that may be made by the State Treasurer. Securities are loaned for collateral that may include cash (U.S. currency), U.S. and international equities, and other assets permissible under Rule 15c3-3 under the Securities Exchange Act of 1934. Securities are loaned for collateral valued at not less than 102% of the fair value of the securities loaned at the close of trading on the preceding business day. Investments made with cash collateral are done on an individual investment pool basis and are restricted to the limitations for that investment pool set forth in the State Treasurer's investment policy, except for investments made for certain endowment equity pools. Permitted investments for these equity pools include those investments authorized in section IV of the State Treasurer's investment policy. Cash collateral investments include: (a) obligations issued or guaranteed by the United States or any of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities including repurchase and tri-party repurchase

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

agreements collateralized at no less than 102% by securities, 100% by cash, and 102% by mortgage-backed securities and (b) U.S. 2a-7 money market mutual funds which are regulated by the Securities and Exchange Commission and rated in the highest category by at least one NRSRO.

The State Treasurer records the cash collateral received as an asset and the same amount as obligations under securities loan agreements. As of June 30, 2019, the cost and fair value of securities on loan were \$891.5 million and \$877.1 million, respectively. The associated fair value of the invested collateral was \$896.3 million, of which \$100.1 million was invested cash collateral. All securities loans can be terminated on demand by either the State Treasurer or the borrower. For the cash collateral investments, the weighted average maturity was one day. The State Treasurer does not have the ability to pledge or sell the non-cash collateral unless there is a borrower default. The State Treasurer is indemnified against gross negligence, bad faith, or willful misconduct and borrower default by the lending agent. There were no borrower defaults during the current fiscal year.

At June 30, 2019, the State Treasurer had \$100.1 million outstanding as payable for securities lending, and the following securities on loan were uninsured and held by the bank trust department not in the Treasurer’s name:

|                          |    |                    |
|--------------------------|----|--------------------|
| U.S. Treasury securities | \$ | 679,637,401        |
| Equities                 |    | 99,115,324         |
| Corporate notes          |    | 470,864            |
| Total Fair Value         | \$ | <u>779,223,589</u> |

**I. DERIVATIVES**

A derivative instrument is a financial instrument or other contract with all three of the following characteristics:

- Settlement factors: It has one or more reference rates and one or more notional amounts or payment provisions or both. Those terms determine the amount of the settlement or settlements, and in some cases, whether or not a settlement is required.
- Leverage: It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- Net Settlement: Its terms require or permit net settlement, it can readily be settled net by means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

**1. Arizona State Retirement System**

The ASRS’s derivatives are considered “Investment Derivative Instruments” as defined in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

The ASRS’s derivative instruments, which consist of futures contracts, forward contracts, options, swaps, rights, and warrants, are measured at fair value and reported on the Statement of Fiduciary Net Position. Changes in fair values of derivative instruments are reported as net increase (decrease) in fair value of investments on the Statement of Changes in Fiduciary Net Position.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2019, classified by type, and the changes in fair value of derivative instruments for the year then ended as reported in the June 30, 2019 financial statements were as follows (expressed in thousands):

| <b>Investment Derivatives by Type</b> |   |                    |                                    |               |                   |
|---------------------------------------|---|--------------------|------------------------------------|---------------|-------------------|
| <b>Investment Derivatives</b>         | <b>Changes in Fair Value (1)</b>            |                    | <b>Fair Value at June 30, 2019</b> |               |                   |
|                                       | <b>Classification</b>                       | <b>Amount (2)</b>  | <b>Classification</b>              | <b>Amount</b> | <b>Notional</b>   |
| Commodity futures long                | Net (decrease) in fair value of investments | \$ (21,807)        | Not applicable                     | \$ —          | \$ 109,343        |
| Commodity futures short               | Net increase in fair value of investments   | 9,214              | Not applicable                     | —             | (15,517)          |
| Fixed income futures short            | Net increase in fair value of investments   | 65                 | Not applicable                     | —             | —                 |
| Foreign currency forwards             | Net (decrease) in fair value of investments | (1,795)            | Futures receivable                 | —             | —                 |
| Index futures long                    | Net increase in fair value of investments   | 12,454             | Not applicable                     | —             | 416,112           |
| Index futures short                   | Net (decrease) in fair value of investments | (33,964)           | Not applicable                     | —             | (252,760)         |
| Rights                                | Net (decrease) in fair value of investments | (53)               | Equity securities                  | 343           | —                 |
| Warrants                              | Net increase in fair value of investments   | 25                 | Equity securities                  | —             | —                 |
| Total                                 |   | <u>\$ (35,861)</u> |                                    | <u>\$ 343</u> | <u>\$ 257,178</u> |

(1) Excludes futures margin payments

(2) Negative values refer to losses

The fair value of derivative instruments reported by the ASRS is based on quoted market prices off national exchanges. The fair values of foreign currency forward contracts are based on mathematical models and are valued using a pricing service, which uses published Reuter's foreign currency rates as the primary source for the calculation.

The maximum amount of loss due to credit risk that the ASRS would incur if the counterparties to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security or netting arrangement, is the total unrealized gain of derivatives at the end of the reporting period.

The ASRS has no general investment policy requiring collateral or other security to support derivative instruments. Each investment manager hired has discretion with respect to derivative investments and risk control. Each investment manager is governed by its Investment Manager Agreement.

The ASRS has no general investment policy with respect to netting arrangements. The ASRS's investment managers have master netting arrangements to allow net settlement with the same counterparty in the event the counterparty defaults on its obligations.

As of June 30, 2019, investing activity in derivative instruments were exchange traded contracts. The ASRS did not have any over-the-counter investment derivative instruments as of June 30, 2019. Accordingly, the ASRS was not exposed to loss in case of default of all counterparties of over-the-counter positions as of June 30, 2019.

The ASRS has exposure to interest rate risk due to the investment in fixed income futures. The required risk disclosures are included in the Interest Rate Risk schedule in Note 2.C. The ASRS did not have any derivative instruments highly sensitive to interest rate risk changes as of June 30, 2019.

The ASRS is exposed to foreign currency risk on its foreign currency forward contracts and future contracts. See the Foreign Currency Risk schedule in Note 2.F. for additional information on currency risk exposure. A summary of foreign currency risk from derivative instruments as of June 30, 2019, was as follows (expressed in thousands):

| <b>Derivative Instruments Foreign Currency Risk</b> |                |                       |
|---|----------------|-----------------------|
| <b>Currency Name</b>                                | <b>Options</b> | <b>Total Exposure</b> |
| Australian Dollar                                   | \$ 1           | \$ 1                  |
| Euro Currency                                       | 343            | 343                   |
| Total   | <u>\$ 344</u>  | <u>\$ 344</u>         |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**2. Public Safety Personnel Retirement System, Elected Officials' Retirement Plan, and Corrections Officer Retirement Plan**

The PSPRS, the EORP, and the CORP have adopted a derivative policy that specifically authorizes external investment managers to enter into certain derivative contracts based on an analysis that the use of such derivatives will have a positive impact on the PSPRS', the EORP's, and the CORP's ability to manage their underlying assets and liabilities. The investment program, indirectly through its external managers, holds investments in futures contracts. External money managers enter into certain derivative instruments primarily to enhance the performance and reduce the volatility of the PSPRS', the EORP's, and the CORP's portfolios, to gain or hedge exposure to certain markets, and to manage interest rate risk. The external managers are required to follow certain controls, documentation and risk management procedures when employing these financial instruments.

Changes in fair value for the year and outstanding futures contracts as of June 30, 2019 were as follows (expressed in thousands):

| <b>Investment Derivatives by Type</b> |   |                  |                       |                                    |                   |
|---------------------------------------|---|------------------|-----------------------|------------------------------------|-------------------|
| <b>Investment Derivatives</b>         | <b>Changes in Fair Value</b>                |                  | <b>Classification</b> | <b>Fair Value at June 30, 2019</b> |                   |
|                                       | <b>Classification</b>                       | <b>Amount</b>    |                       | <b>Amount</b>                      | <b>Notional</b>   |
| Foreign currency forwards             | Net (decrease) in fair value of investments | \$ (274)         | Not applicable        | \$ —                               | \$ —              |
| US equity index futures               | Net increase in fair value of investments   | 18,485           | Equity securities     | 5,593                              | 321,569           |
| Total                                 |   | <u>\$ 18,211</u> |                       | <u>\$ 5,593</u>                    | <u>\$ 321,569</u> |

**3. Arizona State University**

Refer to Note 6.A.4.c. for information on debt derivatives utilized by the ASU.

**J. STATE TREASURER'S SEPARATELY ISSUED FINANCIAL STATEMENTS**

The State Treasurer issues separately published Annual Audited Financial Statements. These financial statements provide additional information relating to the State Treasurer's total investing activities, including the investment trust funds. A copy of the State Treasurer's Office Annual Audited Financial Statements can be obtained from their office at: Office of the Arizona State Treasurer, 1700 W. Washington Street, Phoenix, AZ 85007, (602) 542-7800, or their website at <https://aztreasury.gov>.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 3. RECEIVABLES/UNAVAILABLE REVENUE/UNEARNED REVENUE**

**A. TAXES RECEIVABLE**

At June 30, 2019, taxes receivable were as follows (expressed in thousands):

| Type of Tax                       | General Fund | Transportation & Aviation Planning, Highway Maintenance & Safety Fund | Non-major Governmental Funds | Non-major Enterprise Funds | Government-wide Total |
|-----------------------------------|--------------|---|------------------------------|----------------------------|-----------------------|
| Sales                             | \$ 595,962   | \$ —  | \$ 67,217                    | \$ —                       | \$ 663,179            |
| Income - individual and corporate | 286,891      | —   | —                            | —                          | 286,891               |
| Property tax                      | 1,077        | —   | —                            | —                          | 1,077                 |
| Motor vehicle and fuel            | —            | 69,277  | —                            | —                          | 69,277                |
| Luxury                            | 7,419        | —   | 19,626                       | —                          | 27,045                |
| Unemployment                      | —            | —   | —                            | 76,626                     | 76,626                |
| Other                             | —            | —   | 6,456                        | —                          | 6,456                 |
| Gross taxes receivable            | 891,349      | 69,277  | 93,299                       | 76,626                     | 1,130,551             |
| Allowance for uncollectible taxes | (276,235)    | —   | —                            | —                          | (276,235)             |
| Net Taxes Receivable              | \$ 615,114   | \$ 69,277   | \$ 93,299                    | \$ 76,626                  | \$ 854,316            |

**B. UNAVAILABLE REVENUE**

At June 30, 2019, the components of unavailable revenue for governmental funds were as follows (expressed in thousands):

|  | General Fund | Transportation & Aviation Planning, Highway Maintenance & Safety Fund | Land Endowments Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------|---|----------------------|--------------------------|--------------------------|
| <b>Unavailable Revenue for Governmental Funds:</b> |              |   |                      |                          |                          |
| Delinquent sales tax                               | \$ 172,620   | \$ —  | \$ —                 | \$ —                     | \$ 172,620               |
| Delinquent income tax                              | 145,682      | —   | —                    | —                        | 145,682                  |
| Tobacco settlement                                 | 51,000       | —   | —                    | —                        | 51,000                   |
| Child support administrative reimbursements        | 4,073        | —   | —                    | —                        | 4,073                    |
| Grants   | 219,302      | 12,527  | —                    | —                        | 231,829                  |
| Drug rebates                                       | 38,218       | —   | —                    | —                        | 38,218                   |
| Land sales receivable                              | —            | —   | 300,331              | —                        | 300,331                  |
| Land leases receivable                             | —            | —   | 3,132                | —                        | 3,132                    |
| Other  | 1,803        | —   | —                    | 432                      | 2,235                    |
| Total Unavailable Revenue for Governmental Funds   | \$ 632,698   | \$ 12,527   | \$ 303,463           | \$ 432                   | \$ 949,120               |



STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**C. UNEARNED REVENUE**

At June 30, 2019, the components of unearned revenue were as follows (expressed in thousands):

| <b>Unearned Revenue for Governmental Funds:</b>    | <u><b>Current</b></u> | <u><b>Noncurrent</b></u> | <u><b>Total Unearned Revenue</b></u> |
|--|-----------------------|--------------------------|--------------------------------------|
| General Fund:                                      |                       |                          |                                      |
| Advance insurance premium taxes                    | \$ 56,148             | \$ —                     | \$ 56,148                            |
| Advance county acute and long term care payments   | 26,578                | —                        | 26,578                               |
| Other  | 136                   | —                        | 136                                  |
| Transportation & Aviation Planning, Highway        |                       |                          |                                      |
| Maintenance & Safety Fund:                         |                       |                          |                                      |
| Magazine subscriptions                             | 1,746                 | —                        | 1,746                                |
| Land Endowments Fund:                              |                       |                          |                                      |
| Advance land lease payments                        | 24,940                | 75,789                   | 100,729                              |
| Non-Major Funds:                                   |                       |                          |                                      |
| Advance payments for Hawaii/Arizona PMMIS Alliance | 1,489                 | —                        | 1,489                                |
| Advance renewal of contractors' license assessment | 723                   | —                        | 723                                  |
| Other  | 119                   | —                        | 119                                  |
| Total Unearned Revenue for Governmental Funds      | <u>\$ 111,879</u>     | <u>\$ 75,789</u>         | <u>\$ 187,668</u>                    |

| <b>Unearned Revenue for Proprietary Funds:</b> | <u><b>Current</b></u> |
|--|-----------------------|
| Universities:                                  |                       |
| Unexpended cash advances received              | \$ 135,559            |
| Auxiliary sales and services                   | 28,840                |
| Student tuition and fees                       | 112,560               |
| Other  | 3,069                 |
| Non-Major Funds:                               |                       |
| Other  | 161                   |
| Total Unearned Revenue for Proprietary Funds   | <u>\$ 280,189</u>     |

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 4. CAPITAL ASSETS**

Capital asset activities for the fiscal year ended June 30, 2019 were as follows (expressed in thousands):

|  | Primary Government |            |              |                                 |                |
|--|--------------------|------------|--------------|---------------------------------|----------------|
|  | Beginning Balance  | Additions  | Retirements  | Adjustments & Reclassifications | Ending Balance |
| <b>Governmental Activities:</b>                    |                    |            |              |                                 |                |
| Non-depreciable capital assets:                    |                    |            |              |                                 |                |
| Land   | \$ 3,653,652       | \$ 59,985  | \$ (34,493)  | \$ 1,149                        | \$ 3,680,293   |
| Construction in progress                           | 2,468,637          | 709,880    | —            | (225,462)                       | 2,953,055      |
| Development in progress                            | 37,790             | 40,654     | —            | 36,103                          | 114,547        |
| Infrastructure                                     | 16,301,538         | —          | —            | 149,004                         | 16,450,542     |
| Total Non-depreciable Capital Assets               | 22,461,617         | 810,519    | (34,493)     | (39,206)                        | 23,198,437     |
| Depreciable capital assets:                        |                    |            |              |                                 |                |
| Buildings  | 2,500,455          | 22,431     | (17,772)     | (14,632)                        | 2,490,482      |
| Improvements other than buildings                  | 191,861            | 8,548      | (1,083)      | 8,567                           | 207,893        |
| Equipment  | 944,679            | 61,256     | (47,652)     | (1,288)                         | 956,995        |
| Software and other intangibles                     | 401,994            | 146        | (187)        | 14,817                          | 416,770        |
| Infrastructure                                     | 28,884             | —          | —            | (5,825)                         | 23,059         |
| Total Depreciable Capital Assets                   | 4,067,873          | 92,381     | (66,694)     | 1,639                           | 4,095,199      |
| Less accumulated depreciation for:                 |                    |            |              |                                 |                |
| Buildings  | (1,067,701)        | (60,923)   | 12,400       | 4,696                           | (1,111,528)    |
| Improvements other than buildings                  | (134,788)          | (6,826)    | 588          | (4,239)                         | (145,265)      |
| Equipment  | (655,585)          | (68,150)   | 45,279       | 19,443                          | (659,013)      |
| Software and other intangibles                     | (245,300)          | (24,607)   | 187          | (15)                            | (269,735)      |
| Infrastructure                                     | (14,738)           | (450)      | —            | 357                             | (14,831)       |
| Total Accumulated Depreciation                     | (2,118,112)        | (160,956)  | 58,454       | 20,242                          | (2,200,372)    |
| Total Depreciable Capital Assets, Net              | 1,949,761          | (68,575)   | (8,240)      | 21,881                          | 1,894,827      |
| Total Governmental Activities Capital Assets, Net  | \$ 24,411,378      | \$ 741,944 | \$ (42,733)  | \$ (17,325)                     | \$ 25,093,264  |
| <b>Business-type Activities:</b>                   |                    |            |              |                                 |                |
| Non-depreciable capital assets:                    |                    |            |              |                                 |                |
| Land   | \$ 271,323         | \$ 31,823  | \$ (4,089)   | \$ —                            | \$ 299,057     |
| Construction in progress                           | 582,438            | 305,842    | (253,847)    | (291,750)                       | 342,683        |
| Development in progress                            | 88,190             | 11,264     | —            | (22,090)                        | 77,364         |
| Collections  | 21,574             | 1,125      | (369)        | —                               | 22,330         |
| Total Non-depreciable Capital Assets               | 963,525            | 350,054    | (258,305)    | (313,840)                       | 741,434        |
| Depreciable capital assets:                        |                    |            |              |                                 |                |
| Buildings  | 6,769,269          | 365,951    | (59,895)     | 290,571                         | 7,365,896      |
| Improvements other than buildings                  | 15,739             | —          | —            | —                               | 15,739         |
| Equipment  | 1,619,251          | 96,737     | (48,064)     | 241                             | 1,668,165      |
| Software and other intangibles                     | 138,205            | —          | —            | 22,090                          | 160,295        |
| Infrastructure                                     | 602,869            | 32,092     | (5,770)      | 934                             | 630,125        |
| Total Depreciable Capital Assets                   | 9,145,333          | 494,780    | (113,729)    | 313,836                         | 9,840,220      |
| Less accumulated depreciation for:                 |                    |            |              |                                 |                |
| Buildings  | (2,797,734)        | (205,320)  | 42,418       | 4                               | (2,960,632)    |
| Improvements other than buildings                  | (14,777)           | (106)      | —            | 41                              | (14,842)       |
| Equipment  | (1,197,270)        | (91,010)   | 44,817       | 7                               | (1,243,456)    |
| Software and other intangibles                     | (117,158)          | (12,267)   | —            | —                               | (129,425)      |
| Infrastructure                                     | (275,761)          | (18,667)   | 4,117        | —                               | (290,311)      |
| Total Accumulated Depreciation                     | (4,402,700)        | (327,370)  | 91,352       | 52                              | (4,638,666)    |
| Total Depreciable Capital Assets, Net              | 4,742,633          | 167,410    | (22,377)     | 313,888                         | 5,201,554      |
| Total Business-type Activities Capital Assets, Net | \$ 5,706,158       | \$ 517,464 | \$ (280,682) | \$ 48                           | \$ 5,942,988   |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

Depreciation expense was charged to governmental functions as follows (expressed in thousands):

|                               |    |                |
|-------------------------------|----|----------------|
| General government            | \$ | 32,896         |
| Health and welfare            |    | 28,422         |
| Inspection and regulation     |    | 971            |
| Education                     |    | 2,163          |
| Protection and safety         |    | 64,205         |
| Transportation                |    | 22,245         |
| Natural resources             |    | 10,054         |
| Total Governmental Activities | \$ | <u>160,956</u> |

Depreciation expense was charged to business-type activities as follows (expressed in thousands):

|                                |    |                |
|--------------------------------|----|----------------|
| Universities                   | \$ | 324,136        |
| Other                          |    | 3,234          |
| Total Business-type Activities | \$ | <u>327,370</u> |

**NOTE 5. PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

The State contributes to several pension plans. The ASRS, PSPRS – Department of Public Safety (PSA), CORP – Department of Corrections (DCA), and EORP are described below. Benefits are established by State statutes and provide retirement, disability, and survivor benefits to State employees. The PSPRS’ Attorney General Investigators, Department of Liquor License and Control Investigators, the ASU Campus Police, the NAU Campus Police, the U of A Campus Police, State Park Rangers, Department of Emergency and Military Affairs, and Game and Fish Department agent multiple-employer defined benefit pension plans and the cost-sharing multiple-employer defined benefit pension plan are not further disclosed because of their relative insignificance to the State’s financial statements. Employees participate in either the agent plan or the cost-sharing plan based on their date of hire. The CORP’s Department of Juvenile Corrections, Department of Public Safety Dispatchers, and Department of Public Safety Detention agent multiple-employer defined benefit pension plans are not further disclosed because of their relative insignificance to the State’s financial statements. Also, the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP), the Elected Officials’ Defined Contribution Retirement System, the Teachers Insurance Annuity Association/College Retirement Equities Fund, and Fidelity Investments Tax-Exempt Services Company defined contribution plans are not further disclosed because of their relative insignificance to the State’s financial statements.

The State contributes to several OPEB plans. The Arizona Department of Administration (ADOA) Defined Benefit Healthcare Plan is described below. The ASRS Health Benefit Supplement Fund (HBS), ASRS Long Term Disability Fund (LTD), and EORP health insurance premium subsidy cost-sharing multiple-employer defined benefit post-employment plans are not further disclosed because of their relative insignificance to the State’s financial statements. The PSPRS’ Department of Public Safety, Attorney General Investigators, Department of Liquor License and Control Investigators, the ASU Campus Police, the NAU Campus Police, the U of A Campus Police, State Park Rangers, Department of Emergency and Military Affairs, and Game and Fish Department agent multiple-employer defined benefit post-employment plans are not further disclosed because of their relative insignificance to the State’s financial statements. The CORP’s Department of Corrections, Department of Juvenile Corrections, Department of Public Safety Dispatchers, and Department of Public Safety Detention agent multiple-employer defined benefit post-employment plans are not further disclosed because of their relative insignificance to the State’s financial statements. Also, the PSPRS health insurance premium subsidy cost-sharing multiple-employer defined benefit post-employment plan is not further disclosed because of its relative insignificance to the State’s financial statements.

Changes in the State's net pension liability and total OPEB (asset)/liability during the fiscal year ended June 30, 2019, were as follows (expressed in thousands):

|                   | Pension                 |                          | OPEB                    |                          |
|-------------------|-------------------------|--------------------------|-------------------------|--------------------------|
|                   | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities |
| Beginning balance | \$ 4,490,297            | \$ 1,436,487             | \$ 515,352              | \$ 310,847               |
| Increases         | 610,031                 | 202,424                  | 195,889                 | 31,227                   |
| Decreases         | (1,225,132)             | (278,791)                | (179,087)               | (16,061)                 |
| Ending Balance    | <u>\$ 3,875,196</u>     | <u>\$ 1,360,120</u>      | <u>\$ 532,154</u>       | <u>\$ 326,013</u>        |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

For the year ended June 30, 2019, the State recognized pension expense for all plans to which it contributes of \$216.8 million, (\$40.4) million of grant expense for EORP, and \$57.6 million of OPEB expense. Also, the State reported \$317.7 million of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes, \$4.1 million of grant expenditures related to EORP, and \$24.3 million of OPEB contributions as expenditures in the governmental funds related to all OPEB plans to which it contributes.

**A. ARIZONA STATE RETIREMENT SYSTEM**

**Benefits Provided**—Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

|  | <b>Retirement Initial Membership Date:</b>  |   |
|--|---|---|
|  | <b>Before July 1, 2011</b>  | <b>On or after July 1, 2011</b>   |
| Years of service and age required to receive benefit | Sum of years and age equals 80<br>10 years, age 62<br>5 years, age 50*<br>Any years, age 65 | 30 years, age 55<br>25 years, age 60<br>10 years, age 62<br>5 years, age 50*<br>Any years, age 65 |
| Final average salary is based on                     | Highest 36 consecutive months of last 120 months  | Highest 60 consecutive months of last 120 months  |
| Benefit percent per year of service                  | 2.1% to 2.3%  | 2.1% to 2.3%  |

\* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions**—In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.64 percent of the members' annual covered payroll, and statute required the State to contribute at the actuarially determined rate of 11.18 percent of the active members' annual covered payroll. In addition, the State was required by statute to contribute at the actuarially determined rate of 10.41 percent of annual covered payroll of retired members who worked during fiscal year 2019 for the State in positions that an employee who contributes to the ASRS would typically fill. The State's contributions to the pension plan for the year ended June 30, 2019, were \$256.4 million.

During fiscal year 2019, the State paid for ASRS pension contributions from governmental funds as follows: 70.66 percent from the General Fund, 14.13 percent from major funds, and 15.21 percent from other funds.

**Pension Liability**—At June 30, 2019, the State reported a liability of \$3.1 billion for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ending June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates. The State's proportion of the net pension liability was based on the State's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The State's proportion measured as of June 30, 2018, was 21.87 percent, which was a decrease of 0.02 from its proportion measured as of June 30, 2017.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**Pension Expense and Deferred Outflows/Inflows of Resources**—For the year ended June 30, 2019, the State recognized pension expense for ASRS of \$57.0 million. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 84,038                                 | \$ 16,817                                |
| Changes of assumptions or other inputs   | 80,721                                    | 270,467                                  |
| Net difference between projected and actual earnings on pension plan investments                           | —   | 73,357                                   |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 89,409                                    | 82,354                                   |
| State contributions subsequent to the measurement date   | 256,422                                   | —  |
| Total  | <u>\$ 510,590</u>                         | <u>\$ 442,995</u>                        |

The \$256.4 million reported as deferred outflows of resources related to ASRS pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows (expressed in thousands):

| <u>Year ending<br/>June 30</u> |           |
|--------------------------------|-----------|
| 2020                           | \$ 30,990 |
| 2021                           | (75,664)  |
| 2022                           | (111,277) |
| 2023                           | (32,876)  |

**Actuarial Assumptions**—The significant actuarial assumptions used to measure the total pension liability are as follows:

|                             |                     |
|-----------------------------|---------------------|
| Actuarial valuation date    | June 30, 2017       |
| Actuarial roll forward date | June 30, 2018       |
| Actuarial cost method       | Entry age normal    |
| Investment rate of return   | 7.5%                |
| Projected salary increases  | 2.7 - 7.2%          |
| Inflation                   | 2.3%                |
| Permanent benefit increase  | Included            |
| Mortality rates             | 2017 SRA Scale U-MP |

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b> | <b>Target Allocation</b> | <b>Long-Term Expected Geometric Real Rate of Return</b> |
|--------------------|--------------------------|---|
| Equity             | 50%                      | 5.50%   |
| Fixed income       | 30%                      | 3.83%   |
| Real estate        | 20%                      | 5.85%   |
| Total              | 100%                     |   |

**Discount Rate**—At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the State’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate**—The following table presents the State’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the State’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (expressed in thousands):

|  | <b>1% Decrease<br/>(6.5%)</b> | <b>Current<br/>Discount Rate<br/>(7.5%)</b> | <b>1% Increase<br/>(8.5%)</b> |
|--|-------------------------------|---|-------------------------------|
| State’s proportionate share of the net pension liability | \$ 4,348,526                  | \$ 3,050,477                                | \$ 1,965,979                  |

**Pension Plan Fiduciary Net Position**—Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**B. PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM AND CORRECTIONS OFFICER RETIREMENT PLAN**

**Benefits Provided**—PSPRS and CORP retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

|  | <b>Initial Membership Date:</b>   |  |  |
|--|---|--|--|
|  | <b>Before January 1, 2012</b>   | <b>On or after January 1, 2012<br/>and before July 1, 2017</b>   | <b>On or after July 1, 2017</b>  |
| <b>PSPRS Retirement and Disability</b>               |   |  |  |
| Years of service and age required to receive benefit | 20 years of service, any age<br>15 years of service, age 62   | 25 years of service or<br>15 years of credited service, age 52.5 | 15 years of credited service, age 52.5*<br>15 or more years of service, age 55 |
| Final average salary is based on                     | Highest 36 consecutive months<br>of last 20 years   | Highest 60 consecutive months<br>of last 20 years                | Highest 60 consecutive months<br>of last 15 years                              |
| Benefit percent:                                     |   |  |  |
| Normal retirement                                    | 50% less 2.0% for each year of<br>credited service less than 20 years<br>OR plus 2.0% to 2.5% for each<br>year of credited service over 20<br>years, not to exceed 80%                                      | 1.5% to 2.5% per year of credited service, not to exceed 80%     |  |
| Accidental disability retirement                     | 50% or normal retirement, whichever is greater  |  |  |
| Catastrophic disability retirement                   | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater   |  |  |
| Ordinary disability retirement                       | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater,<br>multiplied by years of credited service (not to exceed 20 years) divided by 20 |  |  |
| <b>Survivor Benefit</b>                              |   |  |  |
| Retired members                                      | 80% to 100% of retired member's pension benefit   |  |  |
| Active members                                       | 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the<br>result of injuries received on the job  |  |  |

\* With actuarially reduced benefits.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

|  | Initial Membership Date:  |  |
|--|---|--|
|  | Before January 1, 2012  | On or after January 1, 2012<br>and before July 1, 2018             |
| <b>CORP Retirement and Disability</b>                |   |  |
| Years of service and age required to receive benefit | Sum of years and age equals 80<br>20 years, any age<br>10 years, age 62   | 25 years, age 52.5<br>10 years, age 62                             |
| Final average salary is based on                     | Highest 36 consecutive months of last 10 years  | Highest 60 consecutive months of last 10 years                     |
| Benefit percent:<br>Normal retirement                | 2.0% to 2.5% per year of credited service, not to exceed 80%  |  |
| Accidental disability retirement                     | 50% or normal retirement if more than 20 years of credited service  | 50% or normal retirement if more than 25 years of credited service |
| Total and permanent disability retirement            | 50% or normal retirement if more than 25 years of credited service  |  |
| Ordinary disability retirement                       | 2.5% per year of credited service   |  |
| <b>Survivor Benefit</b>                              |   |  |
| Retired members                                      | 80% of retired member's pension benefit   |  |
| Active members                                       | 40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions. |  |

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**Employees Covered by Benefit Terms**—At June 30, 2019, the following employees were covered by the agent pension plans' benefit terms:

|   | PSPRS<br>PSA | CORP<br>DCA   |
|---|--------------|---------------|
| Retirees or beneficiaries currently receiving benefits        | 1,365        | 3,330         |
| Inactive employees entitled to but not yet receiving benefits | 165          | 1,237         |
| Active employees  | 1,042        | 8,098         |
| Total   | <u>2,572</u> | <u>12,665</u> |

The CORP – DCA plan was closed to new members as of July 1, 2018.



STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**Contributions**—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

|                         | <u>Active Member –<br/>Pension</u> | <u>State –<br/>Pension</u> |
|-------------------------|------------------------------------|----------------------------|
| PSPRS – PSA Tiers 1 & 2 | 7.65% - 11.65%                     | 90.35%                     |
| PSPRS – PSA Tier 3      | 10.28%                             | 85.60%                     |
| CORP – DCA              | 8.41%                              | 28.38%                     |

In addition, statute required the State to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked during fiscal year 2019 for the State in positions that an employee who contributes to the PSPRS or CORP would typically fill and PSPDCRP members in addition to the State's required contributions to PSPDCRP.

|             | <u>Pension</u> |
|-------------|----------------|
| PSPRS – PSA | 75.32%         |
| CORP – DCA  | 20.66%         |

The State's contributions to the pension plan for the year ended June 30, 2019, were (expressed in thousands):

|                         | <u>Pension</u> |
|-------------------------|----------------|
| PSPRS – PSA Tiers 1 & 2 | \$ 64,344      |
| PSPRS – PSA Tier 3      | 1,880          |
| CORP – DCA              | 85,872         |

During fiscal year 2019, the State paid for PSPRS and CORP pension contributions as follows: 62.98 percent from the General Fund and 37.02 percent from other funds.

**Pension Liability**—At June 30, 2019, the State reported the following net pension liabilities (expressed in thousands):

|             | <u>Net Pension<br/>Liability</u> |
|-------------|----------------------------------|
| PSPRS – PSA | \$ 835,065                       |
| CORP – DCA  | 851,891                          |

The net pension liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total CORP pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

**Actuarial Assumptions**—The significant actuarial assumptions used to measure the total pension liability are as follows:

**PSPRS and CORP – Pension**

|                           |   |
|---------------------------|---|
| Actuarial valuation date  | June 30, 2018   |
| Actuarial cost method     | Entry age normal  |
| Investment rate of return | 7.4%  |
| Wage inflation            | 3.5%  |
| Price inflation           | 2.5%  |
| Cost-of-living adjustment | Included  |
| Mortality rates           | RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class            | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|------------------------|-------------------|--|
| Short term investments | 2%                | 0.25%  |
| Risk parity            | 4%                | 5.00%  |
| Fixed income           | 5%                | 1.25%  |
| Real assets            | 9%                | 4.52%  |
| GTS                    | 12%               | 3.96%  |
| Private credit         | 16%               | 6.75%  |
| Real estate            | 10%               | 3.75%  |
| Private equity         | 12%               | 5.83%  |
| Non-U.S. equity        | 14%               | 8.70%  |
| U.S. equity            | 16%               | 7.60%  |
| Total                  | 100%              |  |

**Discount Rate**—At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**  
 (expressed in thousands):

|  | Increase (Decrease)         |                                 |                                 |
|--|-----------------------------|---------------------------------|---------------------------------|
|  | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| <b>PSPRS – PSA</b>   |                             |                                 |                                 |
| Balances at June 30, 2018  | \$ 1,191,509                | \$ 360,590                      | \$ 830,919                      |
| Changes for the year:  |                             |                                 |                                 |
| Service cost   | 16,072                      | —                               | 16,072                          |
| Interest on the total pension liability  | 86,027                      | —                               | 86,027                          |
| Differences between expected and actual experience in the measurement of the pension liability | (13,749)                    | —                               | (13,749)                        |
| Contributions - employer   | —                           | 52,147                          | (52,147)                        |
| Contributions - employee   | —                           | 7,271                           | (7,271)                         |
| Net investment income  | —                           | 24,371                          | (24,371)                        |
| Benefit payments, including refunds of employee contributions                                  | (74,045)                    | (74,045)                        | —                               |
| Administrative expense   | —                           | (370)                           | 370                             |
| Other changes  | —                           | 785                             | (785)                           |
| Net changes  | 14,305                      | 10,159                          | 4,146                           |
| Balances at June 30, 2019  | \$ 1,205,814                | \$ 370,749                      | \$ 835,065                      |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

|  | Increase (Decrease)                  |  |  |
|--|--------------------------------------|--|--|
|  | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) – (b) |
| <b>CORP – DCA</b>  |                                      |  |  |
| Balances at June 30, 2018  | \$ 1,876,561                         | \$ 883,173                               | \$ 993,388                               |
| Changes for the year:  |                                      |  |  |
| Service cost   | 51,918                               | —  | 51,918                                   |
| Interest on the total pension liability  | 136,973                              | —  | 136,973                                  |
| Changes of benefit terms   | (102,231)                            | —  | (102,231)                                |
| Differences between expected and actual experience in the measurement of the pension liability | (72,298)                             | —  | (72,298)                                 |
| Contributions – employer   | —                                    | 66,030                                   | (66,030)                                 |
| Contributions – employee   | —                                    | 27,055                                   | (27,055)                                 |
| Net investment income  | —                                    | 63,503                                   | (63,503)                                 |
| Benefit payments, including refunds of employee contributions                                  | (103,053)                            | (103,053)                                | —  |
| Administrative expense   | —                                    | (961)                                    | 961                                      |
| Other changes  | —                                    | 232                                      | (232)                                    |
| Net changes  | (88,691)                             | 52,806                                   | (141,497)                                |
| Balances at June 30, 2019  | \$ 1,787,870                         | \$ 935,979                               | \$ 851,891                               |

**Sensitivity of the State’s Net Pension Liability to Changes in the Discount Rate**—The following table presents the State’s net pension liabilities calculated using the discount rate of 7.4 percent, as well as what the State’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate (expressed in thousands):

|                       | 1%<br>Decrease<br>(6.4%) | Current<br>Discount Rate<br>(7.4%) | 1%<br>Increase<br>(8.4%) |
|-----------------------|--------------------------|------------------------------------|--------------------------|
| PSPRS – PSA           |                          |                                    |                          |
| Net pension liability | \$ 979,419               | \$ 835,065                         | \$ 715,754               |
| CORP – DCA            |                          |                                    |                          |
| Net pension liability | \$ 1,107,774             | \$ 851,891                         | \$ 644,858               |

**Pension Plan Fiduciary Net Position**—Detailed information about the pension plans’ fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

**Pension Expense**—For the year ended June 30, 2019, the State recognized the following pension expense (expressed in thousands):

|             | Pension<br>Expense |
|-------------|--------------------|
| PSPRS – PSA | \$ 106,644         |
| CORP – DCA  | 11,156             |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**Deferred Outflows/Inflows of Resources**—At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

| <b>PSPRS – PSA</b>   | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 9,789                                      | \$ 14,149                                    |
| Changes of assumptions or other inputs   | 39,401  | —  |
| Net difference between projected and actual earnings on pension plan investments | 5,643   | —  |
| State contributions subsequent to the measurement date                           | 66,224  | —  |
| Total  | \$ 121,057                                    | \$ 14,149                                    |
|  |   |  |
| <b>CORP – DCA</b>  | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
| Differences between expected and actual experience                               | \$ —  | \$ 92,540                                    |
| Changes of assumptions or other inputs   | 74,033  | —  |
| Net difference between projected and actual earnings on pension plan investments | 9,477   | —  |
| State contributions subsequent to the measurement date                           | 85,872  | —  |
| Total  | \$ 169,382                                    | \$ 92,540                                    |

The amounts reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

| <b>Year Ending<br/>June 30</b> | <b>PSPRS<br/>PSA</b> | <b>CORP<br/>DCA</b> |
|--------------------------------|----------------------|---------------------|
| 2020                           | \$ 21,898            | \$ 19,410           |
| 2021                           | 15,919               | (2,128)             |
| 2022                           | 3,836                | (11,195)            |
| 2023                           | (969)                | (10,261)            |
| 2024                           | —                    | (4,856)             |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**C. ELECTED OFFICIALS' RETIREMENT PLAN**

**Benefits Provided**—Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

|  | <b>Initial Membership Date:</b>  |   |
|--|--|---|
|  | <b>Before January 1, 2012</b>  | <b>On or after January 1, 2012</b>  |
| <b>Retirement and Disability</b>                     |  |   |
| Years of service and age required to receive benefit | 20 years, any age<br>10 years, age 62<br>5 years, age 65<br>5 years, any age*<br>any years and age if disabled     | 10 years, age 62<br>5 years, age 65<br>any years and age if disabled  |
| Final average salary is based on                     | Highest 36 consecutive months of last 10 years   | Highest 60 consecutive months of last 10 years  |
| Benefit percent:                                     |  |   |
| Normal retirement                                    | 4% per year of service, not to exceed 80%  | 3% per year of service, not to exceed 75%   |
| Disability retirement                                | 80% with 10 or more years of service<br>40% with 5 to 10 years of service<br>20% with less than 5 years of service | 75% with 10 or more years of service<br>37.5% with 5 to 10 years of service<br>18.75% with less than 5 years of service |
| <b>Survivor Benefit</b>                              |  |   |
| Retired members                                      | 75% of retired member's benefit  | 50% of retired member's benefit   |
| Active members and other inactive members            | 75% of disability retirement benefit   | 50% of disability retirement benefit  |

\* With reduced benefits of .25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects of the plan.

**Contributions**—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2019, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the State to contribute at the actuarially determined rate of 61.5 percent of active EORP members' annual covered payroll. Also, statute required the State to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.5 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the State's required contributions to ASRS and EODCRS for these elected officials and judges. In addition, statute required the State to contribute 30.16 percent of annual covered payroll of retired members who worked during fiscal year 2019 for the State in positions that an employee who contributes to the EORP would typically fill. The State's contributions to the pension plan for the year ended June 30, 2019, were \$12.4 million, including \$4.1 million related to State support, as a nonemployer contributing entity.

During fiscal year 2019, the State paid for EORP pension contributions as follows: 97.29 percent from the General Fund and 2.71 percent from other funds. In addition, during fiscal year 2019, the State, as a nonemployer contributing entity, paid for EORP pension contributions as follows: 100.00 percent from the General Fund.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**Pension Liability**—At June 30, 2019, the amount the State recognized as its proportionate share of the net pension liability, the related State support, as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the State were as follows (expressed in thousands):

|   |                   |
|---|-------------------|
| State's proportionate share of the EORP net pension liability                                       | \$ 130,335        |
| State's proportionate share of the EORP net pension liability, as a nonemployer contributing entity | 78,268            |
| Total   | <u>\$ 208,603</u> |

The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2018, reflects statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

The State's proportion of the net pension liability was based on the State's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2018. The State's proportion measured as of June 30, 2018, was 15.09 percent, which was a decrease of 3.52 from its proportion measured as of June 30, 2017. The State's proportion, as a nonemployer contributing entity, measured as of June 30, 2018, was 14.12 percent, which was an increase of 0.13 from its proportion measured as of June 30, 2017.

**Pension Expense, Grant Expense, and Deferred Outflows/Inflows of Resources**—For the year ended June 30, 2019, the State recognized a negative pension expense for EORP of \$44.9 million and revenue of \$2.1 million for the designated court fees. In addition, the State recognized a negative grant expense of \$40.4 million, as a result of its requirement to contribute to EORP as a nonemployer contributing entity. At June 30, 2019, the State and the State, as a result of its requirement to contribute to EORP as a nonemployer contributing entity, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

|  | The State                            |                                     | The State,<br>as a nonemployer<br>contributing entity |                                     |
|--|--------------------------------------|-------------------------------------|---|-------------------------------------|
|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources                  | Deferred<br>Inflows<br>of Resources |
| Differences between expected and actual experience   | \$ —                                 | \$ 2,033                            | \$ —  | \$ 1,221                            |
| Changes of assumptions or other inputs   | 812                                  | 54,258                              | 488   | 32,584                              |
| Net difference between projected and actual earnings on pension plan investments                           | 1,131                                | —                                   | 679   | —                                   |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 18,774                               | 2,352                               | 46  | 13,233                              |
| State contributions subsequent to the measurement date   | 8,261                                | —                                   | 4,125   | —                                   |
| Total  | <u>\$ 28,978</u>                     | <u>\$ 58,643</u>                    | <u>\$ 5,338</u>                                       | <u>\$ 47,038</u>                    |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The amounts reported as deferred outflows of resources related to EORP pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows (expressed in thousands):

| <u>Year ending<br/>June 30</u> | <u>The State</u> | <u>The State, as a<br/>nonemployer<br/>contributing<br/>entity</u> |
|--------------------------------|------------------|--|
| 2020                           | \$ (35,037)      | \$ (42,435)  |
| 2021                           | (2,429)          | (3,113)  |
| 2022                           | (480)            | (288)  |
| 2023                           | 20               | 11   |

**Actuarial Assumptions**—The significant actuarial assumptions used to measure the total pension liability are as follows:

|                           |   |
|---------------------------|---|
| Actuarial valuation date  | June 30, 2018   |
| Actuarial cost method     | Entry age normal  |
| Investment rate of return | 7.4%  |
| Wage inflation            | 3.5%  |
| Price inflation           | 2.5%  |
| Cost-of-living adjustment | Included  |
| Mortality rates           | RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience |

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Geometric<br/>Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Short term investments | 2%                           | 0.25%   |
| Risk parity            | 4%                           | 5.00%   |
| Fixed income           | 5%                           | 1.25%   |
| Real assets            | 9%                           | 4.52%   |
| GTS                    | 12%                          | 3.96%   |
| Private credit         | 16%                          | 6.75%   |
| Real estate            | 10%                          | 3.75%   |
| Private equity         | 12%                          | 5.83%   |
| Non-U.S. equity        | 14%                          | 8.70%   |
| U.S. equity            | 16%                          | 7.60%   |
| Total                  | <u>100%</u>                  |   |

**Discount Rate**—At June 30, 2018, the discount rate used to measure the EORP total pension liability was 7.4 percent, which was an increase of 3.49 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and non-employer contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**Sensitivity of the State’s Proportionate Share of the EORP Net Pension Liability to Changes in the Discount Rate**—The following table presents the State’s and the State’s, as a result of its requirement to contribute to EORP as a nonemployer contributing entity, proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the State’s and the State’s, as a result of its requirement to contribute to EORP as a nonemployer contributing entity, proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate (expressed in thousands):

|  | <u>1% Decrease<br/>(6.4%)</u> | <u>Current<br/>Discount Rate<br/>(7.4%)</u> | <u>1% Increase<br/>(8.4%)</u> |
|--|-------------------------------|---|-------------------------------|
| State’s proportionate share of the net pension liability                                       | \$ 149,655                    | \$ 130,335                                  | \$ 113,912                    |
| State’s proportionate share of the net pension liability, as a nonemployer contributing entity | 89,870                        | 78,268                                      | 68,406                        |

**Pension Plan Fiduciary Net Position**—Detailed information about the pension plan’s fiduciary net position is available in the separately issued EORP financial report.

**D. ARIZONA DEPARTMENT OF ADMINISTRATION DEFINED BENEFIT HEALTHCARE PLAN**

**Plan Description**—The ADOA provides medical and accident benefits to retired State employees and their dependents, which is a single-employer defined benefit post-employment plan. Title 38, Chapter 4 of the A.R.S. assigns the authority to establish and amend the benefit provisions to the Arizona State Legislature. ADOA does not issue a separate, publicly available financial report.

**Benefits Provided**—The ADOA pays the medical costs incurred by retired employees minus a specified premium amount, which is paid for entirely by the retiree or on behalf of the retiree, except for NAU, which through the ADOA plan pays its medical costs directly. Premium rates are based on a blend of active employee and retiree experience, resulting in a contribution basis which is lower than the expected claim costs for retirees only, which results in an implicit subsidization of retirees by the State.

**Funding Policy**—The ADOA's current funding policy is pay-as-you-go for OPEB benefits. Therefore, the current funded ratio (ratio of assets to the Total OPEB Liability) is 0.00% and there are no dedicated assets at this time to offset the total OPEB liability.

**Contributions**—The State's contribution to the ADOA OPEB plan for the year ended June 30, 2019, was \$28.1 million.

**Employees Covered by Benefit Terms**—At June 30, 2019, the following employees were covered by the ADOA OPEB plan’s benefit terms:

|  |               |
|--|---------------|
| Retirees or beneficiaries currently receiving benefits | 7,582         |
| Active employees                                       | 56,162        |
| Total  | <u>63,744</u> |

**OPEB Liability**—At June 30, 2019, the State reported a liability of \$875.5 million for the ADOA total OPEB liability. The total OPEB liability was measured as of June 30, 2018 by rolling forward the total OPEB liability as of June 30, 2017. The total OPEB liability measured as of June 30, 2017 was determined by an actuarial valuation as of that date.



STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**Actuarial Assumptions**—The significant actuarial assumptions used to measure the total OPEB liability are as follows:

|                              |   |
|------------------------------|---|
| Actuarial valuation date     | June 30, 2017   |
| Actuarial roll forward date  | June 30, 2018   |
| Actuarial cost method        | Entry age normal  |
| Salary increases             | 2.7% to 7.2% varying by years of service  |
| Discount rate                | 3.87%   |
| Healthcare cost trend rates  |   |
| Medical (pre-65)             | 6.0% graded to 4.5% over 4 years  |
| Medical (post-65)            | 4.5%  |
| Prescription drug            | 8.5% graded to 4.5% over 4 years  |
| Administrative costs         | 3.0%  |
| Contribution trend rates     | 6.5% graded to 4.5% over 4 years  |
| Mortality rates              |   |
| Employees                    | RP-2014 employee mortality tables projected generationally from 2014 with 1% improvement per year               |
| Healthy retirees and spouses | 2017 State retirees of Arizona mortality tables projected generationally from 2017 with 1% improvement per year |
| Disabled retirees            | RP-2014 disabled retiree mortality tables projected generationally from 2014 with 1% improvement per year       |

Benefit projections assume the specified premium amount will follow the current pattern of practice of being paid for entirely by the retiree or on behalf of the retiree. The specified premium amounts are projected to increase at the contribution trend rates noted above. Actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

**Discount Rate**—The discount rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond index.

**Changes in the Total OPEB Liability**  
 (expressed in thousands):

|  | <b>Increase<br/>(Decrease)</b>  |
|--|---------------------------------|
|  | <b>Total OPEB<br/>Liability</b> |
| Balance at June 30, 2018               | \$ 846,763                      |
| Changes for the year:                  |                                 |
| Service cost                           | 62,281                          |
| Interest on the total OPEB liability   | 32,074                          |
| Changes of assumptions or other inputs | (39,410)                        |
| Benefit payments                       | (26,183)                        |
| Net changes                            | <u>28,762</u>                   |
| Balance at June 30, 2019               | <u>\$ 875,525</u>               |

The total OPEB liability as of June 30, 2018 reflects an increase in the discount rate due to changes in the bond index.

**Sensitivity of the State's Total OPEB Liability to Changes in the Discount Rate**—The following table presents the State's total OPEB liabilities calculated using the discount rate of 3.87 percent, as well as what the State's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate (expressed in thousands):

|                      | <b>1%<br/>Decrease<br/>(2.87%)</b> | <b>Current<br/>Discount Rate<br/>(3.87%)</b> | <b>1%<br/>Increase<br/>(4.87%)</b> |
|----------------------|------------------------------------|--|------------------------------------|
| Total OPEB liability | \$ 1,023,697                       | \$ 875,525                                   | \$ 758,012                         |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**Sensitivity of the State’s Total OPEB Liability to Changes in the Healthcare Cost and Contribution Trend Rates**—The following table presents the State’s total OPEB liabilities calculated using the current healthcare cost and contribution trend rates stated in the actuarial assumptions, as well as what the State’s total OPEB liability would be if it were calculated using healthcare cost and contribution trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates (expressed in thousands):

|                      | <u>1%<br/>Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1%<br/>Increase</u> |
|----------------------|------------------------|-------------------------------|------------------------|
| Total OPEB liability | \$ 741,447             | \$ 875,525                    | \$ 1,048,515           |

**OPEB Expense and Deferred Outflows/Inflows of Resources**—For the year ended June 30, 2019, the State recognized OPEB expense of \$48.9 million. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience        | \$ —  | \$ 22,492                                    |
| Changes of assumptions or other inputs                    | —   | 235,563                                      |
| State benefit payments subsequent to the measurement date | 28,101  | —  |
| Total   | <u>\$ 28,101</u>                              | <u>\$ 258,055</u>                            |

The \$28.1 million reported as deferred outflows of resources related to OPEB resulting from State benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

| <u>Year Ending<br/>June 30</u> |             |
|--------------------------------|-------------|
| 2020                           | \$ (45,454) |
| 2021                           | (45,454)    |
| 2022                           | (45,454)    |
| 2023                           | (45,454)    |
| 2024                           | (45,454)    |
| Thereafter                     | (30,785)    |

**NOTE 6. LONG-TERM OBLIGATIONS**

**A. REVENUE BONDS**

**Governmental Activities**

**1. Department of Administration**

The State has pledged portions of its revenues towards the payment of debt service on the State Lottery Revenue Bonds Series 2010A. These bonds provide additional working capital to the State to pay appropriated expenditures of the State’s General Fund. The bonds are payable solely from and secured by pledged revenues consisting of, until July 1, 2012, amounts distributable to the State’s General Fund from the State Lottery pursuant to Lottery law, and from and after July 1, 2012, all Lottery revenues deposited to the Lottery Fund net of operating expenses of the Lottery. At June 30, 2019, pledged revenues totaled \$226.0 million, of which 16.6% (\$37.5 million) was required to cover debt service. Future pledged revenues required to pay all remaining debt service for the bonds through final maturity of July 1, 2029, is \$375.0 million.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**2. Arizona Department of Transportation**

The ADOT has issued Senior and Subordinated Lien Highway Revenue Bonds to provide funds for acquisition of right-of-way, design, and construction of federal and state highways. The balance of Highway Revenue Bonds issued in prior years and outstanding at the start of the fiscal year was \$1.4 billion.

The Highway Revenue Bonds are secured by a prior lien on and a pledge of motor vehicle and related fuel fees and taxes. On September 21, 2006, House Bill 2206 became effective and eliminated the restriction that limited the principal amount of the Highway Revenue Bonds that could be outstanding at any time to \$1.3 billion. Also during fiscal year 2007, the ADOT received legislative authority to begin issuing Highway Revenue Bonds with maturities of up to 30 years in length, replacing the 20-year maturity requirement that had been in place since 1980.

The ADOT has pledged future motor vehicle and related fuel fees and taxes to repay \$1.3 billion in outstanding Highway Revenue Bonds issued since 2011. Proceeds from the bonds finance portions of the ADOT's Five-Year Transportation Facilities Construction Program, and to refund certain maturities of outstanding Highway Revenue bond issues. The bonds are payable solely from motor vehicle and related fuel fees and taxes and are payable through 2038. The total principal and interest remaining to be paid on the bonds is \$1.8 billion. Principal and interest paid for the current year and total pledged revenues were \$144.2 million and \$656.8 million, respectively. The annual principal and interest payments on the bonds required 22.0% of the pledged revenues.

The Maricopa County Regional Area Road Construction Fund is used to record all payments of principal and interest for Transportation Excise Tax Revenue Bonds issued by the ADOT. These bonds are secured by a portion of transportation excise taxes collected by the Arizona Department of Revenue on behalf of Maricopa County. The balance of Transportation Excise Tax Revenue Bonds issued in prior years and outstanding at the start of the fiscal year was \$575.0 million.

The ADOT has pledged future transportation excise taxes to repay \$732.4 million in outstanding Transportation Excise Tax Revenue Bonds issued since 2009. Proceeds from the bonds pay the costs of design, right-of-way purchase, or construction of certain freeways and other routes within Maricopa County and to refund certain maturities of various outstanding Transportation Excise Tax Revenue bond issues. The bonds are payable solely from transportation excise taxes and are payable through 2025. The total principal and interest remaining to be paid on the bonds is \$862.3 million. Principal and interest paid for the current year and total pledged revenues were \$143.7 million and \$311.2 million, respectively. The annual principal and interest payments on the bonds required 46.2% of the pledged revenues.

On August 23, 2018, the ADOT issued \$262.0 million of Transportation Excise Tax Revenue Bonds Series 2018, with interest rates ranging from 2.0% to 5.0% and serial maturities ranging from 2020 to 2025. Net proceeds totaled \$289.2 million, after receipt of \$28.5 million of original premium and payment of \$1.3 million of issuance costs and underwriter's discount. Proceeds of the Series 2018 bonds are being used to pay: (i) the costs of design, right-of-way purchase, and/or construction of certain freeways and other routes within Maricopa County, Arizona, and (ii) the costs of issuing the Series 2018 bonds.

**3. School Facilities Board**

The SFB has pledged portions of its gross revenues towards payment of current and outstanding fiscal year debt related to State school improvement revenue refunding bonds. These bonds finance the correction of existing deficiencies in school facilities in the State of Arizona. These pledged revenues include Education Transaction Privilege Taxes approved by voters as part of Proposition 301. At June 30, 2019, pledged revenues totaled \$760.9 million, of which 8.4% (\$64.1 million) was required to cover current year debt service. Future pledged revenues required to pay all future debt service on these bonds through final maturity of July 1, 2020 are \$64.1 million.

**Business-Type Activities**

**4. Universities**

**a. University of Arizona**

The U of A's bonded debt consists of various issues of system revenue bonds and Stimulus Plan for Economic and Educational Development (SPEED) revenue bonds that are generally callable with interest payable semi-annually. Bond proceeds are used to pay for acquiring or constructing capital facilities, infrastructure and for refunding obligations from previously issued bonds.

For all outstanding SPEED revenue bonds, up to 80% of the debt service payments are payable from the U of A's SPEED revenue bond account monies, which are derived from certain revenues of the Lottery as defined by State Statute. To the extent SPEED revenue bond account monies are not sufficient to make debt service payments, the SPEED revenue bonds are secured by a pledge of certain U of A gross revenues, such as student tuition and fees, but that pledge is subordinate to the pledge of those gross revenues for the U of A's system revenue bonds.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

On April 23, 2019, the U of A sold System Revenue Bonds Series 2019A (2019A Bonds) for \$55.405 million and Taxable Series 2019B (2019B Bonds) for \$15.950 million dated May 8, 2019 as described in the following table.

| Series | Amount        | Description  | Interest Rate Range | Maturity Dates |
|--------|---------------|--------------|---------------------|----------------|
| 2019A  | \$ 55,405,000 | Serial Bonds | 4.00 - 5.00%        | 2020 - 2044    |
| 2019B  | 7,435,000     | Serial Bonds | 2.70 - 3.65%        | 2022 - 2034    |
|        | 3,860,000     | Term Bonds   | 3.80%               | June 1, 2039   |
|        | 4,655,000     | Term Bonds   | 3.90%               | June 1, 2044   |

The 2019A Serial Bonds maturing on or after June 1, 2030 will be subject to optional redemption on June 1, 2029 and on any date thereafter without premium. The 2019A Bonds sold at a premium of \$9.677 million. The U of A realized net proceeds of \$64.700 million after payment of \$382 thousand for issuance costs and underwriter discounts. The net proceeds were used to finance the Student Success District project at the Main Campus.

The 2019B Bonds are subject to optional redemption at a redemption price equal to the greater of (1) par, or (2) the net present value of remaining debt service payments, discounted to the date of redemption at a rate based on U.S. Treasury Securities plus 15 basis points. The 2019B Bonds with maturity on June 1, 2039 and June 1, 2044 are subject to mandatory redemption without premium pursuant to the debt documents. The U of A realized net proceeds of \$15.800 million after payment of \$150 thousand for issuance costs and underwriter discounts. The net proceeds will be used to finance a portion of the Biomedical Sciences Partnership Building (BSPB) 3<sup>rd</sup> and 4<sup>th</sup> floor Finish Shell Space project at the Phoenix Biomedical Campus.

On May 1, 2019, the U of A sold SPEED Revenue Bonds Taxable Series 2019 (2019 SPEED) for \$15.400 million dated May 15, 2019 as described below.

| Series | Amount       | Description  | Interest Rate Range | Maturity Dates |
|--------|--------------|--------------|---------------------|----------------|
| 2019   | \$ 7,550,000 | Serial Bonds | 2.54 - 3.64%        | 2020 - 2034    |
|        | 3,555,000    | Term Bonds   | 3.84%               | Aug 1, 2039    |
|        | 4,295,000    | Term Bonds   | 3.94%               | Aug 1, 2044    |

The 2019 SPEED Revenue Bonds are subject to optional redemption at a redemption price equal to the greater of (1) par, or (2) the net present value of remaining debt service payments, discounted to the date of redemption at a rate based on the U.S. Treasury Securities plus 15 basis points. The 2019 SPEED Revenue Bonds with maturity on August 1, 2039 and August 1, 2044 are subject to mandatory sinking fund redemption without premium pursuant to the debt documents. The U of A contributed \$192 thousand for issuance costs and underwriter discounts. The net proceeds of \$15.400 million will be used to finance a portion of the BSPB 3<sup>rd</sup> and 4<sup>th</sup> floor Finish Shell Space project at the Phoenix Biomedical Campus.

In fiscal year 2017, the U of A refunded, in advance of maturity, a portion of outstanding System Revenue Bonds Series 2012A. At June 30, 2019, the outstanding principal balance of the refunded bonds was \$9.650 million, which will be paid by investments held in an irrevocable trust with a fair value of \$10.717 million. Accordingly, the trust account assets and liability for these defeased bonds are not included in the U of A's financial statements.

The U of A's outstanding SPEED Revenue Bonds Series 2010 were issued as designated Build America Bonds under the provisions of the American Recovery and Reinvestment Act (ARRA). As such, the U of A is eligible to receive direct payments from the U.S. Treasury Department equal to 35% of the interest payments on such bonds on each interest payment date. In order to receive such payments, the U of A must file certain required information to the Federal government between 90 and 45 days prior to the interest payment date. The amount paid to the U of A by the Federal government may be reduced or eliminated due to such issues as failure by the U of A to submit the required information, any amounts owed by the U of A to the Federal government, or changes in the law that would reduce or eliminate such payments. Due to the Federal sequestration, the U of A will receive a 6.2% reduction (totaling \$94 thousand) in the Federal interest subsidy for the August 1, 2019 debt service payment and a 5.9% reduction (totaling \$175 thousand) in the Federal interest subsidy for the February 1 and August 1, 2020 debt service payments.

The U of A has pledged portions of its gross revenues towards the payment of debt related to all system revenue bonds, system revenue refunding bonds, and SPEED revenue bonds outstanding at June 30, 2019. The bonds generally provide financing for various capital projects of the U of A. These pledged revenues include student tuition and fees, auxiliary enterprise revenue, sales and service revenue and other operating revenues, such as indirect cost recovery and certain investment income. Pledged revenues do not include State appropriations, gifts, endowment income or other restricted revenues. At June 30, 2019, pledged revenues totaled \$1.31 billion of which

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

7.0% (\$92.2 million) was required to cover current year debt service. Future annual principal and interest payments on the bonds are expected to require approximately 5.1% of pledged revenues. Future pledged revenues required to pay all remaining debt service for the bonds through final maturity of August 1, 2048 is \$2.02 billion.

**b. Northern Arizona University**

The Series 2009A and 2010 Bonds were issued as designated Build America Bonds under the provisions of the ARRA. As such, the NAU is eligible to receive direct payments from the U.S. Treasury Department equal to 35% of the interest payments on such bonds on each interest payment date. In order to receive such payments, the NAU must file certain required information with the Federal government between 90 and 45 days prior to the interest payment date. The amount paid to the NAU by the Federal government may be reduced or eliminated due to such issues as failure by the NAU to submit the required information, any amounts owed by the NAU to the Federal government, or changes in the law that would reduce or eliminate such payments. During fiscal year 2019, the Federal government reduced federal direct payment claims filed between October 1, 2017 and September 30, 2018 by 6.2% due to the federal budget sequestration resulting in a \$221 thousand reduction in direct payments to the NAU. For accounting purposes, any direct payments received from the U.S. Treasury Department are recorded as non-operating revenue.

For the 2010 and 2013 revenue bonds, up to 80% of the debt service payments are payable from the NAU's SPEED revenue bond account monies, which are derived from certain revenues of the Lottery. To the extent SPEED revenue bond account monies are not sufficient to make debt service payments, the SPEED revenue bonds are secured by a pledge of certain gross revenues, such as student tuition and fees, but that pledge is subordinate to the pledge of those gross revenues for the NAU's system revenue bonds.

The NAU has pledged portions of its gross revenues towards the payment of debt related to system revenue bonds, system revenue refunding bonds, and SPEED revenue bonds outstanding at June 30, 2019. The bonds generally provide financing for various capital projects of the NAU. These pledged revenues include student tuition and fees, certain auxiliary enterprises revenue, investment income, and indirect cost recovery revenue. Pledged revenues do not include State appropriations, gifts, endowment income, or other restricted revenues. Pledged revenues have averaged \$305 million for the prior five years. For fiscal year 2019, pledged revenues totaled \$330 million, of which 10.4% (\$34.3 million) was required to cover current year debt service. Future annual principal and interest payments on the bonds are expected to require approximately 8.5% of pledged revenues. Future pledged revenues required to pay all remaining related debt service for the bonds through final maturity of June 1, 2044 is \$703.8 million.

**c. Arizona State University**

As of June 30, 2019, the ASU had issued a combination of fixed and variable rate bonds, of which \$1.6 billion is outstanding. The ASU's long-term obligations generally are structured with level debt service, semi-annual interest, and call options at a prescribed date. Certain revenue bonds of the ASU have been defeased through advance refundings by depositing sufficient U.S. Government securities in an irrevocable trust to pay all future debt service. Accordingly, the liabilities for these defeased bonds are not included in the accompanying financial statements. The principal amount of defeased bonds outstanding at June 30, 2019 totaled \$179.8 million.

The ASU has pledged gross revenues as defined in the bond indentures towards the payment of debt related to various senior lien system revenue bonds and subordinate bonds outstanding at June 30, 2019. These related system revenue bonds are primarily for new academic and research facilities, academic and laboratory renovations, and infrastructure improvements. The pledged revenues include student tuition and fees, certain auxiliary enterprise revenue, net investment income, and indirect cost recovery revenue. Pledged revenues do not include State appropriations, gifts, endowment income, or other restricted revenues. For the year ended June 30, 2019, pledged revenues totaled \$1.78 billion, of which 5.8% (\$103.9 million, net of federal direct payments) was required to cover current year debt service. Future pledged revenues required to pay all remaining debt service for the ASU's senior and subordinate revenue bonds through final maturity of July 1, 2049 total \$2.5 billion. In addition to a senior pledge of revenues for ASU system revenue bonds, the ASU has pledged the same revenues on a subordinated basis to secure the ASU SPEED revenue bonds and the Series 2006 ASU Research Park, Inc. Development Refunding Bonds. Research Park bonds outstanding at June 30, 2019 totaled \$2.2 million with annual debt service payments of approximately \$1.1 million through July 1, 2021.

In June 2008, the Legislature approved the SPEED which provides the Universities with capital improvement funds for critical construction and deferred maintenance projects. SPEED projects are debt financed with revenue bonds and repaid primarily with Lottery revenues. Specifically, up to 80% of SPEED debt service is paid from Lottery revenues, with the balance being the responsibility of the ASU as evidenced by the subordinated pledge of the ASU revenues.

In April 2019, the ASU issued \$194.5 million of system revenue bonds, Series 2019A and B, with an average maturity of 17.4 years and an average interest rate of 3.32%. The bonds were issued to partially fund the construction of Interdisciplinary Science and Technology Building 7 and the Health Futures Center, and to fully fund the Hayden Library renovation project and classroom and laboratory renovations. In addition to using pledged revenues to pay the debt service, the ASU will pay half the debt service of the 2019A bonds from the Capital Infrastructure Fund (CIF) established by the State pursuant to A.R.S. § 15-1671. Pursuant to the CIF Law, State General Fund

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

monies will be appropriated and deposited into the ASU's CIF in fiscal year 2019 through fiscal year 2043. The fiscal year 2019 deposit of \$11.9 million will be adjusted annually by the lesser of 2.0% or the change in the U.S. Gross Domestic Product Price Deflator between the two prior fiscal years, but will not be less than the prior fiscal year's appropriated amount. CIF funds are available to pay up to one-half of the debt service on debt financed capital projects of the ASU. While funding for the payment of debt service will be made as described, pledged revenues secure all of the 2019 Bonds.

The Taxable series 2010A System Revenue Bonds and the Taxable Series 2010A SPEED Revenue Bonds were issued as Build America Bonds under the provisions of the ARRA. As such, the ASU is eligible to receive Federal Direct Payments from the U.S. Treasury equal to 35% of the interest owed on each interest payment date. The amount paid to the ASU by the Federal government may be reduced or limited due to such issues as failure by the ASU to submit the required information, offsets to reflect any amounts owed by the ASU to the Federal government, or changes in the law that would reduce or eliminate such payments. During fiscal year 2019, the ASU received Federal Direct Payments totaling \$3.5 million, net of \$0.2 million or 6.2% reduction due to the federal budget sequestration. For accounting purposes, any direct payments received from the U.S. Treasury are recorded as nonoperating revenue.

The ASU has two series of variable rate demand system revenue refunding bonds outstanding, Series 2008A and Series 2008B, totaling \$79.6 million with final maturities of July 1, 2034. The interest rate in effect on June 30, 2019 was 1.80% for the Series 2008A bonds and Series 2008B bonds. The ASU's variable rate demand bonds have remarketing features which allow bondholders to put debt back to the ASU. In accordance with GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Government Entities*, the total outstanding principal balance for variable rate demand bonds is required to be classified as a current liability. As of May 4, 2016, the ASU executed a self-liquidity facility agreement to provide liquidity if the bonds are put by bondholders. It is the ASU's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the official statement; however, in the absence of a "take out agreement" the ASU has classified the total outstanding principal balance of the 2008 bonds as a current liability.

Securities and cash restricted for bonds debt service held by the trustee at June 30, 2019 totaled \$84.4 million.

Effective January 1, 2007, the ASU entered into a \$103 million notional amount swap agreement (hedging derivative instrument) expiring on July 1, 2034, in conjunction with the 2008 variable rate demand system revenue refunding bonds (2008 Bonds). The outstanding \$79.2 million notional amount at June 30, 2019 is not exchanged; it is only the basis on which the interest payments are calculated and it decreases as principal payments are made on the 2008 Bonds. The intention of the swap is to effectively convert the variable rate interest on the 2008 Bonds to a synthetic fixed rate. Under the terms of the swap agreement, the ASU pays the counterparty interest calculated at a fixed rate of 3.91% and receives payments from the counterparty based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index set weekly. The SIFMA rate at June 30, 2019 was 1.90%.

At June 30, 2019, the synthetic fixed interest rate on the bonds was:

| Interest Rate Swap                     | Terms           | Rates (%) |
|--|-----------------|-----------|
| Fixed payment to counterparty          | Fixed           | 3.91      |
| Variable payment from counterparty     | SIFMA           | (1.90)    |
| Net interest rate swap payments        |                 | 2.01      |
| Variable-rate bond coupon payments     | Spread to SIFMA | 1.80      |
| Synthetic fixed interest rate on bonds |                 | 3.81      |

The ASU continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the ASU effectively pays a fixed rate on the debt. If the counterparty defaults or if the swap is terminated, the ASU will revert to paying a variable rate. A termination of the swap agreement may also result in the ASU making or receiving a termination payment.

The ASU is exposed to interest rate risk based on the SIFMA indexed variable payment received from the counterparty versus the variable rate paid to bondholders. The swap exposes the ASU to basis risk should the weekly SIFMA rate paid by the counterparty fall below the weekly interest rate due on the bonds.

As of June 30, 2019, the ASU was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the ASU would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA- by Fitch, A+ by S&P, and Aa2 by Moody's as of June 30, 2019. Based on current ratings, the counterparty was not required to provide collateral. In the event a rating downgrade occurs, the counterparty may be required to provide collateral if the ASU's overall exposure exceeds predetermined levels. Collateral may be held by the ASU or a third party custodian.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

As of June 30, 2019, the swap had a fair value of \$(15.3) million, which represents the cost to the ASU to terminate the swap. The June 30, 2018 fair value was \$(11.0) million. The fair value was developed by an independent third party, with no vested interest in the transaction, using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. In accordance with GASB 53, as amended by GASB 63, the fair value of the ASU's hedging derivative instrument is reported on the statement of net position as a deferred outflow of resources (interest rate swap) and a liability (derivative instrument - interest rate swap).

**Summary of Revenue Bonds**

The following schedule summarizes revenue bonds outstanding at June 30, 2019 (expressed in thousands):

| Revenue Bonds Outstanding    | Dates Issued | Maturity Dates | Interest Rates | Outstanding Balance at June 30, 2019 |
|------------------------------|--------------|----------------|----------------|--------------------------------------|
| Governmental Activities:     |              |                |                |                                      |
| Department of Transportation | 2009 - 2019  | 2020 - 2038    | 2.00 - 5.00%   | \$ 2,013,195                         |
| School Facilities Board      | 2013         | 2020           | 2.01%          | 62,865                               |
| Department of Administration | 2010         | 2020 - 2029    | 3.5 - 5.00%    | 290,535                              |
| Business-type Activities:    |              |                |                |                                      |
| University Revenue Bonds     | 2008 - 2019  | 2020 - 2050    | 1.80 - 6.64%   | 3,296,480                            |

Principal and interest debt service payments on revenue bonds outstanding at June 30, 2019 are as follows (expressed in thousands):

| Fiscal Year | Annual Debt Service     |                |              |                          |                |   |              |
|-------------|-------------------------|----------------|--------------|--------------------------|----------------|---|--------------|
|             | Governmental Activities |                |              | Business-type Activities |                |   |              |
|             | Total Principal         | Total Interest | Total        | Total Principal          | Total Interest | Net Payments (Receipts) on Swap Agreement | Total        |
| 2020        | \$ 275,470              | \$ 114,109     | \$ 389,579   | \$ 111,790               | \$ 156,407     | \$ 1,525                                  | \$ 269,722   |
| 2021        | 222,255                 | 103,197        | 325,452      | 114,005                  | 151,290        | 1,455                                     | 266,750      |
| 2022        | 233,375                 | 92,087         | 325,462      | 120,215                  | 145,880        | 1,380                                     | 267,475      |
| 2023        | 242,820                 | 80,922         | 323,742      | 129,430                  | 139,951        | 1,302                                     | 270,683      |
| 2024        | 254,950                 | 68,796         | 323,746      | 135,385                  | 133,603        | 1,221                                     | 270,209      |
| 2025 - 2029 | 732,400                 | 195,499        | 927,899      | 720,645                  | 565,056        | 4,725                                     | 1,290,426    |
| 2030 - 2034 | 306,670                 | 63,856         | 370,526      | 682,580                  | 393,568        | 1,970                                     | 1,078,118    |
| 2035 - 2039 | 98,655                  | 11,536         | 110,191      | 620,250                  | 234,935        | —   | 855,185      |
| 2040 - 2044 | —                       | —              | —            | 492,965                  | 93,604         | —   | 586,569      |
| 2045 - 2049 | —                       | —              | —            | 166,395                  | 11,354         | —   | 177,749      |
| 2050        | —                       | —              | —            | 2,820                    | —              | —   | 2,820        |
| Total       | \$ 2,366,595            | \$ 730,002     | \$ 3,096,597 | \$ 3,296,480             | \$ 2,025,648   | \$ 13,578                                 | \$ 5,335,706 |

**B. GRANT ANTICIPATION NOTES**

Grant Anticipation Notes (GANs) are issued by the ADOT and secured by revenues received from the Federal Highway Administration under grant agreements and certain other federal-aid revenues. The balance of GANs issued in prior years and outstanding at the start of the fiscal year was \$177.4 million.

On April 11, 2019, the ADOT issued \$62.5 million of GANs Series 2019A, with an interest rate of 5.0% and serial maturities ranging from 2020 to 2034. Net proceeds totaled \$75.0 million, after receipt of \$12.9 million of original issue premium and payment of \$438 thousand of issuance costs and underwriter's discount. GAN proceeds are being used to pay: (i) a portion of the costs of certain infrastructure projects throughout the State, and (ii) pay the costs of issuing the Series 2019A Notes.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The ADOT has pledged federal revenues to repay \$223.9 million in outstanding GANs. Proceeds from the GANs pay the costs of design, right-of-way purchase, or construction of certain freeways and other routes within Arizona and to refund certain maturities of various outstanding GANs. The GANs are payable solely from federal revenues and are payable through 2034. The total principal and interest remaining to be paid on the GANs is \$295.4 million. Principal and interest paid for the current year and total pledged revenues were \$25.5 million and \$596.5 million, respectively. The annual principal and interest payments on the GANs required 4.3% of the pledged revenues.

Grant Anticipation Notes currently outstanding are as follows (expressed in thousands):

| Grant Anticipation Notes<br>Outstanding | Dates<br>Issued | Maturity<br>Dates | Interest<br>Rates | Outstanding<br>Balance at<br>June 30, 2019 |
|---|-----------------|-------------------|-------------------|--|
| Governmental Activities:                |                 |                   |                   |  |
| Department of Transportation            | 2011-2019       | 2020-2034         | 4.00 - 5.00%      | \$ 223,885                                 |

Future debt service principal and interest payments on Grant Anticipation Notes issues for fiscal years ended June 30 are summarized below (expressed in thousands):

| Fiscal Year | Annual Debt Service     |                   |                       |
|-------------|-------------------------|-------------------|-----------------------|
|             | Governmental Activities |                   |                       |
|             | Total<br>Principal      | Total<br>Interest | Total Debt<br>Service |
| 2020        | \$ 19,665               | \$ 11,189         | \$ 30,854             |
| 2021        | 19,760                  | 10,208            | 29,968                |
| 2022        | 20,755                  | 9,223             | 29,978                |
| 2023        | 21,800                  | 8,185             | 29,985                |
| 2024        | 22,875                  | 7,095             | 29,970                |
| 2025 - 2029 | 76,395                  | 19,858            | 96,253                |
| 2030 - 2034 | 42,635                  | 5,721             | 48,356                |
| Total       | \$ 223,885              | \$ 71,479         | \$ 295,364            |

**C. CERTIFICATES OF PARTICIPATION**

**Governmental Activities**

**1. Department of Administration**

The State has issued COPs to finance construction or improvements of various capital assets. Additionally, the State issued COPs Series 2010A and 2010B to finance the acquisition of certain property from the State by the trustee, with which the proceeds of were deposited to the State's General Fund to pay appropriated expenditures of the State. The COPs Series 2010A and 2010B sale-leaseback transactions are nominal sales, with the State retaining all rights of ownership and control of the properties. Accordingly, they are accounted for under the financing method since the State has such an extensive continuing involvement in the properties for the entire duration of the agreement. The State's obligation to make lease payments and any other obligations of the State under the lease are subject to, and dependent upon, annual appropriations made by the Legislature and annual allocations of such appropriations being made by the Department of Administration for such purpose. The Department of Administration agrees to use its best efforts to budget, obtain, allocate, and maintain sufficient appropriated monies to make lease payments. In the event any such appropriation and allocation is not made, the leases will terminate and there can be no assurance that the proceeds for the re-leasing or sale of the projects will be sufficient to pay principal and interest with respect to the then outstanding COPs. The certificates are collateralized by numerous individual property units, including office complexes, museums, courts, labs, the State hospital, the Coliseum and Exposition Center, the Schools for the Deaf and the Blind, and prisons located throughout the State. In the event of default, the properties would revert to the trustee, and the underlying asset value would be removed from the accompanying financial statements. For a majority of the outstanding COPs, the scheduled payments of principal and interest are guaranteed under certificate insurance policies. The State's obligation to make lease payments does not constitute a debt or liability of the State within the meaning of any constitutional or statutory limitation. Neither the full faith and credit nor the general taxing power of the State is pledged to make payments of principal or interest due with respect to the COPs. Such payments will be made solely from amounts derived under the terms of the lease, including lease payments, and amounts from time to time on deposit under the terms of the declaration of trust.



STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**2. School Facilities Board**

The SFB has issued COPs to refinance prior certificates and to finance the purchase, construction, and equipment for several school sites. In the event of default, the properties will revert to the trustee. Additionally, the SFB Series 2010 COPs are not subject to mandatory sinking fund prepayment. However, as a means to provide a source of funds that will be available to pay the principal with respect to the Series 2010 COPs at maturity, the lease agreement with the trustee for the 2010 COPs will provide for mandatory sinking fund payments to be made as part of the base rent due under the lease. The SFB Series 2010 COPs are subject to extraordinary mandatory prepayment from unexpended proceeds pursuant to the debt documents. On February 6, 2014, the SFB redeemed \$9.5 million of the Series 2010 COPs pursuant to the extraordinary mandatory prepayment provisions in the debt documents. Beginning August 15, 2012, annual deposits to the sinking fund were scheduled to be made on August 15 of each year through August 15, 2027, at which time, the accumulated balance (including investment earnings and losses) in the sinking fund will be sufficient to retire the Series 2010 COPs on their stated maturity date of September 1, 2027. The sinking fund deposit requirements were adjusted to reflect the extraordinary mandatory prepayment redemption which occurred on February 6, 2014. All proceeds received from the issuance of the Series 2010 COPs have been expended as of June 30, 2015. As a result, the extraordinary mandatory prepayment discussed above no longer applies. All other prepayment provisions remain in force pursuant to the debt documents.

**Business-Type Activities**

**3. Universities**

**a. University of Arizona**

The U of A utilizes COPs to acquire buildings, equipment, and land. The COPs are generally callable, and are collateralized by the acquired assets. In the event of a default, the underlying asset value would be removed from the accompanying financial statements and the control of the assets would return to the trustee.

**b. Arizona State University**

As of June 30, 2019, the ASU has issued fixed rate COPs. The ASU's long-term obligations generally are structured with level debt service, semi-annual interest, and call options at a prescribed date. The ASU utilizes COPs to acquire buildings, equipment, and land. The COPs are generally callable and collateralized by the acquired asset which is subject to a leasehold interest by the trustee. In the event of a default, the underlying asset value would be removed from the accompanying financial statements.

Securities and cash restricted for COP debt service held by the trustee at June 30, 2019 totaled \$7.9 million.

A summary of the COPs issued as of June 30, 2019 is as follows (expressed in thousands):

| Project  | Issue Date | Final Maturity Date | Original Amount Issued | Outstanding Balance | Interest Rates |
|--|------------|---------------------|------------------------|---------------------|----------------|
| <b>Governmental Activities:</b>                          |            |                     |                        |                     |                |
| Department of Administration:                            |            |                     |                        |                     |                |
| General Fund Budget Reconciliation 2010A                 | 2010       | 2030                | \$ 709,090             | \$ 505,215          | 4.00 - 5.25%   |
| General Fund Budget Reconciliation 2010B                 | 2010       | 2030                | 289,705                | 204,000             | 3.25 - 5.00%   |
| Refund 2001 PLTO, 2002A/2004B COPs                       | 2013       | 2029                | 62,630                 | 25,555              | 3.00 - 5.00%   |
| Refund 2005 Gov Office Lease Rev Capitol Mall, 2008A COP | 2016       | 2028                | 163,995                | 150,460             | 3.00 - 5.00%   |
| Kingman Prison 2016                                      | 2017       | 2025                | 119,880                | 87,655              | 3.00 - 5.00%   |
| School Facilities Board:                                 |            |                     |                        |                     |                |
| Refunding Certificates of 2003B                          | 2011       | 2020                | 11,100                 | 7,600               | 3.25%          |
| Refunding Certificates of 2004B                          | 2011       | 2020                | 10,000                 | 6,900               | 4.00 - 5.00%   |
| Refunding Certificates of 2008                           | 2011       | 2020                | 37,685                 | 26,185              | 5.00%          |
| Qualified School Construction 2010                       | 2011       | 2028                | 91,325                 | 81,820              | 6.00%          |
| Refunding Certificates of 2003B and 2004A                | 2014       | 2020                | 29,945                 | 4,700               | 5.00%          |
| Refunding Certificates of 2005A-3                        | 2014       | 2020                | 55,040                 | 18,030              | 2.38%          |
| Refunding Certificates of 2008                           | 2016       | 2024                | 263,545                | 257,835             | 2.35 - 5.00%   |
| <b>Total Governmental Activities</b>                     |            |                     | <u>\$ 1,843,940</u>    | <u>\$ 1,375,955</u> |                |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

| Project  | Issue Date | Final Maturity Date | Original Amount Issued | Outstanding Balance | Interest Rates |
|--|------------|---------------------|------------------------|---------------------|----------------|
| <b>Business-type Activities:</b>                           |            |                     |                        |                     |                |
| Arizona State University:                                  |            |                     |                        |                     |                |
| 2006 Certificates of Participation                         | 2006       | 2031                | \$ 15,810              | \$ 9,595            | 4.53%          |
| 2011A Mercado Refunding Certificates of Participation      | 2011       | 2025                | 8,465                  | 4,380               | 4.27%          |
| 2013 A/B Refunding Certificates of Participation           | 2013       | 2027                | 64,780                 | 56,465              | 3.09%          |
| University of Arizona:                                     |            |                     |                        |                     |                |
| Fixed Student Union  | 1999       | 2020                | 21,607                 | 266                 | 5.13%          |
| Biomedical Research Collaborative Bldg. Project            | 2006       | 2031                | 18,240                 | 11,415              | 4.30 - 5.00%   |
| Refund COPs 2003A  | 2012       | 2022                | 10,190                 | 3,740               | 3.02 - 3.42%   |
| Refund COPs 2002B  | 2012       | 2023                | 20,600                 | 10,095              | 4.00 - 5.00%   |
| Refund COPs 2003B & 2004A                                  | 2012       | 2031                | 124,940                | 100,470             | 3.00 - 5.00%   |
| Refund COPs 2005A-2005D, 2005F-2005I, 2006A-2006C, & 2006E | 2015       | 2025                | 89,470                 | 52,305              | 5.00%          |
| Refund COPs 2006C, 2006D, & 2007A                          | 2015       | 2025                | 13,810                 | 9,230               | 1.92 - 3.09%   |
| Refund COPs 2007B  | 2018       | 2022                | 27,135                 | 16,740              | 5.00%          |
| Refund COPs 2007D  | 2018       | 2031                | 32,430                 | 28,555              | 5.00%          |
| Northern Arizona University:                               |            |                     |                        |                     |                |
| 2013 Refunding COPs  | 2013       | 2031                | 36,005                 | 31,650              | 4.78%          |
| 2015 Refunding COPs  | 2015       | 2031                | 18,825                 | 14,290              | 4.92%          |
| <b>Total Business-type Activities</b>                      |            |                     | <u>\$ 502,307</u>      | <u>\$ 349,196</u>   |                |

Principal and interest debt service requirements on COPs outstanding at June 30, 2019 are as follows (expressed in thousands):

| Fiscal Year | Annual Debt Service     |                   |                       |                          |                  |                       |
|-------------|-------------------------|-------------------|-----------------------|--------------------------|------------------|-----------------------|
|             | Governmental Activities |                   |                       | Business-type Activities |                  |                       |
|             | Total Principal         | Total Interest    | Total Amount Required | Total Principal          | Total Interest   | Total Amount Required |
| 2020        | \$ 180,670              | \$ 63,410         | \$ 244,080            | \$ 41,686                | \$ 16,585        | \$ 58,271             |
| 2021        | 136,970                 | 56,041            | 193,011               | 42,710                   | 14,409           | 57,119                |
| 2022        | 144,075                 | 49,018            | 193,093               | 42,970                   | 12,271           | 55,241                |
| 2023        | 150,845                 | 42,314            | 193,159               | 37,915                   | 10,122           | 48,037                |
| 2024        | 151,905                 | 35,523            | 187,428               | 36,990                   | 8,265            | 45,255                |
| 2025-2029   | 529,440                 | 92,944            | 622,384               | 109,700                  | 22,472           | 132,172               |
| 2030-2031   | 82,050                  | 2,048             | 84,098                | 37,225                   | 2,386            | 39,611                |
| Total       | <u>\$ 1,375,955</u>     | <u>\$ 341,298</u> | <u>\$ 1,717,253</u>   | <u>\$ 349,196</u>        | <u>\$ 86,510</u> | <u>\$ 435,706</u>     |

**D. DIRECT PLACEMENTS**

Within governmental activities, the State issued a direct placement during fiscal year 2018 to refund the remaining portion of a COP. The direct placement is collateralized by a prison and forensic lab. In the event of default, the facilities would revert to the trustee, any accrued and unpaid obligations for which monies are lawfully available would be paid, and the underlying asset value would be removed from the accompanying financial statements. For business-type activities, the ASU issued direct placements in prior fiscal years to refund COPs. The direct placements are collateralized by the acquired asset which is subject to a leasehold interest by the trustee. In the event of a default, the underlying asset value would be removed from the accompanying financial statements.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

A summary of the Direct Placements issued as of June 30, 2019 is as follows (expressed in thousands):

| Project  | Issue Date | Final Maturity Date | Original Amount Issued | Outstanding Balance | Interest Rates |
|--|------------|---------------------|------------------------|---------------------|----------------|
| <b>Governmental Activities:</b>                  |            |                     |                        |                     |                |
| Department of Administration:                    |            |                     |                        |                     |                |
| Refund remaining portion of 2008A COP            | 2018       | 2028                | \$ 31,570              | \$ 17,910           | 1.75           |
| Project  | Issue Date | Final Maturity Date | Original Amount Issued | Outstanding Balance | Interest Rates |
| <b>Business-type Activities:</b>                 |            |                     |                        |                     |                |
| Arizona State University:                        |            |                     |                        |                     |                |
| 2014 A/B Refunding Certificates of Participation | 2015       | 2031                | \$ 84,525              | \$ 64,280           | 3.04           |
| 2017 Refunding Certificates of Participation     | 2018       | 2027                | 44,815                 | 38,355              | 1.87           |
| <b>Total Business-type Activities</b>            |            |                     | <u>\$ 129,340</u>      | <u>\$ 102,635</u>   |                |

Principal and interest debt service requirements on the Direct Placements at June 30, 2019 are as follows (expressed in thousands):

| Fiscal Year | Annual Debt Service     |                |                       |                          |                  |                       |
|-------------|-------------------------|----------------|-----------------------|--------------------------|------------------|-----------------------|
|             | Governmental Activities |                |                       | Business-type Activities |                  |                       |
|             | Total Principal         | Total Interest | Total Amount Required | Total Principal          | Total Interest   | Total Amount Required |
| 2020        | \$ 13,900               | \$ 192         | \$ 14,092             | \$ 11,285                | \$ 2,412         | \$ 13,697             |
| 2021        | 5                       | 70             | 75                    | 7,050                    | 2,256            | 9,306                 |
| 2022        | 5                       | 70             | 75                    | 7,170                    | 2,120            | 9,290                 |
| 2023        | 5                       | 70             | 75                    | 3,600                    | 2,051            | 5,651                 |
| 2024        | —                       | 70             | 70                    | 3,670                    | 1,980            | 5,650                 |
| 2025 - 2029 | 3,995                   | 245            | 4,240                 | 45,835                   | 6,938            | 52,773                |
| 2030 - 2031 | —                       | —              | —                     | 24,025                   | 488              | 24,513                |
| Total       | <u>\$ 17,910</u>        | <u>\$ 717</u>  | <u>\$ 18,627</u>      | <u>\$ 102,635</u>        | <u>\$ 18,245</u> | <u>\$ 120,880</u>     |

**E. LEASES**

**1. Leases**

The State has entered into capital lease agreements for the acquisition of buildings and equipment. Capital lease assets and liabilities are reported on the government-wide Statement of Net Position. A lease is reported as a capital lease if one or more of the following criteria are met:

- Title to or ownership of the asset is transferred to the State at the end of the lease.
- The lease contains a bargain purchase option.
- The lease term is equal to 75% or more of the useful life of the leased asset. (This criterion does not apply if the beginning lease term falls within the last 25% of the total useful life of the asset.)
- The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased asset. (This criterion does not apply if the beginning lease term falls within the last 25% of the total useful life of the asset.)

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

The future minimum lease payments for long-term capital leases as of June 30, 2019 are summarized below (expressed in thousands):

| Fiscal Year                                 | Annual Debt Service     |                          |
|---|-------------------------|--------------------------|
|   | Governmental Activities | Business-type Activities |
| 2020  | \$ 17,855               | \$ 11,309                |
| 2021  | 16,601                  | 11,315                   |
| 2022  | 16,329                  | 11,156                   |
| 2023  | 15,914                  | 10,817                   |
| 2024  | 13,852                  | 10,836                   |
| 2025 - 2029                                 | 51,602                  | 52,202                   |
| 2030 - 2034                                 | 40,521                  | 45,512                   |
| 2035 - 2039                                 | —                       | 9,310                    |
| 2040 - 2044                                 | —                       | 528                      |
| 2045 - 2072                                 | —                       | 4,047                    |
| Total minimum lease payments                | 172,674                 | 167,032                  |
| Less: amount representing interest          | (20,521)                | (42,080)                 |
| Present Value of Net Minimum Lease Payments | \$ 152,153              | \$ 124,952               |

**2. Capital Assets Financed through Capital Leases**

The following table summarizes the historical costs of assets acquired under capital leases (expressed in thousands):

|                                | Governmental Activities | Business-type Activities |
|--------------------------------|-------------------------|--------------------------|
| Land                           | \$ 10                   | \$ 8,241                 |
| Buildings                      | 221,048                 | 186,479                  |
| Equipment                      | 7,592                   | 2,583                    |
|                                | 228,650                 | 197,303                  |
| Less: accumulated depreciation | (48,386)                | (63,817)                 |
| Carrying Value                 | \$ 180,264              | \$ 133,486               |

**F. COMPENSATED ABSENCES**

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. The compensated absence liability attributable to governmental activities will be liquidated primarily by the General Fund. During fiscal year 2019, the State paid for compensated absences from governmental funds as follows: 78.78% from the General Fund, 14.92% from other funds, and 6.30% from other major funds.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**G. CHANGES IN LONG-TERM OBLIGATIONS**

The following is a summary of changes in Long-term Obligations (expressed in thousands):

|  | <u>Balance<br/>July 1, 2018</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Balance<br/>June 30, 2019</u> | <u>Due Within<br/>One Year</u> | <u>Due<br/>Thereafter</u> |
|--|---------------------------------|-------------------|---------------------|----------------------------------|--------------------------------|---------------------------|
| <b>Governmental Activities:</b>          |                                 |                   |                     |                                  |                                |                           |
| Long-term Debt:                          |                                 |                   |                     |                                  |                                |                           |
| Revenue bonds                            | \$ 2,371,765                    | \$ 262,010        | \$ (267,180)        | \$ 2,366,595                     | \$ 275,470                     | \$ 2,091,125              |
| Grant anticipation notes                 | 177,420                         | 62,465            | (16,000)            | 223,885                          | 19,665                         | 204,220                   |
| Certificates of participation            | 1,554,425                       | —                 | (178,470)           | 1,375,955                        | 180,670                        | 1,195,285                 |
| Direct placements                        | 31,570                          | —                 | (13,660)            | 17,910                           | 13,900                         | 4,010                     |
| Capital leases                           | 189,581                         | 1,034             | (38,462)            | 152,153                          | 14,308                         | 137,845                   |
| Premiums and discounts on debt           | 453,713                         | 41,449            | (51,051)            | 444,111                          | 49,104                         | 395,007                   |
| <b>Total Long-term Debt</b>              | <u>4,778,474</u>                | <u>366,958</u>    | <u>(564,823)</u>    | <u>4,580,609</u>                 | <u>553,117</u>                 | <u>4,027,492</u>          |
| Other Long-term Liabilities:             |                                 |                   |                     |                                  |                                |                           |
| Compensated absences                     | 333,757                         | 169,683           | (184,620)           | 318,820                          | 156,598                        | 162,222                   |
| Pollution remediation obligations        | 20,622                          | 7,288             | —                   | 27,910                           | 5,245                          | 22,665                    |
| Accrued relocation costs                 | 29,783                          | 6,500             | (20,275)            | 16,008                           | 6,466                          | 9,542                     |
| <b>Total Other Long-term Liabilities</b> | <u>384,162</u>                  | <u>183,471</u>    | <u>(204,895)</u>    | <u>362,738</u>                   | <u>168,309</u>                 | <u>194,429</u>            |
| <b>Total Long-term Obligations</b>       | <u>\$ 5,162,636</u>             | <u>\$ 550,429</u> | <u>\$ (769,718)</u> | <u>\$ 4,943,347</u>              | <u>\$ 721,426</u>              | <u>\$ 4,221,921</u>       |
| <b>Business-type Activities:</b>         |                                 |                   |                     |                                  |                                |                           |
| Long-term Debt:                          |                                 |                   |                     |                                  |                                |                           |
| Revenue bonds                            | \$ 3,109,245                    | \$ 281,205        | \$ (93,970)         | \$ 3,296,480                     | \$ 188,065                     | \$ 3,108,415              |
| Certificates of participation            | 389,136                         | —                 | (39,940)            | 349,196                          | 41,686                         | 307,510                   |
| Direct placements                        | 113,500                         | —                 | (10,865)            | 102,635                          | 11,285                         | 91,350                    |
| Capital leases                           | 131,134                         | 181               | (6,363)             | 124,952                          | 6,511                          | 118,441                   |
| Installment purchase contracts           | 769                             | —                 | (707)               | 62                               | 20                             | 42                        |
| Notes payable                            | —                               | 15,835            | (1,836)             | 13,999                           | 457                            | 13,542                    |
| Premiums and discounts on debt           | 342,647                         | 46,508            | (28,072)            | 361,083                          | 29,580                         | 331,503                   |
| <b>Total Long-term Debt</b>              | <u>4,086,431</u>                | <u>343,729</u>    | <u>(181,753)</u>    | <u>4,248,407</u>                 | <u>277,604</u>                 | <u>3,970,803</u>          |
| Other Long-term Liabilities:             |                                 |                   |                     |                                  |                                |                           |
| Compensated absences                     | 110,649                         | 121,850           | (117,241)           | 115,258                          | 17,269                         | 97,989                    |
| U of A capital commitments               | 19,574                          | 10,000            | (9,950)             | 19,624                           | 7,700                          | 11,924                    |
| <b>Total Other Long-term Liabilities</b> | <u>130,223</u>                  | <u>131,850</u>    | <u>(127,191)</u>    | <u>134,882</u>                   | <u>24,969</u>                  | <u>109,913</u>            |
| <b>Total Long-term Obligations</b>       | <u>\$ 4,216,654</u>             | <u>\$ 475,579</u> | <u>\$ (308,944)</u> | <u>\$ 4,383,289</u>              | <u>\$ 302,573</u>              | <u>\$ 4,080,716</u>       |

The above long-term obligations relating to governmental activities include internal service funds. Amounts for compensated absences differ from those in the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, because \$168.104 million of compensated absences are attributable to internal service funds. These amounts are included in the reconciliation as part of internal service fund net position.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**NOTE 7. INTERFUND TRANSACTIONS**

**INTERFUND BALANCES AND TRANSFERS**

**Interfund Receivables/Payables**

Interfund balances as of June 30, 2019 were as follows (expressed in thousands):

| Due From  | Due To           |   |                      |                              |                        |                   |
|---|------------------|---|----------------------|------------------------------|------------------------|-------------------|
|   | General Fund     | Transportation & Aviation Planning, Highway Maintenance & Safety Fund | Land Endowments Fund | Non-Major Governmental Funds | Internal Service Funds | Total Due To      |
| General Fund  | \$ —             | \$ 27,320   | \$ 196               | \$ 77,375                    | \$ 3,391               | \$ 108,282        |
| Transportation & Aviation Planning, Highway Maintenance & Safety Fund | 6,075            | —   | —                    | 13,209                       | —                      | 19,284            |
| Land Endowments Fund  | —                | —   | —                    | 13,618                       | —                      | 13,618            |
| Non-Major Governmental Funds  | 10,903           | 6   | —                    | 178                          | 553                    | 11,640            |
| Non-Major Enterprise Funds  | 34,716           | —   | —                    | 5,082                        | —                      | 39,798            |
| Internal Service Funds  | —                | 712   | —                    | —                            | 67                     | 779               |
| <b>Total Due From</b>   | <b>\$ 51,694</b> | <b>\$ 28,038</b>  | <b>\$ 196</b>        | <b>\$ 109,462</b>            | <b>\$ 4,011</b>        | <b>\$ 193,401</b> |

Interfund balances represent (1) amounts due to and from the internal service funds for goods and services rendered, and (2) cash transferred between funds for various interfund activities subsequent to the balance sheet date. The cash is recorded in the fund which initiated the transfer, and a corresponding liability is recorded. The receiving fund records an interfund receivable.

**Interfund Transfers**

Transfers for the year ended June 30, 2019 were as follows (expressed in thousands):

| Transferred From  | Transferred To    |   |                      |                              |                   |                            |                        |                     |
|---|-------------------|---|----------------------|------------------------------|-------------------|----------------------------|------------------------|---------------------|
|   | General Fund      | Transportation & Aviation Planning, Highway Maintenance & Safety Fund | Land Endowments Fund | Non-Major Governmental Funds | Universities Fund | Non-Major Enterprise Funds | Internal Service Funds | Total Transfers Out |
| General Fund  | \$ —              | \$ 13,833   | \$ —                 | \$ 254,356                   | \$ 715,606        | \$ —                       | \$ 33                  | \$ 983,828          |
| Transportation & Aviation Planning, Highway Maintenance & Safety Fund | —                 | —   | —                    | 310,894                      | —                 | —                          | —                      | 310,894             |
| Land Endowments Fund  | 1,116             | —   | —                    | 1,438                        | —                 | —                          | —                      | 2,554               |
| Non-Major Governmental Funds  | 165,317           | 1,176   | 6,833                | 6,856                        | —                 | 15                         | 9,368                  | 189,565             |
| Non-Major Enterprise Funds  | 151,175           | —   | —                    | 68,944                       | 39,820            | —                          | —                      | 259,939             |
| Internal Service Funds  | 10,118            | —   | —                    | 1,108                        | —                 | —                          | —                      | 11,226              |
| <b>Total Transfers In</b>   | <b>\$ 327,726</b> | <b>\$ 15,009</b>  | <b>\$ 6,833</b>      | <b>\$ 643,596</b>            | <b>\$ 755,426</b> | <b>\$ 15</b>               | <b>\$ 9,401</b>        | <b>\$ 1,758,006</b> |

Interfund transfers represent legally authorized non-exchange transfers of funds. These transfers include: (1) legislative appropriations from the General Fund, (2) other legislative transfers, (3) statutorily required transfers, (4) transfers related to the elimination of funds, and (5) transfers for debt service.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**NOTE 8. ACCOUNTING CHANGES**

**A. FUND FINANCIAL STATEMENTS**

Fund Balance has been restated as follows (expressed in thousands):

|                                      | <b>Governmental<br/>Funds</b>       |
|--------------------------------------|-------------------------------------|
|                                      | <b>Land<br/>Endowments<br/>Fund</b> |
| Fund Balance, as previously reported | \$ 5,834,885                        |
| Prior period adjustment              | 85,566                              |
| Fund Balance, as restated            | \$ 5,920,451                        |

**B. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Government-wide Net Position has been restated as follows (expressed in thousands):

|                                      | <b>Governmental<br/>Activities</b> |
|--------------------------------------|------------------------------------|
| Net Position, as previously reported | \$ 23,516,325                      |
| Prior period adjustment              | 85,566                             |
| Net Position, as restated            | \$ 23,601,891                      |

**Prior period adjustment**

The Land Endowments Fund beginning fund balance was restated by \$85.6 million due to an understatement of investment earnings in the prior fiscal year.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**NOTE 9. GOVERNMENTAL FUND BALANCES**

Detail of the fund balance categories and classifications shown in the aggregate on the governmental funds balance sheet for the year ended June 30, 2019 were as follows (expressed in thousands):

|                                | General<br>Fund     | Transportation &<br>Aviation Planning,<br>Highway<br>Maintenance<br>& Safety Fund | Land<br>Endowments<br>Fund | Non-Major<br>Governmental<br>Funds | Total                |
|--------------------------------|---------------------|---|----------------------------|------------------------------------|----------------------|
| <b>Fund Balances:</b>          |                     |   |                            |                                    |                      |
| <b>Nonspendable:</b>           |                     |   |                            |                                    |                      |
| Inventory                      | \$ 6,617            | \$ 212  | \$ —                       | \$ —                               | \$ 6,829             |
| Permanent fund principal       | —                   | —   | 6,062,470                  | —                                  | 6,062,470            |
| <b>Restricted for:</b>         |                     |   |                            |                                    |                      |
| General government             | 12,639              | —   | —                          | 51,623                             | 64,262               |
| Health and welfare             | 230,611             | —   | —                          | 74,608                             | 305,219              |
| Inspection and regulation      | 5,222               | —   | —                          | 2,612                              | 7,834                |
| Education                      | 6,501               | —   | —                          | 442,748                            | 449,249              |
| Protection and safety          | 15,184              | —   | —                          | —                                  | 15,184               |
| Natural resources              | 3,530               | —   | —                          | 13,497                             | 17,027               |
| Debt service                   | —                   | —   | —                          | 64,049                             | 64,049               |
| Capital projects               | —                   | 956,126   | —                          | 54,358                             | 1,010,484            |
| School facilities improvements | 65,429              | —   | —                          | —                                  | 65,429               |
| <b>Committed to:</b>           |                     |   |                            |                                    |                      |
| General government             | —                   | —   | —                          | 214,568                            | 214,568              |
| Health and welfare             | 12,705              | —   | —                          | 249,912                            | 262,617              |
| Inspection and regulation      | 916                 | —   | —                          | 165,595                            | 166,511              |
| Education                      | 19,205              | —   | —                          | —                                  | 19,205               |
| Protection and safety          | —                   | —   | —                          | 105,786                            | 105,786              |
| Transportation                 | —                   | 397,483   | —                          | —                                  | 397,483              |
| Natural resources              | 40,867              | —   | —                          | 92,184                             | 133,051              |
| School facilities improvements | 76,357              | —   | —                          | —                                  | 76,357               |
| <b>Unassigned:</b>             | 685,583             | —   | —                          | —                                  | 685,583              |
| <b>Total Fund Balances</b>     | <b>\$ 1,181,366</b> | <b>\$ 1,353,821</b>   | <b>\$ 6,062,470</b>        | <b>\$ 1,531,540</b>                | <b>\$ 10,129,197</b> |

**NOTE 10. DEFICIT NET POSITION**

The Risk Management Fund (RMF), an internal service fund, reported a deficit net position of \$372.0 million primarily due to the RMF receiving annual funding only for expected paid insurance losses (including loss adjustment expenditures) within the State's self-insured retention for the specific fiscal year. Accrued insurance losses of the RMF beyond the specific fiscal year are not considered when determining funding for each fiscal year.

The Retiree Accumulated Sick Leave Fund (RASL), an internal service fund, pays retirees for their accumulated sick leave upon retirement from State service when they meet certain criteria. Beginning with fiscal year 2008, the State applied the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* to the RASL. This results in a liability in the RASL which is significantly greater than the actual funding of the RASL, because the liability is based upon an estimate of the total RASL benefit earned by existing employees at the balance sheet date; however, State agencies pay for only one year based on a 0.40% charge on gross payroll. The \$162.3 million deficit net position is primarily due to the above funding mechanism.



**NOTE 11. JOINT VENTURES**

**A. LARGE BINOCULAR TELESCOPE CORPORATION**

The U of A is a participant in the Large Binocular Telescope Corporation (LBT). The LBT was formally incorporated as a nonprofit corporation in August 1992 pursuant to a Memorandum of Understanding, as amended, executed on February 24, 1989, between the U of A and the INAF Astrophysical Observatory in Florence, Italy. The purpose of the joint venture is to design, develop, construct, own, operate, and maintain a binocular telescope located in Arizona. The current members of the LBT are the U of A, Istituto Nazionale di Astrofisica, Ohio State University, and LBT Beteiligungsgesellschaft.

The U of A has committed resources equivalent to 25% of the LBT's construction costs and annual operating costs. As of June 30, 2019, the U of A has made total cash contributions of \$18.4 million and contributions of services and materials of \$3.4 million, which is recorded as equity interest in joint venture on the Statement of Net Position. The U of A's financial interest represents future viewing/observation rights. As of December 31, 2007, the assets had been substantially completed and the telescope entered the commissioning phase. During calendar year 2007, the telescope became operational for research purposes and depreciation of the property and equipment commenced. The U of A recorded its proportionate share of the use of the viewing/observation rights, \$1.6 million in calendar year 2019, as a reduction in its equity interest. At June 30, 2019, the equity interest totaled \$10.0 million. According to the most recent audited financial statements of the LBT for the year ended December 31, 2018, assets, liabilities, revenues, and expenses totaled \$119.2 million, \$3.7 million, \$16.7 million, and \$19.3 million, respectively.

Information regarding the LBT's financial statements can be obtained from the University of Arizona Comptroller at the University of Arizona, Financial Services Office, 1303 E. University Blvd., Box 4, Tucson, AZ 85719-0521.

**B. GIANT MAGELLAN TELESCOPE ORGANIZATION**

The Giant Magellan Telescope Organization (GMTO) is a non-stock, nonprofit, jointly governed corporation founded to own and administer the planning, design, construction, and operation of the 25-meter Giant Magellan Telescope, a proposed astronomical telescope and its associated buildings, equipment and instrumentation, to be located in northern Chile. The GMTO is jointly governed by several leading educational and research institutions from the United States, South Korea, and Australia, including the U of A. The U of A comprises two of the fifteen members of the GMTO Board of Directors, and is one of twelve founders and participants. The GMTO will hold all rights, title and interest to and in the telescope. Although the U of A does not have a defined equity interest, as a founder the U of A will receive viewing rights to the telescope in proportion to their voluntary contributions to the project. The U of A has recognized an intangible asset related to the costs incurred during the design, development, and construction/commissioning phases. The U of A has also signed agreements outlining capital commitments to the GMTO between June 2016 and June 2022. Capital commitments in the amount of \$19.6 million related to the GMT as of June 30, 2019 are reported in Note 6.G.

The U of A has contributed a total of \$56.5 million to the GMTO as of June 30, 2019. The U of A has been and will be responsible for manufacturing the telescope's mirrors and will receive compensation from other GMTO founders and participants based on individual contractual agreements. As of June 30, 2019, the U of A has received contractual payments related to the project from the GMTO and related partners totaling \$78.3 million. Contractual payments were for projects related to mirror construction and process development and include the acquisition of glass and mold materials, the development of mirror testing systems, design study, and engineering support.

**NOTE 12. COMMITMENTS, CONTINGENCIES, AND COMPLIANCE**

**A. INSURANCE LOSSES**

The Department of Administration - Risk Management Division manages the State's property, environmental, general liability, and workers' compensation losses. The State has determined that the management of these losses can be performed effectively and efficiently through the Risk Management Division. Consequently, all agencies are required to participate in this program. The State's Risk Management Division evaluates the proper mix of purchased commercial insurance and self-insurance annually.

The Industrial Commission Special Fund (Special Fund) provides payment of workers' compensation benefits. The fund processes payment of claims for injured workers where the employer failed to provide workers' compensation insurance; provides continual workers' compensation benefits for bankrupt self-insured employers; provides partial coverage of workers' compensation benefits for second injury claims (apportionment claims); provides vocational rehabilitation benefits; and provides continuing medical benefits for pre-1973 workers' compensation claims.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

The Insurance Department Guaranty Funds (Guaranty Fund) provides payment for settlement of covered claims and return of unearned premiums under certain property and casualty insurance contracts of insolvent insurance companies in accordance with A.R.S. Title 20, Chapter 3, Article 6, and contractual obligations under certain life, annuity and disability insurance contracts of insolvent insurance companies in accordance with A.R.S. Title 20, Chapter 3, Article 7. The Guaranty Fund records claims liability when the reported loss is probable and reasonably estimated based on reserves established by either experienced claims adjusters of the Guaranty Fund, by a third party administrator handling claim files, or by actuaries. The claims liability includes an estimate for incurred but not reported (IBNR) claims.

To provide funding for the payments of claims, the Guaranty Fund may direct the payment of assessments by member insurers under A.R.S. § 20-666 and A.R.S. § 20-686. Assessments under A.R.S. § 20-666 may not exceed 1% of net direct written premiums by member insurers. Under A.R.S. § 20-686, there are two classes of assessments: Class A assessments that are paid by each member insurer to cover administrative costs and other general expenses; and Class B assessments levied by account and paid by member insurers licensed to write insurance covered by the account, that pay the costs related to an impaired insurer or insolvent insurer pursuant to A.R.S. § 20-685. The total assessments under A.R.S. § 20-686 on a member insurer for each account may not exceed 2% of that member insurer's average annual premium received in the State during the three calendar years preceding the year in which an insurer becomes impaired or insolvent.

The Health Insurance Trust Fund (HITF) provides self-funded health insurance benefit plans that are available to employees and retirees in accordance with A.R.S. § 38-654. The HITF receives funding from legislative appropriations, premiums collected from agencies and employees for the health insurance benefit plans, and investment earnings on premiums collected from employees. Premium rates are set using a prospective experience rating method.

To ensure that the HITF remains financially solvent, reserving is required. The reserving methods used by the HITF actuary are based on generally accepted actuarial principles and comply with A.R.S. § 20-516. The HITF's reserves are estimates of the plan's claim liabilities for the current plan year and future periods. Contract reserves are generally known as the IBNR liability – the estimated liability for an enrollee. The IBNR liability is estimated using the monthly pattern of incurred and paid claims. The calculation of the IBNR liability is based upon the claim lag pattern experience through December 31, 2018, trended forward. The amount to hold for the IBNR liability is calculated by taking the distribution of the claim probabilities.

The Risk Management Fund and the Special Fund record claims liability when the reported loss is probable and reasonably estimated. On an annual basis, independent actuarial firms are engaged to estimate the Risk Management Fund's and the Special Fund's total year-end outstanding claims liability, which takes into account recorded claims and related allocated claims adjustment expenditures, loss development factors, and an estimate for IBNR claims. There were no non-incremental claims adjustment expenses included in the liability for claims and adjustments.

The management and payment of these losses is accomplished through the funding mechanism of the Risk Management Fund and the Special Fund. As discussed in the above paragraph, an independent annual actuarial analysis is performed to evaluate the needed funding. The Risk Management Division will assess each agency an annual portion of the necessary funding for the Risk Management Fund based on their exposures and prior loss experience. Assessments on gross premium revenues and settlement income primarily fund the Special Fund. To provide funding for the payment of these workers' compensation benefits, the Special Fund may direct the payment of assessments into the State Treasury under A.R.S. § 23-1065(A) (general liability assessment - not to exceed 1.0%) and A.R.S. § 23-1065(F) (apportionment assessment - not to exceed .5%), in a total amount not to exceed 1.5% of all premiums received by private insurance carriers and what would have been paid by self-insured employers if they had been fully insured by an insurance carrier authorized to transact workers compensation insurance during the immediately preceding calendar year. The Special Fund was determined to be actuarially sound since June 30, 2015 and as a result did not levy an A.R.S. § 23-1065(A) or A.R.S. § 23-1065(F) assessment since calendar year 2015.

AMI Risk Consultants, Inc. was retained to evaluate the medical and compensation related liabilities of the Special Fund as of June 30, 2019. The total estimated loss reserve of \$231.0 million decreased by 9.7%, or \$24.9 million, from the prior year estimated loss reserve of \$255.9 million. The 9.7% reduction in estimated loss reserves was primarily the result of decreases in reported claims reserves for all reward categories. A confidence level of 80 percent was used in calculating medical and compensation related liabilities. A confidence level of 80 percent indicates a confidence that the estimated liability will be adequate to cover actual costs 80 out of 100 years. The reserves are discounted at an assumed rate of .90% for the compensation benefits and zero percent for the medical benefits. For medical benefits, it is assumed that the inflation in medical costs will equal the investment return earned by the Special Fund on those reserves.

The Special Fund has filed proofs of claim with bankruptcy trustees for bankrupt self-insured employers. Additionally, the Special Fund has filed proofs of claim with ancillary receivers and liquidators regarding the recovery of statutory deposits and other monies for insurance carrier insolvencies that the Special Fund was responsible for prior to July 1, 2015. Effective July 1, 2015, the responsibility for insolvent carriers was transferred to the Department of Insurance Guaranty Fund. Since the actual amount that will ultimately be received cannot be determined, the Special Fund will continue to recognize receipt of insolvent carrier and bankrupt self-insured employer deposits as revenue at the time received rather than recording a receivable.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

Occasionally, the Risk Management Division agrees with claimants to purchase an annuity contract to settle specific claims when it is determined that it is in the best interest of the State to do so. In these instances, the State obtains a release agreement from the claimant and transfers its obligation to make future periodic payments to an assignment company. The State requires a secondary guarantor which is obtained when the assignment company transfers the obligation to make the payments through the use of a qualified assignment (typically a life insurance company with an approved rating). As a result of these requirements, the likelihood that the State will be required to make future payments on these claims is remote.

There have been no significant reductions in the current fiscal year insurance coverage. There have been no settlements that have exceeded insurance premium coverage in the last three fiscal years.

The following table presents the changes in claims liabilities balances (short- and long-term combined) during fiscal years ended June 30, 2018 and June 30, 2019 (expressed in thousands):

| Fiscal Year                          | Beginning Balance | Current Year Claims and Changes in Estimates | Claims Payments | Ending Balance |
|--------------------------------------|-------------------|--|-----------------|----------------|
| Risk Management Fund:                |                   |  |                 |                |
| 2018                                 | \$ 441,617        | \$ 52,105                                    | \$ (67,781)     | \$ 425,941     |
| 2019                                 | 425,941           | 68,019                                       | (61,863)        | 432,097        |
| Industrial Commission Special Fund:  |                   |  |                 |                |
| 2018                                 | 263,893           | 4,630  | (12,585)        | 255,938        |
| 2019                                 | 255,938           | (15,056)                                     | (9,846)         | 231,036        |
| Insurance Department Guaranty Funds: |                   |  |                 |                |
| 2018                                 | 148,858           | 117,628                                      | (26,470)        | 240,016        |
| 2019                                 | 240,016           | 16,223                                       | (23,060)        | 233,179        |
| Health Insurance Trust Fund:         |                   |  |                 |                |
| 2018                                 | 84,454            | 833,195                                      | (833,313)       | 84,336         |
| 2019                                 | 84,336            | 814,065                                      | (814,558)       | 83,843         |

**B. LITIGATION**

The State has a variety of claims pending against it that arose during the normal course of its activities. Management believes, based on advice of legal counsel, losses, if any, resulting from settlement of these claims will not have a material effect on the financial position of the State. All losses for any unsettled litigation or contingencies involving workers' compensation, medical malpractice, health benefit settlements, construction and design, highway operations, employment practices, criminal justice, fidelity and surety, environmental property damage, general liability, environmental liability, building and contracts, auto liability, or auto physical damage are determined on an actuarial basis and included in the Accrued Insurance Losses of the Risk Management Fund, Industrial Commission Special Fund, Insurance Department Guaranty Funds, and the Health Insurance Trust Fund.

**C. ACCUMULATED SICK LEAVE**

Sick leave includes any approved period of paid absence granted to an employee due to illness, injury, or disability. Most State employees accrue sick leave at the rate of eight hours per month without an accumulation limit. State employees are eligible to receive payment for an accumulated sick leave balance of at least 500 hours, with a maximum of 1,500 hours, upon retirement directly from State service. The benefit value is calculated by taking the State employee's hourly rate of pay at the retirement date, multiplied by the number of sick hours at the retirement date times the eligibility percentage. The eligibility percentage varies based upon the number of accumulated sick hours from 25% for 500 hours to a maximum of 50% for 1,500 hours. The maximum benefit value is \$30 thousand. The benefit shall be paid either in a lump sum or in installments over a three-year period. The RASL Fund is accounted for in the financial statements as an internal service fund and accounts for the retiree accumulated sick leave liability of \$165.7 million at June 30, 2019.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**D. UNCLAIMED PROPERTY**

The State of Arizona’s Uniform Unclaimed Property Act requires the deposit of certain unclaimed assets into a managed agency fund. A total of approximately \$1.6 billion (net of refunds issued) has been collected since the inception of the fund. The State is also holding securities valued at \$30.1 million and mutual funds valued at \$11.6 million. In accordance with A.R.S. § 44-313 and A.R.S. § 44-314, for fiscal year 2019, \$24.5 million was deposited in the Department of Revenue Administrative Fund, \$2.5 million was deposited in the Housing Trust Fund, \$2.0 million was deposited in the Seriously Mentally Ill Housing Trust Fund, \$91.5 million was deposited in the General Fund, and \$683 thousand was deposited in other funds as required by State statute. The remittances to the General Fund and the holdings by the State represent contingencies, as claims for refunds can be made by the owners of the property. The GASB requires that a liability be reported to the extent that it is probable that escheat property will be reclaimed and paid to claimants. This liability is also reported as a reduction of revenue. At June 30, 2019, \$647.9 million of this liability is reported in the General Fund, because it is the fund to which the property ultimately escheats in Arizona.

**E. CONSTRUCTION COMMITMENTS**

The ADOT had outstanding commitments under construction contracts of \$2.2 billion at June 30, 2019 as presented in the following table (expressed in thousands):

|                             | <b>Remaining<br/>Commitments</b> |
|-----------------------------|----------------------------------|
| Local government assistance | \$ 178,786                       |
| State highways              |                                  |
| Construction                | 1,206,123                        |
| Design                      | 185,340                          |
| Right of way                | 190,904                          |
| Utilities                   | 28,125                           |
| Planning and research       | 46,955                           |
| Other                       | 402,136                          |
| Total                       | <u>\$ 2,238,369</u>              |

**F. ARIZONA STATE LOTTERY**

Winners are offered the option of cash or 30-year annuity for the PICK on-line game. The annuities are purchased from qualifying insurance companies which have the highest ratings from among A.M. Best Company, S & P, Moody’s, Duff & Phelps, or Weiss. Purchases of annuities transfer liabilities for prizes to the insurance company. However, the Lottery may incur liabilities for prizes in the event of a default of an insurance company. Aggregate future payments to prize winners on existing annuities totaled \$52.8 million at June 30, 2019. Approximately \$50.4 million of the total aggregate future payments at June 30, 2019 relate to annuities purchased from five separate insurance companies, of which approximately \$20.2 million relates to a single insurance company.

**NOTE 13. TOBACCO SETTLEMENT**

The State is one of many states participating in the settlement of litigation with the tobacco industry over the reimbursement of healthcare costs. The settlement money is intended to compensate the State for costs it has incurred in providing health and other services to its citizens that were necessitated by the use of tobacco products. The State expects to receive settlement payments through 2025.

The State recorded tobacco settlement revenue of \$98.9 million in the fund statements and the government-wide statements in fiscal year 2019. Future settlement payments are subject to several adjustments, but the amounts are not presently determinable. These adjustments include a volume adjustment, which could reflect any decreasing cigarette production under a formula that also takes into account increased operating income from sales. Other factors that might affect the amounts of future payments include ongoing and future litigation against the tobacco industry and the future financial health of the tobacco manufacturers. Because the net realizable value of the future settlement payments is not measurable and there is no obligation for the tobacco companies to make settlement payments until cigarettes are shipped, the State did not record a receivable for the future payments related to cigarette sales after June 30, 2019.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 14. SUBSEQUENT EVENTS**

The State entered into a forward delivery contract for \$425.0 million in Refunding Certificates of Participation, Series 2019A (Series 2019A Certificates) that were issued in July 2019 to: (1) refund, in advance of maturity, Certificates of Participation, Series 2010A and (2) pay costs of issuance. The Series 2019A Certificates include serial certificates with interest rates of 5.00% and maturity dates ranging from 2019 to 2029. The Series 2019A Certificates are subject to extraordinary redemption prior to their stated maturity dates pursuant to the debt documents.

The State entered into a forward delivery contract for \$246.4 million in Lottery Revenue Refunding Bonds, Series 2019 (Series 2019 Bonds) that were issued in October 2019 to: (1) refund, in advance of maturity, Lottery Revenue Bonds, Series 2010A and (2) pay costs of issuance. The Series 2019 Bonds include serial bonds with interest rates of 5.00% and maturity dates ranging from 2020 to 2029. The Series 2019 Bonds are not subject to optional redemption prior to maturity.

In January 2020, the NAU issued \$34.2 million in System Revenue Refunding Bonds, Series 2020A (NAU Series 2020A Bonds), and \$78.5 million in System Revenue Refunding Bonds, Series 2020B (NAU Series 2020B Bonds). The NAU Series 2020A Bonds include both serial and term bonds with interest rates ranging from 1.79% to 3.46% and maturity dates ranging from 2020 to 2044 and were issued to: (1) refund, in advance of maturity, the Series 2012 Bonds and the Series 2014 Bonds, and (2) pay costs of issuance. The NAU Series 2020B Bonds include serial bonds with interest rates of 5.00% and maturity dates ranging from 2025 to 2039 and were issued to: (1) refund, in advance of maturity, the Series 2009A Bonds, and (2) pay costs of issuance. Prior to their stated maturity dates pursuant to the debt documents, the NAU Series 2020A Bonds are subject to optional and mandatory redemption, and the NAU Series 2020B Bonds are subject to optional redemption.

In January 2020, the U of A issued \$72.2 million in System Revenue Refunding Bonds, Series 2020. The bonds include both serial and term bonds with interest rates ranging from 2.01% to 3.20% and maturity dates ranging from 2023 to 2042 and were issued to: (1) refund, in advance of maturity, the Series 2012A Bonds and the Series 2013A Bonds, and (2) pay costs of issuance. The bonds are subject to optional and mandatory redemption prior to their stated maturity dates pursuant to the debt documents.

In February 2020, the Arizona Department of Transportation issued \$510.3 million in Highway Revenue Refunding Bonds, Series 2020 to: (1) refund, in advance of maturity, Subordinated Bonds, Series 2011A and Series 2013A, and (2) pay costs of issuance. The bonds include both serial and term bonds with interest rates ranging from 1.68% to 3.17% and maturity dates ranging from 2020 to 2038. The bonds are subject to optional redemption, mandatory redemption, and purchase in lieu of redemption prior to their stated maturity dates pursuant to the debt documents.

In February 2020, the U of A issued \$108.2 million in SPEED Revenue Refunding Bonds, Series 2020A (U of A Series 2020A Bonds), and \$19.6 million in SPEED Revenue Refunding Bonds, Series 2020B (U of A Series 2020B Bonds). The U of A Series 2020A Bonds include both serial and term bonds with interest rates ranging from 3.13% to 5.00% and maturity dates ranging from 2020 to 2044 and were issued to: (1) refund, in advance of maturity, the Series 2010 Bonds, and (2) pay costs of issuance. The U of A Series 2020B Bonds include both serial and term bonds with interest rates ranging from 1.74% to 3.29% and maturity dates ranging from 2020 to 2043 and were issued to: (1) refund, in advance of maturity, the Series 2013 Bonds, and (2) pay costs of issuance. Additionally, the U of A entered into a forward delivery contract for \$23.1 million in SPEED Revenue Refunding Bonds, Series 2020C (U of A Series 2020C Bonds). The U of A Series 2020C Bonds will include serial bonds with interest rates of 5.00% and maturity dates ranging from 2022 to 2029 and will be issued in May 2021 to: (1) refund, in advance of maturity, the Series 2011 Bonds, and (2) pay costs of issuance. Prior to their stated maturity dates pursuant to the debt documents, the U of A Series 2020A Bonds and U of A Series 2020B Bonds are subject to optional and mandatory redemption, and the U of A Series 2020C Bonds are subject to optional redemption.

In March 2020, the NAU issued \$36.3 million in SPEED Revenue Refunding Bonds, Series 2020A (NAU Series 2020A SPEED Bonds), and \$39.8 million in SPEED Revenue Refunding Bonds, Series 2020B (NAU Series 2020B SPEED Bonds). The NAU Series 2020A SPEED Bonds include both serial and term bonds with interest rates ranging from 1.79% to 3.21% and maturity dates ranging from 2020 to 2043 and were issued to: (1) refund, in advance of maturity, the Series 2013 Bonds, and (2) pay costs of issuance. The NAU Series 2020B SPEED Bonds include serial bonds with interest rates of 5.00% and maturity dates ranging from 2021 to 2030 and were issued to: (1) refund, in advance of maturity, the Series 2010 Bonds, and (2) pay costs of issuance. Prior to their stated maturity dates pursuant to the debt documents, the NAU Series 2020A SPEED Bonds are subject to optional and mandatory redemption, and the NAU Series 2020B SPEED Bonds are not subject to optional redemption.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 15. DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES**

The accounting policies of the State's component units conform to U.S. GAAP applicable to governmental units adopted by the GASB, except for those component units affiliated with the State's Universities. Because the component units affiliated with the Universities are not governmental entities, they follow FASB statements for not-for-profit organizations for financial reporting purposes. Each component unit has a June 30 year-end.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Measurement Focus and Basis of Accounting**

The State's component units and component units affiliated with the Universities are presented using the economic resources measurement focus and the accrual basis of accounting.

**2. Net Assets**

Component units affiliated with the Universities classify net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the component units affiliated with the Universities and changes therein are classified and reported as follows:

- *Without donor restrictions* - includes assets and contributions that are not restricted by donors or for which such restrictions have expired.
- *With donor restrictions* - includes temporarily and permanently restricted assets and contributions for which donor-imposed restrictions have not been met (either by the passage of time or by actions of the Foundations or university), or require that the corpus be invested in perpetuity. Donor-restricted contributions are classified as such even if restrictions are satisfied in the same reporting period in which the contributions are received.

**3. Investments**

The fair values of publicly traded securities are based on quoted market prices and exchange rates, if applicable. Absolute return limited partnership and fund interests are recorded at fair value based on quoted market prices (where the underlying investment is a mutual fund) or as determined by the fund manager. Purchases and sales of investment securities are reflected on a trade-date basis. Realized gains and losses are calculated using the average cost for securities sold. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Investment income or loss comprises the sum of realized and unrealized gains and losses on investments and interest and dividends, less an investment management fee.

In addition, investments include Universities' endowment funds totaling \$477.2 million managed by the Foundations. These funds are primarily held in pooled endowment funds managed for the Universities under service contracts with the Foundations and invested in the Foundations' investment pools.

**4. Income Taxes**

The Universities-affiliated component units qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, except for the ACFFC and, accordingly, there is no provision for income taxes in the accompanying financial statements. In addition, they qualify for the charitable contribution deduction and have been classified as organizations that are not private foundations. Any unrelated business income would be taxable. The ACFFC is exempt from taxes under the provisions of Section 501(c)(4) of the Internal Revenue Code. The ACFFC does not qualify for the charitable contribution deduction.

**5. Contributions**

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in with donor restrictions net assets.

**6. Net Assets Released from Restriction**

The Universities-affiliated component units' expenses are not incurred in the with donor restrictions net asset category. As the restrictions on donor-restricted net assets are met, the net assets are released from restriction and reclassified to net assets without donor restrictions. The total net assets reclassified are reported as net assets released from restriction in the accompanying Statement of Activities.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**7. Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position by the component units that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources increase net position, similar to assets.

**8. Endowments**

The management of the ASUEP and the U of A Foundation endowments is governed by laws in the State of Arizona created under the Arizona Management of Charitable Funds Act.

The ASUEP has interpreted State statute as requiring the preservation of the fair value of the original gifts at the gift date of the donor-restricted endowment funds. As a result of this interpretation, the ASUEP classifies as with donor restriction net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The ASUEP investment policies are reviewed periodically. The long-term financial objectives are to produce a relatively predictable and stable payout stream that increases over time at least as fast as the general rate of inflation and to preserve intergenerational equity by achieving growth of the investments at a rate that at least keeps pace with the general rate of inflation, net of spending.

The U of A Foundation endowment payout rate is a percentage (4% of the average fair value at the three previous calendar year-ends) of the fair value of each endowment account, as determined from time to time by the U of A Foundation's Board. The U of A Foundation considers the following factors in making a determination to appropriate donor-restricted endowment funds: the net rate of return earned by each endowment account in each of the five most recent fiscal years; the net real rate of return (as measured by the Higher Education Price Index) earned by the endowment pool in each of the five most recent fiscal years (i.e., the duration and preservation of the endowment pool); payout rates established by other university endowments as published in the National Association of College and University Business Officers - Teachers, Insurance, and Annuity Study of Endowments; any unusual or extraordinary circumstances impacting the U of A flow of funds from other sources (i.e., tuition revenues, State appropriations, etc.); the extent to which programs benefiting from the payout rate rely on these funds to achieve their goals and objectives; general economic conditions; the possible effect of inflation or deflation; and the expected total return from income and appreciation of investments per the most recent asset allocation study.

The U of A Foundation's goal is to manage endowment assets such that the annual nominal return exceeds the annual "hurdle rate" (the sum of the payout and the endowment fee) so the endowment principal is able to grow and continue to fund in perpetuity the set of activities envisioned by the donor at the time of the gift. The U of A Foundation expects its endowment funds to provide an annual average rate of return of 7.9% with a standard deviation of 14.8% over a 20 year period.

**9. Use of Estimates**

The preparation of the Universities-affiliated component units' financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. DEPOSITS AND INVESTMENTS**

**1. Component Units**

**a. Deposits and Investment Policies**

The investments of the AFA's WIFA are stated at fair value, except guaranteed investment contracts, which are stated at cost since they are non-participating contracts.

**b. Custodial Credit Risk - Deposits and Investments**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the deposits or collateral securities may not be recovered from the outside party. The AFA's WIFA does not have a formal policy regarding custodial credit risk for deposits.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the value of the investment or collateral securities that are in the possession of an outside party may not be recovered. The AFA's WIFA does not have a formal policy regarding custodial credit risk for investments.

**c. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The AFA's WIFA does not have a formal policy regarding interest rate risk. The following table presents the interest rate risk for the AFA's WIFA utilizing the segmented time distribution method as of June 30, 2019 (expressed in thousands):

| Investment Type                 | Fair Value | Investment Maturities (in years) |           |             |
|---------------------------------|------------|----------------------------------|-----------|-------------|
|                                 |            | Less than 1                      | 1-5       | More than 5 |
| Guaranteed investment contracts | \$ 8,145   | \$ —                             | \$ —      | \$ 8,145    |
| Money market mutual funds       | 7,878      | 7,878                            | —         | —           |
| U.S. agency securities          | 62,247     | 6,463                            | 55,784    | —           |
| U.S. Treasury securities        | 10,635     | —                                | 1,096     | 9,539       |
| Total                           | \$ 88,905  | \$ 14,341                        | \$ 56,880 | \$ 17,684   |

**d. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The AFA's WIFA does not have a formal policy regarding credit risk but their investments are in accordance with the master bond indenture. The following table presents the AFA's WIFA's investments which were rated by S & P and/or an equivalent national rating organization. The ratings are presented using S & P's rating scale as of June 30, 2019 (expressed in thousands):

| Investment Type                 | Fair Value | AAA       | Not Rated |
|---------------------------------|------------|-----------|-----------|
| Guaranteed investment contracts | \$ 8,145   | \$ —      | \$ 8,145  |
| Money market mutual funds       | 7,878      | —         | 7,878     |
| U.S. agency securities          | 62,247     | 62,247    | —         |
| Total                           | \$ 78,270  | \$ 62,247 | \$ 16,023 |

**e. Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The AFA's WIFA's investment policy contains no limitations on the amount that can be invested in any one issuer. At June 30, 2019, investments in any one issuer that were more than 5% of the AFA's WIFA's total investments are in U.S. Bank (fair value of \$54.3 million, or 15.0%).

**f. Fair Value Measurement**

The AFA's WIFA's investments at June 30, 2019, categorized within the fair value hierarchy established by U.S. GAAP, were as follows (expressed in thousands):

| Investment by Fair Value Level | June 30, 2019 | Fair Value Measurement Using                                   |   |   |
|--------------------------------|---------------|--|---|---|
|                                |               | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. agency securities         | \$ 62,247     | \$ —   | \$ 62,247                                     | \$ —                                      |
| U.S. Treasury securities       | 10,635        | —  | 10,635  | —   |
| Total                          | \$ 72,882     | \$ —   | \$ 72,882                                     | \$ —                                      |

Investments categorized as Level 2 are valued using significant other observable inputs. In addition, the AFA's WIFA had \$7.9 million invested in money market funds as well as \$8.1 million in guaranteed investment contracts that were recorded at cost.



STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**2. Universities-Affiliated Component Units**

**a. Investment Summary**

The investments held by the ASUEP and the U of A Foundation at June 30, 2019, were as follows (expressed in thousands):

| <b>Investment Type</b>   | <b>Fair Value</b>   |
|--|---------------------|
| Money market funds and cash equivalents                          | \$ 124,148          |
| Domestic/international equity securities and mutual funds        | 623,663             |
| Domestic/international fixed income obligations and mutual funds | 395,689             |
| Absolute return limited partnerships and funds                   | 299,501             |
| Diversifying strategies  | 111,672             |
| Real assets  | 142,395             |
| Private capital limited partnerships                             | 242,073             |
| Other  | 265,711             |
| Total Investments  | <u>\$ 2,204,852</u> |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**b. Investments Classified in Fair Value Hierarchy**

The investments held by the ASUEP and the U of A Foundation at June 30, 2019, categorized within the fair value hierarchy, were as follows (expressed in thousands):

| Investments by Fair Value Level  | June 30, 2019 | Fair Value Measurement Using   |   |  |
|--|---------------|--|---|--|
|  |               | Quoted Prices<br>In Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Money market funds and cash equivalents                                  | \$ 124,148    | \$ 124,126   | \$ —  | \$ 22  |
| Domestic/international equity securities and mutual funds                | 495,912       | 390,328  | —   | 105,584  |
| Domestic/international fixed income obligations and mutual funds         | 313,450       | 290,367  | 6,213   | 16,870   |
| Absolute return limited partnerships and funds                           | 50,334        | 50,334   | —   | —  |
| Diversifying strategies  | 12,125        | 4  | —   | 12,121   |
| Real assets  | 142,342       | 37,326   | —   | 105,016  |
| Private capital limited partnerships                                     | 113,673       | —  | —   | 113,673  |
| Charitable trust receivable  | 1,313         | —  | —   | 1,313  |
| Assets with limited use  | 8,423         | 8,423  | —   | —  |
| Assets held under split-interest agreements                              | 7,456         | 7,456  | —   | —  |
| Other  | 129,778       | 46,611   | —   | 83,167   |
| Total investments by fair value level                                    | 1,398,954     | \$ 954,975   | \$ 6,213  | \$ 437,766   |
| <b>Investments Measured at the NAV</b>                                   |               |  |   |  |
| ASUEP - Domestic/international equity securities and mutual funds        | 24,605        |  |   |  |
| ASUEP - Domestic/international fixed income obligations and mutual funds | 82,239        |  |   |  |
| ASUEP - Diversifying strategies  | 99,547        |  |   |  |
| ASUEP - Real assets  | 53            |  |   |  |
| ASUEP - Private capital limited partnerships                             | 2,336         |  |   |  |
| U of A Foundation - Multi-strategy hedge funds                           | 111,014       |  |   |  |
| U of A Foundation - Equity long-only hedge funds                         | 103,146       |  |   |  |
| U of A Foundation - Equity long/short hedge funds                        | 47,811        |  |   |  |
| U of A Foundation - Fixed income hedge funds                             | 57,979        |  |   |  |
| U of A Foundation - Natural resources limited partnerships               | 96,354        |  |   |  |
| U of A Foundation - Private capital limited partnerships                 | 126,064       |  |   |  |
| U of A Foundation - Private real estate limited partnerships             | 39,579        |  |   |  |
| U of A Foundation - Private credit limited partnerships                  | 32,363        |  |   |  |
| Total investments measured at the NAV                                    | 823,090       |  |   |  |
| Total investments measured at fair value                                 | \$ 2,222,044  |  |   |  |

Investments categorized as Level 1 of the fair value hierarchy are valued using quoted prices in active markets for identical assets or liabilities which provides the most reliable fair value measurement because it is directly observable to the market. Investments categorized as Level 2 of the fair value hierarchy are valued using other significant observable inputs such as quoted prices for similar securities, interest rates, or credit risk, which are either directly or indirectly observable as of the report date. Investments categorized as Level 3 of the fair value hierarchy are measured using management's best estimate of fair value, where the inputs included in the determination of fair value are not observable and require significant management judgment or estimation. The ASUEP also had liabilities at fair value totaling \$276,455, including \$7,152 in unrealized swap liability valued using level 2 valuation techniques, and \$269,303 in assets held for others valued using level 3 valuation techniques.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**c. Investments Measured at the NAV**

The investments held by the ASUEP and the U of A Foundation at June 30, 2019, valued using the NAV per share, and were as follows (expressed in thousands):

| <b>Investments Measured at the NAV</b>                                   | <b>Fair Value</b> | <b>Unfunded Commitments</b> | <b>Redemption Frequency (if Currently Eligible)</b> | <b>Redemption Notice Period</b> |
|--|-------------------|-----------------------------|---|---------------------------------|
| ASUEP - Domestic/international equity securities and mutual funds        | \$ 24,605         | \$ —                        | N/A   | N/A                             |
| ASUEP - Domestic/international fixed income obligations and mutual funds | 82,239            | —                           | N/A   | N/A                             |
| ASUEP - Diversifying strategies  | 99,547            | —                           | N/A   | N/A                             |
| ASUEP - Real assets  | 53                | —                           | N/A   | N/A                             |
| ASUEP - Private capital  | 2,336             | —                           | N/A   | N/A                             |
| U of A Foundation - Multi-strategy hedge funds                           | 111,014           | 7,500                       | Monthly, quarterly, annually                        | 14 - 90 days                    |
| U of A Foundation - Equity long-only hedge funds                         | 103,146           | —                           | Monthly, quarterly, semi-annually, triennially      | 30 - 90 days                    |
| U of A Foundation - Equity long/short hedge funds                        | 47,811            | —                           | Annually, triennially, quinquennially               | 60 - 120 days                   |
| U of A Foundation - Fixed income hedge funds                             | 57,979            | —                           | Quarterly   | 45 - 90 days                    |
| U of A Foundation - Natural resources limited partnerships               | 96,354            | 37,493                      | N/A   | N/A                             |
| U of A Foundation - Private capital limited partnerships                 | 126,064           | 110,940                     | N/A   | N/A                             |
| U of A Foundation - Private real estate limited partnerships             | 39,579            | 42,172                      | N/A   | N/A                             |
| U of A Foundation - Private credit limited partnerships                  | 32,363            | 28,385                      | N/A   | N/A                             |
| Total  | <u>\$ 823,090</u> | <u>\$ 226,490</u>           |   |                                 |

**C. ENDOWMENTS**

**1. ASUEP**

The following shows the changes in the ASUEP net assets for the fiscal year ending June 30, 2019 (expressed in thousands):

|   | <b>Without Donor Restrictions</b> | <b>With Donor Restrictions</b> | <b>Total</b>      |
|---|-----------------------------------|--------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ (6,025)                        | \$ 559,229                     | \$ 553,204        |
| Adjustment due to reclassification      | 6,025                             | (6,025)                        | —                 |
| Investment return:                      |                                   |                                |                   |
| Investment income                       | —                                 | 8,736                          | 8,736             |
| Net appreciation                        | —                                 | 63,709                         | 63,709            |
| Changes in assets due to other entities | —                                 | (20,825)                       | (20,825)          |
| Total investment return                 | —                                 | 51,620                         | 51,620            |
| Contributions/transfers                 | —                                 | 61,696                         | 61,696            |
| Appropriation for payout                | —                                 | (26,990)                       | (26,990)          |
| Reclassification of donor intent        | —                                 | 512                            | 512               |
| Endowment net assets, end of year       | <u>\$ —</u>                       | <u>\$ 640,042</u>              | <u>\$ 640,042</u> |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**2. U of A Foundation**

The following shows the changes in the U of A Foundation net assets for the fiscal year ending June 30, 2019 (expressed in thousands):

|   | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>      |
|---|---------------------------------------|------------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 3,710                              | \$ 862,128                         | \$ 865,838        |
| Investment return:                      |                                       |                                    |                   |
| Investment income                       | —                                     | 15,852                             | 15,852            |
| Less: endowment fee                     | —                                     | (10,346)                           | (10,346)          |
| Net appreciation                        | (43)                                  | 20,756                             | 20,713            |
| Total investment return                 | (43)                                  | 26,262                             | 26,219            |
| Contributions/transfers                 | —                                     | 61,971                             | 61,971            |
| Appropriation for payout                | —                                     | (26,011)                           | (26,011)          |
| Endowment net assets, end of year       | <u>\$ 3,667</u>                       | <u>\$ 924,350</u>                  | <u>\$ 928,017</u> |

**D. PROGRAM LOANS**

The AFA's WIFA has made loans to local governments and others in Arizona to finance various projects pursuant to the requirements of the Clean Water and Safe Drinking Water Acts. The loans are generally payable in semi-annual installments due January 1 and July 1 of each year, including interest. However, several loans are payable monthly or quarterly. Changes in the program loans during fiscal year 2019 were as follows (expressed in thousands):

|                     | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b>   | <b>Ending<br/>Balance</b> |
|---------------------|------------------------------|------------------|--------------------|---------------------------|
| Clean Water Fund    | \$ 433,781                   | \$ 4,609         | \$ (67,252)        | \$ 371,138                |
| Drinking Water Fund | 332,928                      | 11,460           | (26,585)           | 317,803                   |
| Total               | <u>\$ 766,709</u>            | <u>\$ 16,069</u> | <u>\$ (93,837)</u> | <u>\$ 688,941</u>         |

Repayment of these loans will be made from pledged property taxes, net revenues from the systems, transaction privilege taxes, or from special assessments. Most loans have a 0.30% to 3.00% annual administrative fee. When loans have been repaid, the principal and interest for the pledged loans are placed in restricted accounts used to make bond payments. For loans that are not pledged, the money is placed in a fund from which additional loans are made.

Some program loans require a monthly or quarterly payment into a debt service reserve to assure payments of the loans. The debt service reserve is a liability of the AFA's WIFA to the borrowers and interest on the reserve accrues to the borrowers. As of June 30, 2019, the debt service reserve was \$69 thousand and \$2.1 million for the Clean Water and Drinking Water funds, respectively, and no allowance for loan loss was recorded.

**E. PLEDGES RECEIVABLE**

Pledges receivable (unconditional promises to give) are recorded at their net realizable value, which is net of a discount and loss allowance. The ASUEP's pledges are discounted using the applicable risk free rate at the date the pledge was recognized. The discount rates range from 1.20% to 6.00%. An allowance for uncollectible pledges is estimated based on the ASUEP's collection history and is recorded as a reduction to contribution support and revenue and an increase in the allowance for uncollectible pledges.

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

Pledges receivable, as of June 30, 2019, include the following (expressed in thousands):

|                                     | <b>ASU Enterprise<br/>Partners</b> |
|-------------------------------------|------------------------------------|
| Gross pledges receivable            | \$ 226,376                         |
| Present value discount              | (17,528)                           |
| Allowance for uncollectible pledges | (52,312)                           |
| Net Pledges Receivable              | <u>\$ 156,536</u>                  |

**F. DIRECT FINANCING LEASE AGREEMENTS**

**1. ASUEP**

The ASUEP leases a portion of the Fulton Center building (the ASUEP's headquarters) to the ASU under a direct financing lease. At the end of lease, the ASUEP and affiliates will gift their portion of the building to the ASU and the ASU will receive title to the building. The ASUEP's net investment in this direct financing lease at June 30, 2019 is \$20.0 million.

**2. ACFFC**

Pursuant to a Sublease Agreement, dated April 7, 2004 and amended on December 1, 2017 (the Sublease), Nanotechnology Research, LLC, a wholly-owned subsidiary of the ACFFC, leases its interest in the Research Park to the ASU. The ASU will make lease payments at times in amounts sufficient to pay all principal and interest on the Series 2009B and 2017 Bonds. The Sublease has successive annual renewals without action from either party through the period ending March 31, 2034. The Sublease is subject to early termination by Nanotechnology or the ASU upon the payment in full of the Series 2009B and 2017 Bonds. Upon termination or expiration of the Sublease, the ACFFC's interest in the premises, including all buildings and improvements on the leased premises, transfers to the ASU without further consideration. The ACFFC's net investment in the Nanotechnology facility direct financing lease is \$26.7 million at June 30, 2019.

Pursuant to the ASU Lease Agreement, dated July 1, 2005, McAllister Academic Village, LLC, a wholly-owned subsidiary of the ACFFC, leases its interest in the non-residential portion of Hassayampa Academic Village (Hassayampa, HAV) to the ASU which consists of the academic, tutorial, retail, and food service facilities. The lease was amended effective July 1, 2016 to change the annual renewal period through June 30, 2039 to correspond with the maturity of the Hassayampa 2016 Bonds. Any right, title, or interest of Hassayampa in and to the academic portions of the Hassayampa project will pass to the ASU without further cost upon payment in full of the Hassayampa 2008 Bonds. Lease payments are based on the fixed interest rates determined by the Hassayampa 2008 and 2016 Bonds maturity schedules. The ACFFC's net investment in the McAllister (HAV) direct financing lease is \$10.1 million at June 30, 2019.

**G. CAPITAL ASSETS**

Capital assets for the ACFFC for the fiscal year ended June 30, 2019 include the following (expressed in thousands):

|                                    | <b>ACFFC</b>      |
|------------------------------------|-------------------|
| Buildings and improvements         | \$ 195,901        |
| Furniture, fixtures, and equipment | 79,027            |
| Total cost or donated value        | <u>274,928</u>    |
| Less: accumulated depreciation     | (140,100)         |
| Total Property and Equipment, Net  | <u>\$ 134,828</u> |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**H. LONG-TERM OBLIGATIONS**

**1. Component Units**

**a. Summary of Revenue Bonds**

AFA's WIFA bonds are callable and interest is payable semiannually. The bonds are special obligations of AFA's WIFA payable solely from and secured by the AFA's WIFA assets. The obligations are not obligations, general, specific, or otherwise, of the State or any other political subdivision, thereof, other than the AFA's WIFA.

In December 2014, AFA's WIFA issued \$342.6 million of Water Quality Revenue Refunding Bond series 2014A for the purpose of advance refunding a portion of the 2006 Water Quality Revenue Bonds, 2008 Water Quality Revenue Bonds, 2009 Water Quality Revenue Bonds, 2010 Water Quality Revenue Bonds, and the 2012 Water Quality Refunding Bonds. Under the terms of the refunding issue, sufficient assets to pay all principal and interest in the refunded bonds issues had been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues refunded. The amount of the defeased bonds still outstanding, as of June 30, 2019, was \$325.3 million.

In January 2018, AFA's WIFA defeased \$46.1 million of Water Quality Revenue Bonds, series 2010A, 2010R, 2012A, and 2014R using their own resources. Sufficient assets to pay all principal and interest in the defeased bonds had been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues defeased. The interest paid on the defeasance is included in expenses in the accompanying financial statements. An in-substance defeasance of \$1.1 million is also included in expenses in the accompanying financial statements. The amount of the defeased bonds still outstanding, as of June 30, 2019, was \$46.1 million.

In May 2018, AFA's WIFA defeased \$81.6 million of Water Quality Revenue Bonds, series 2014R using their own resources. Sufficient assets to pay all principal and interest in the defeased bonds had been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues defeased. The interest paid on the defeasance is included in the accompanying financial statements. An in-substance defeasance of \$2.3 million is also included in expenses in the accompanying financial statements. The amount of the defeased bonds still outstanding, as of June 30, 2019, was \$81.6 million.

The security for the bonds includes a pledge of monies and investments in the accounts held by the Trustee and the Financial Assistance accounts held for AFA's WIFA by the State Treasurer and all pledged loans.

The following schedule summarizes AFA's WIFA revenue bonds outstanding at June 30, 2019 (expressed in thousands):

|                           | <b>Dates Issued</b> | <b>Maturity Dates</b> | <b>Interest Rates</b> | <b>Outstanding Balance at June 30, 2019</b> |
|---------------------------|---------------------|-----------------------|-----------------------|---|
| Revenue Bonds Outstanding | 2009-2015           | 2020-2028             | 2.00-5.00%            | \$ 366,445                                  |

Principal and interest debt service payments on AFA's WIFA revenue bonds outstanding at June 30, 2019 were as follows (expressed in thousands):

| <b>Fiscal Year</b> | <b>Annual Debt Service</b> |                 |              |
|--------------------|----------------------------|-----------------|--------------|
|                    | <b>Principal</b>           | <b>Interest</b> | <b>Total</b> |
| 2020               | \$ 29,815                  | \$ 17,146       | \$ 46,961    |
| 2021               | 28,395                     | 15,770          | 44,165       |
| 2022               | 43,105                     | 14,049          | 57,154       |
| 2023               | 44,250                     | 11,915          | 56,165       |
| 2024               | 44,955                     | 9,710           | 54,665       |
| 2025-2028          | 175,925                    | 16,450          | 192,375      |
| Total              | \$ 366,445                 | \$ 85,040       | \$ 451,485   |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**b. Changes in Long-Term Obligations**

The following is a summary of changes in long-term obligations for AFA's WIFA (expressed in thousands):

|                                   | <u>Balance<br/>July 1, 2018</u> | <u>Increases</u> | <u>Decreases</u>   | <u>Balance<br/>June 30, 2019</u> | <u>Due Within<br/>One Year</u> | <u>Due<br/>Thereafter</u> |
|-----------------------------------|---------------------------------|------------------|--------------------|----------------------------------|--------------------------------|---------------------------|
| Long-term Debt:                   |                                 |                  |                    |                                  |                                |                           |
| Revenue bonds                     | \$ 437,510                      | \$ —             | \$ (71,065)        | \$ 366,445                       | \$ 29,815                      | \$ 336,630                |
| Revenue bond premium              | 63,281                          | —                | (4,027)            | 59,254                           | —                              | 59,254                    |
| Total Long-term Debt              | <u>500,791</u>                  | <u>—</u>         | <u>(75,092)</u>    | <u>425,699</u>                   | <u>29,815</u>                  | <u>395,884</u>            |
| Other Long-term Liabilities:      |                                 |                  |                    |                                  |                                |                           |
| Compensated absences              | 65                              | 75               | (84)               | 56                               | 56                             | —                         |
| Total Other Long-term Liabilities | <u>65</u>                       | <u>75</u>        | <u>(84)</u>        | <u>56</u>                        | <u>56</u>                      | <u>—</u>                  |
| Total Long-term Obligations       | <u>\$ 500,856</u>               | <u>\$ 75</u>     | <u>\$ (75,176)</u> | <u>\$ 425,755</u>                | <u>\$ 29,871</u>               | <u>\$ 395,884</u>         |

**2. Universities-Affiliated Component Units**

A summary of bonds payable as of June 30, 2019 include the following (expressed in thousands):

|  | <u>Final<br/>Maturity</u> | <u>Amount</u> |
|--|---------------------------|---------------|
| ASU Enterprise Partners:                                 |                           |               |
| Series 2014A Tax-Exempt Lease Revenue Bonds              | 2035                      | \$ 31,390     |
| Series 2014B Taxable Lease Revenue Bonds                 | 2019                      | 930           |
| Series 2014A Revenue Refunding Bonds                     | 2034                      | 35,525        |
| Series 2004A Variable Rate Revenue Bonds                 | 2034                      | 22,420        |
| Series 2004B Variable Rate Revenue Bonds                 | 2022                      | 3,430         |
| Unamortized Bond Discount                                |                           | (1,202)       |
| ACFFC:   |                           |               |
| Series 2018 Tax-Exempt Revenue Bonds                     | 2038                      | 23,550        |
| Series 2017 Tax-Exempt Lease Revenue Refunding Bonds     | 2034                      | 23,860        |
| Series 2017 Tax-Exempt Lease Revenue Refunding Bonds     | 2028                      | 11,055        |
| Series 2016 Tax-Exempt Revenue Refunding Bonds           | 2039                      | 118,050       |
| Series 2009 Revenue Bonds                                | 2024                      | 21,000        |
| Series 2009B Lease Revenue Refunding Bonds               | 2022                      | 3,245         |
| Series 2008 Revenue Refunding Bonds                      | 2019                      | 2,400         |
| Series 2008 Variable Rate Demand Revenue Refunding Bonds | 2030                      | 29,005        |
| Unamortized Loan Costs                                   |                           | (2,418)       |
| Deferred Cost of Refunding                               |                           | (15,391)      |
| Unamortized Bond Premium                                 |                           | 20,011        |

STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

Scheduled future maturities of Universities-affiliated component units' bonds payable were as follows (expressed in thousands):

| Fiscal Year | ASU Enterprise<br>Partners | ACFFC      |
|-------------|----------------------------|------------|
| 2020        | \$ 4,035                   | \$ 10,485  |
| 2021        | 4,215                      | 10,710     |
| 2022        | 4,395                      | 11,375     |
| 2023        | 4,600                      | 12,035     |
| 2024        | 4,800                      | 12,720     |
| Thereafter  | 70,448                     | 177,042    |
| Total       | \$ 92,493                  | \$ 234,367 |

**I. TAX ABATEMENTS**

The Rio Nuevo receives tax increment financing from state sales tax revenue that can be used to enter into tax rebate agreements with local developers for the purpose of attracting or retaining businesses and new development within the Rio Nuevo District. These tax rebate agreements meet the GASB definition of tax abatements. Rebates reduce the Rio Nuevo recorded state sales tax revenue. As of June 30, 2019, the Rio Nuevo has approved the following tax abatement agreements over \$5.0 million (expressed in thousands):

| Project                                      | Tax rebates<br>generated by<br>project during<br>Fiscal Year 2019 | Cumulative tax<br>rebates generated<br>by project as of<br>June 30, 2019 | Project<br>Rebate Cap |
|--|---|--|-----------------------|
| AC Marriott and adjacent retail properties   | \$ 419  | \$ 1,394   | \$ 7,750              |
| Congress Street Block (98 – 130 E. Congress) | —   | —  | 10,600                |
| Hilton Hotel at Cathedral Square             | —   | —  | 6,850                 |
| Total  | \$ 419  | \$ 1,394   | \$ 25,200             |

**J. CONDUIT DEBT**

The purpose of the AFA's AIDA is to provide a cost-effective mechanism through which private borrowers can seek financing from private sources through either a private placement or public offering of taxable or tax-exempt bonds issued by the AFA's AIDA. The primary use of funds has been for affordable housing and charter school projects.

Although bonds are issued in the name of the AFA's AIDA, loans funded through the bonds are solely the obligation of the underlying borrowers and are documented by loan repayment agreements. The AFA's AIDA bonds do not constitute nor create a general, special, or other obligation or other indebtedness of the State or any governmental unit within the meaning of any constitutional or statutory debt limitation. The bonds do not constitute a legal debt of the state and are not enforceable against the State. At June 30, 2019, the outstanding face value of all bonds of the AFA's AIDA was \$5.1 billion.

The purpose of the AFA's GADA is to provide cost-effective capital for local communities, certain special districts, and tribal governments for public infrastructure projects. The bond structure allows it to lower borrowing costs for Arizona's communities by issuing and selling bonds tax-exempt and by sharing financing costs among several borrowers. Principal and interest are payable semi-annually. Loans are secured by the Pledged Collateral Reserve Fund, a requirement that is calculated and deposited by the AFA's GADA from its fund, which is held by the State Treasurer. Some borrowers also have separate, additional reserve funds, which are held by the Trustee. An intercept mechanism of state-shared revenues for political subdivisions enhances the security of the bonds.

In previous years, the State appropriated a total of \$20.0 million to the AFA's GADA for the express purpose of securing bonds. Although issued in the name of the AFA's GADA, loans funded through the bonds are solely the obligation of the underlying borrowers and are documented by loan repayment agreements. Pursuant to A.R.S. § 41-2259, the bonds do not constitute nor create a general, special, or other obligation or other indebtedness of the State or any governmental unit within the meaning of any constitutional or statutory debt limitation. The bonds do not constitute a legal debt of the State and are not enforceable against the State. The only exposure to the State is related to the *restricted* net position of \$12.0 million in the Pledged Collateral Reserve Fund. At June 30, 2019, the total outstanding face value of all bonds issued by the AFA's GADA was \$27.2 million.



STATE OF ARIZONA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**K. NONEXCHANGE FINANCIAL GUARANTEES**

In accordance with the A.R.S. Title 15, Chapter 16, Article 11, the APSCE has guaranteed outstanding bond obligations of achievement district schools within the State in the amount of \$152.6 million at June 30, 2019. The program leverage ratio will not exceed a ratio of 3.5:1 as a result of the approval of the guaranteed financing being considered. The guarantees extend through the maturity dates of the bonds with the last maturity dates ranging from 2048 to 2053.

If the ASPCE makes a payment in connection with a guaranteed financing from the fund in the event that an achievement school district is unable to make a required debt service payment on a guaranteed bond, the school on whose behalf the payment was made shall repay the amount of the payment plus interest at a rate that is 100 basis points higher than the true interest rate on the guaranteed financing as determined by the ASPCE. Repayments shall be made to the ASPCE fund in equal monthly installments over a twelve-month period or another period as determined by the ASPCE. After the stated repayment period, any outstanding repayment balance shall become immediately due and payable. Any repayment amount owed to the ASPCE that is not otherwise paid remains a lawful obligation of the school and shall be paid from any other monies lawfully available to the school. This may include one or more of the following: (1) the right to all or a portion of the proceeds from the sale or lease of any property serving as collateral for a guaranteed financing, (2) the right to intercept any payments or monies otherwise payable to the school, and (3) the right to any insurance proceeds otherwise payable to the school. Additionally, on request of the ASPCE, the Attorney General shall take any actions necessary to enforce repayment of fund monies by a school.

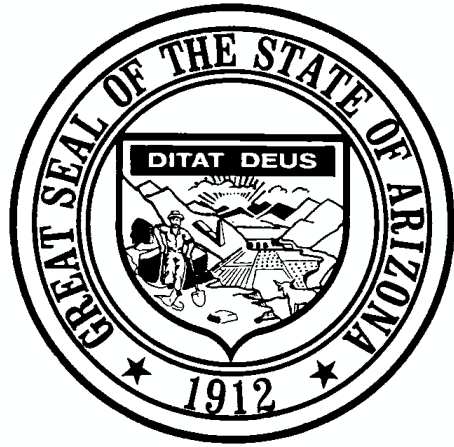
**L. ACCOUNTING CHANGES**

Net Position has been restated for the Component Units as follows (expressed in thousands):

|                                      | <u>Component Units</u> |
|--------------------------------------|------------------------|
| Net Position, as previously reported | \$ 808,137             |
| Correction of error                  | 3,634                  |
| Net Position, as restated            | <u>\$ 811,771</u>      |

**Correction of error**

The Arizona Power Authority's beginning net position was restated by \$3.6 million due to improper calculations in the prior year resulting in an overstatement of other current assets (\$0.3 million) and an understatement of other noncurrent assets (\$3.9 million).



REQUIRED  
SUPPLEMENTARY  
INFORMATION

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|--|-------------------------------------|----------------------------------|
| <b>ADMINISTRATION, ARIZONA DEPARTMENT OF</b>                 |  |                                     |                                  |
| ADMIN ADJUSTMENT AFIS COLLECTIONS                            | \$ —                                   | \$ 44,126                           | \$ 44,126                        |
| ADMIN ADJUSTMENT CHILDRENS INFORMATION LIBRARY DCS 141B      | —                                      | 181,400                             | 181,400                          |
| ADMIN ADJUSTMENT GOVERNMENT TRANSFORMATION OFFICE            | —                                      | 114,627                             | 114,627                          |
| ADMIN ADJUSTMENT OFFICE OF GRANTS AND FEDERAL RESOURCES      | —                                      | 70,788                              | 70,788                           |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION            | —                                      | 1,125,326                           | 1,125,326                        |
| ADMIN ADJUSTMENT UTILITIES                                   | —                                      | 348,071                             | 348,071                          |
| ADULT INFORMATION MANAGEMENT SYSTEM                          | 3,045,000                              | 3,045,000                           | 3,045,000                        |
| AFIS COLLECTIONS   | 9,406,300                              | 9,447,700                           | 8,878,431                        |
| BOLIN PLAZA IMPROVEMENTS                                     | 25,300                                 | 25,300                              | 25,250                           |
| BUILDING RENEWAL COSF  | 12,157,995                             | 12,157,995                          | 5,394,213                        |
| BUILDING RENEWAL GF  | 2,354,680                              | 2,354,680                           | 2,354,680                        |
| COP DEBT SERVICE 2009 3RD SS CH 6 SEC 32                     | 60,102,200                             | 60,102,200                          | 60,102,200                       |
| COP DEBT SERVICE 2009 6TH SS CH 4 SEC 2A                     | 24,009,800                             | 24,009,800                          | 24,009,800                       |
| DEMOLITION OF 1275 W WASHINGTON                              | 1,000,000                              | 1,000,000                           | 335,353                          |
| DEPT FINANCIAL INSTITUTIONS E-LICENSING                      | 1,400,000                              | 1,400,000                           | 1,400,000                        |
| ELECTED COUNTY OFFICIALS RETIREMENT PLAN LIABILITIES         | 1,655,500                              | 1,655,500                           | 1,655,500                        |
| ENHANCING STATEWIDE DATA SECURITY                            | 4,786,263                              | 4,786,263                           | 4,242,752                        |
| GOVERNMENT TRANSFORMATION OFFICE                             | 1,000,000                              | 1,000,000                           | 968,296                          |
| HRIS FEASIBILITY STUDY                                       | 206,450                                | 206,450                             | 206,450                          |
| IMPLEMENT E-LICENSING PROJECTS AT DEQ                        | 4,800,000                              | 4,800,000                           | 2,217,000                        |
| IMPLEMENT UPDATES TO THE CRIMINAL JUSTICE IT SYS DPS         | 2,806,200                              | 2,806,200                           | 550,000                          |
| IMPLEMENT UPDATES TO THE INFORMATION TECHNOLOGY SYS AT LOA   | 1,450,000                              | 1,450,000                           | 1,450,000                        |
| IMPROVE AND MAINTAIN NETWORK AND SECURITY INFRASTRUCTURE     | 281,423                                | 281,423                             | 281,423                          |
| MAINTENANCE OF ESSENTIAL COUNTY SERVICES                     | 11,260,000                             | 11,260,000                          | 11,260,000                       |
| MAINTENANCE OF ESSENTIAL COUNTY SERVICES - 30K-40K           | 500,000                                | 500,000                             | 500,000                          |
| MAINTENANCE OF ESSENTIAL COUNTY SERVICES < 900K POPULATION   | 7,150,650                              | 7,150,650                           | 7,150,650                        |
| MICROWAVE BACKBONE STATEWIDE COM SYSTEM DPS                  | 3,125,000                              | 3,125,000                           | 2,019,800                        |
| OPERATING LUMP SUM APPROPRIATION                             | 23,530,900                             | 22,948,600                          | 20,821,909                       |
| PROJECT MANAGEMENT OF STATEWIDE AUTOMATION AND IT PROJECTS   | 818,150                                | 818,150                             | 818,150                          |
| PROJECTS RELATED TO EGOVERNMENT                              | 826,428                                | 826,428                             | 639,282                          |
| RELIEF   | —                                      | 12,429                              | 12,429                           |
| RELOCATE STATE DATA CENTER                                   | 4,697,000                              | 4,697,000                           | 2,334,069                        |
| RENOVATE STATE BUILDINGS                                     | 10,000,000                             | 10,000,000                          | 646,693                          |
| REPLACE CHILDRENS INFO LIBRARY AND DATA SOURCE SYSTEM AT DCS | 3,103,000                              | 3,103,000                           | 3,103,000                        |
| REPLACE E-PROCUREMENT SYSTEM                                 | 6,696,272                              | 6,696,272                           | 6,058,054                        |
| SOUTHWEST DEFENSE CONTRACTS                                  | 25,000                                 | 25,000                              | 25,000                           |
| SWEEPS   | 3,517,000                              | 3,517,000                           | 3,517,000                        |
| UPDATE THE HUMAN RESOURCE INFORMATION SYSTEM                 | 821,900                                | 821,900                             | 21,720                           |
| UPGRADE CHILDRENS INFO LIBRARY AND DATA SOURCE SYSTEM AT DCS | 8,000,000                              | 8,000,000                           | 3,000,000                        |
| UTILITIES  | 7,649,900                              | 7,649,900                           | 5,017,071                        |
| WHITE MOUNTAIN APACHE TRIBES WATER RIGHT                     | 2,000,000                              | 2,000,000                           | —                                |
| <b>ADMINISTRATIVE HEARINGS, OFFICE OF</b>                    |  |                                     |                                  |
| OPERATING LUMP SUM APPROPRIATION                             | 873,800                                | 868,900                             | 868,900                          |
| <b>AGRICULTURE, ARIZONA DEPARTMENT OF</b>                    |  |                                     |                                  |
| ADMIN ADJUSTMENT AG CONSULTING AND TRAINING PARI-MUTUEL      | —                                      | 356                                 | 356                              |
| ADMIN ADJUSTMENT ANIMAL DAMAGE CONTROL                       | —                                      | 16,615                              | 16,615                           |
| ADMIN ADJUSTMENT OFFSITE NUCLEAR EMERGENCY RESPONSE PLANS    | —                                      | 61,167                              | 61,167                           |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION            | —                                      | 259,262                             | 259,262                          |
| ADMIN ADJUSTMENT RED IMPORTED FIRE ANT                       | —                                      | 5,800                               | 5,800                            |
| AG CONSULTING AND TRAINING PARI-MUTUEL                       | 128,500                                | 128,500                             | 128,294                          |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|--|-------------------------------------|----------------------------------|
| AGRICULTURAL EMPLOYMENT RELATIONS BOARD                              | 23,300                                 | 23,300                              | 23,300                           |
| ANIMAL DAMAGE CONTROL  | 65,000                                 | 65,000                              | 47,185                           |
| OFFSITE NUCLEAR EMERGENCY RESPONSE PLANS                             | —                                      | 275,012                             | 274,772                          |
| OPERATING LUMP SUM APPROPRIATION                                     | 9,241,800                              | 9,400,000                           | 9,272,079                        |
| RED IMPORTED FIRE ANT  | 23,200                                 | 23,200                              | 23,200                           |
| STATE VETERINARIAN'S OFFICE  | 100,161                                | 100,161                             | 100,161                          |
| <b>AHCCCS - ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM</b>          |  |                                     |                                  |
| ACA ADULT EXPANSION  | 537,254,900                            | 497,254,900                         | 441,120,474                      |
| ADMIN ADJUSTMENT ACA ADULT EXPANSION                                 | —                                      | 18,717,101                          | 18,717,101                       |
| ADMIN ADJUSTMENT ALTCS SERVICES                                      | —                                      | 14,735,918                          | 14,735,918                       |
| ADMIN ADJUSTMENT CHILDRENS REHABILITATIVE SERVICES                   | —                                      | 9,262,919                           | 9,262,919                        |
| ADMIN ADJUSTMENT CHIP - SERVICES                                     | —                                      | 1,474,823                           | 1,474,823                        |
| ADMIN ADJUSTMENT CRISIS SERVICES                                     | —                                      | 42,740                              | 42,740                           |
| ADMIN ADJUSTMENT DES ELIGIBILITY                                     | —                                      | 14,549,875                          | 14,549,875                       |
| ADMIN ADJUSTMENT DISPROPORTIONATE SHARE PAYMENTS                     | —                                      | 848,800                             | 848,800                          |
| ADMIN ADJUSTMENT GRADUATE MEDICAL EDUCATION                          | —                                      | 25,119,464                          | 25,119,464                       |
| ADMIN ADJUSTMENT MEDICAID BEHAVIORAL HEALTH PROPOSITION 204 SERVICES | —                                      | 1,237                               | 1,237                            |
| ADMIN ADJUSTMENT MEDICAID BEHAVIORAL HEALTH TRADITIONAL SERVICES     | —                                      | 1,589,460                           | 1,589,460                        |
| ADMIN ADJUSTMENT NON MEDICAID SERIOUSLY MENTALLY ILL SERVICES        | —                                      | 832,875                             | 832,875                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | —                                      | 8,179,761                           | 8,179,761                        |
| ADMIN ADJUSTMENT PROP 204 AHCCCS ADMINISTRATION                      | —                                      | 1,527,240                           | 1,527,240                        |
| ADMIN ADJUSTMENT PROP 204 DES ELIGIBILITY                            | —                                      | 3,235,843                           | 3,235,843                        |
| ADMIN ADJUSTMENT PROPOSITION 204 SERVICES                            | —                                      | 49,349,780                          | 49,349,780                       |
| ADMIN ADJUSTMENT SUPPORTED HOUSING                                   | —                                      | 81,522                              | 81,522                           |
| ADMIN ADJUSTMENT TRADITIONAL MEDICAID SERVICES                       | —                                      | 215,926,127                         | 215,926,127                      |
| ADOA DATA CENTER   | 19,325,800                             | 18,703,500                          | 12,347,555                       |
| ALTCS SERVICES   | 1,496,412,300                          | 1,521,412,300                       | 1,504,871,384                    |
| BEHAVIORAL HEALTH SERVICES IN SCHOOLS                                | 9,943,700                              | 9,943,700                           | 9,943,700                        |
| CHIP - SERVICES  | 81,846,900                             | 81,846,900                          | 73,208,438                       |
| CRISIS SERVICES  | 14,141,100                             | 14,141,100                          | 14,056,100                       |
| DES ELIGIBILITY  | 88,874,500                             | 91,874,500                          | 85,422,028                       |
| DISPROPORTIONATE SHARE PAYMENTS                                      | 5,087,100                              | 5,087,100                           | 4,202,300                        |
| DSH - VOLUNTARY  | 21,705,900                             | 21,705,900                          | 7,439,758                        |
| GRADUATE MEDICAL EDUCATION   | 274,684,900                            | 335,142,100                         | 335,140,967                      |
| MEDICAID BEHAVIORAL HEALTH CMDP                                      | 199,914,500                            | 193,216,900                         | 177,737,924                      |
| NON MEDICAID SERIOUSLY MENTALLY ILL SERVICES                         | 77,646,900                             | 77,646,900                          | 75,622,842                       |
| OPERATING LUMP SUM APPROPRIATION                                     | 90,674,900                             | 89,534,800                          | 81,851,010                       |
| PROP 204 AHCCCS ADMINISTRATION                                       | 13,042,400                             | 24,421,600                          | 18,462,963                       |
| PROP 204 DES ELIGIBILITY   | 44,358,700                             | 44,358,700                          | 31,908,625                       |
| PROPOSITION 204 SERVICES   | 3,653,827,300                          | 3,653,827,300                       | 3,603,075,129                    |
| RURAL HOSPITAL REIMBURSEMENT   | 28,612,400                             | 28,612,400                          | 28,612,316                       |
| SUICIDE PREVENTON COORDINATOR  | 100,000                                | 100,000                             | 63,262                           |
| SUPPORTED HOUSING  | 5,324,800                              | 5,324,800                           | 4,724,800                        |
| SWEEPS   | 52,600,000                             | 52,600,000                          | 52,600,000                       |
| TARGETED INVESTMENTS PROGRAM   | 70,000,000                             | 70,000,000                          | 65,903,463                       |
| TRADITIONAL MEDICAID SERVICES  | 5,279,263,100                          | 5,281,835,500                       | 5,132,259,673                    |
| <b>ARIZONA STATE UNIVERSITY</b>                                      |  |                                     |                                  |
| ARIZONA FINANCIAL AID TRUST  | 5,985,800                              | 5,985,800                           | 5,985,800                        |
| BIOMEDICAL INFORMATICS   | 3,746,100                              | 3,755,300                           | 3,755,300                        |
| DOWNTOWN PHOENIX CAMPUS  | 13,746,400                             | 13,804,200                          | 13,804,200                       |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|--|-------------------------------------|----------------------------------|
| ECONOMIC DEVELOPMENT  | 250,000                                | 250,000                             | 250,000                          |
| ONE TIME FUNDING  | —                                      | 4,245,000                           | 4,245,000                        |
| OPERATING LUMP SUM APPROPRIATION - MAIN                             | 270,152,300                            | 271,322,300                         | 271,322,300                      |
| RESEARCH INFRASTRUCTURE LEASE-PURCH PYMT                            | 2,443                                  | 12,564,143                          | 12,561,700                       |
| RESEARCH INFRASTRUCTURE LPP-POLYTECHNIC                             | —                                      | 917,000                             | 917,000                          |
| SCETL-CIVICS & CONSTITUTIONALISM                                    | 100,000                                | 100,000                             | 100,000                          |
| SCHOOL OF CIVIC AND ECONOMIC THOUGHT AND LEADERSHIP                 | 3,000,000                              | 3,907,100                           | 3,907,100                        |
| <b>ATTORNEY GENERAL - DEPARTMENT OF LAW</b>                         |  |                                     |                                  |
| ADMIN ADJUSTMENT CAPITAL POSTCONVICTION PROSECUTION                 | —                                      | 14,144                              | 14,144                           |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | —                                      | 476,563                             | 476,563                          |
| ADMIN ADJUSTMENT STATE GRAND JURY                                   | —                                      | 4,833                               | 4,833                            |
| CAPITAL POSTCONVICTION PROSECUTION                                  | 795,700                                | 802,300                             | 739,739                          |
| CHILD AND FAMILY ADVOCACY CENTERS                                   | 100,000                                | 100,000                             | 100,000                          |
| CRIMINAL DIVISION OPERATING   | —                                      | 1,500,000                           | 1,403,039                        |
| INTERNET CRIMES AGAINST CHILDREN ENFORCEMENT                        | 3,920,723                              | 3,920,723                           | 879,858                          |
| MILITARY INSTALLATION-PLANNING                                      | 44,306                                 | 129,306                             | 81,597                           |
| OPERATING LUMP SUM APPROPRIATION                                    | 37,550,500                             | 38,062,200                          | 35,776,344                       |
| SOUTHERN ARIZONA DRUG ENFORCEMENT                                   | 1,193,000                              | 1,205,200                           | 1,175,229                        |
| STATE GRAND JURY  | 180,100                                | 181,100                             | 174,820                          |
| TOBACCO ENFORCEMENT   | 84,400                                 | 85,100                              | 80,817                           |
| <b>AUDITOR GENERAL</b>  |  |                                     |                                  |
| ADDITIONAL OPERATING EXPENDITURES                                   | —                                      | 680,000                             | 680,000                          |
| INDEPENDENT CONSULTANT - CHILD WELFARE                              | 74,449                                 | 74,449                              | 43,328                           |
| OPERATING LUMP SUM APPROPRIATION                                    | 23,541,907                             | 23,691,507                          | 19,880,555                       |
| <b>CHARTER SCHOOLS, STATE BOARD FOR</b>                             |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | —                                      | 8,519                               | 8,519                            |
| OPERATING LUMP SUM APPROPRIATION                                    | 1,185,200                              | 1,209,800                           | 1,078,009                        |
| <b>CHILD SAFETY, DEPARTMENT OF</b>                                  |  |                                     |                                  |
| ADMIN ADJUSTMENT BACKLOG PRIVATIZATION                              | —                                      | 81,206                              | 81,206                           |
| ADMIN ADJUSTMENT DCS ADOPTION SERVICES                              | —                                      | 21,241,946                          | 21,241,946                       |
| ADMIN ADJUSTMENT DCS ATTORNEY GENERAL LEGAL SERVICES                | —                                      | 346,726                             | 346,726                          |
| ADMIN ADJUSTMENT DCS CASEWORKERS                                    | —                                      | 3,785,921                           | 3,785,921                        |
| ADMIN ADJUSTMENT DCS CHILD CARE SUBSIDY                             | —                                      | 5,560,231                           | 5,560,231                        |
| ADMIN ADJUSTMENT DCS FOSTER CARE PLACEMENT                          | —                                      | 3,727,468                           | 3,727,468                        |
| ADMIN ADJUSTMENT DCS FOSTER HOME RECRUITMENT, STUDY AND SUPERVISION | —                                      | 8,256,064                           | 8,256,064                        |
| ADMIN ADJUSTMENT DCS GENERAL COUNSEL                                | —                                      | 9,046                               | 9,046                            |
| ADMIN ADJUSTMENT DCS GRANDPARENT STIPENDS                           | —                                      | 773,796                             | 773,796                          |
| ADMIN ADJUSTMENT DCS INDEPENDENT LIVING MAINTENANCE                 | —                                      | 123,801                             | 123,801                          |
| ADMIN ADJUSTMENT DCS IN-HOME MITIGATION                             | —                                      | 8,045,150                           | 8,045,150                        |
| ADMIN ADJUSTMENT DCS IN-HOME PREVENTIVE SUPPORT SERVICES            | —                                      | 1,176                               | 1,176                            |
| ADMIN ADJUSTMENT DCS INSPECTIONS BUREAU                             | —                                      | 49,040                              | 49,040                           |
| ADMIN ADJUSTMENT DCS NEW CASE AIDES                                 | —                                      | 1,690,375                           | 1,690,375                        |
| ADMIN ADJUSTMENT DCS OFFICE OF CHILD WELFARE INVESTIGATIONS         | —                                      | 28,773                              | 28,773                           |
| ADMIN ADJUSTMENT DCS OPERATING LUMP SUM                             | —                                      | 3,915,878                           | 3,915,878                        |
| ADMIN ADJUSTMENT DCS OUT-OF-HOME SUPPORT SERVICES                   | —                                      | 1,794,406                           | 1,794,406                        |
| ADMIN ADJUSTMENT DCS OVERTIME                                       | —                                      | 196,609                             | 196,609                          |
| ADMIN ADJUSTMENT DCS PERMANENT GUARDIAN SUBSIDY                     | —                                      | 984,188                             | 984,188                          |
| ADMIN ADJUSTMENT DCS PREVENTIVE SERVICES                            | —                                      | 766,545                             | 766,545                          |
| ADMIN ADJUSTMENT DCS RECORDS RETENTION STAFF                        | —                                      | 82,968                              | 82,968                           |
| ADMIN ADJUSTMENT DCS RETENTION PAY                                  | —                                      | 70                                  | 70                               |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|--|-------------------------------------|----------------------------------|
| ADMIN ADJUSTMENT DCS TRAINING RESOURCES                        | —                                      | 1,342,804                           | 1,342,804                        |
| ADMIN ADJUSTMENT EMERGENCY AND RESIDENTIAL PLACEMENT           | —                                      | 8,258,893                           | 8,258,893                        |
| CONGREGATE GROUP CARE  | 98,900,100                             | 98,900,100                          | 78,081,479                       |
| DCS ADOPTION SERVICES  | 278,258,500                            | 278,258,500                         | 238,646,979                      |
| DCS ATTORNEY GENERAL LEGAL SERVICES                            | 25,416,800                             | 25,522,800                          | 24,202,330                       |
| DCS CASEWORKERS  | 99,410,600                             | 99,643,800                          | 90,272,344                       |
| DCS CHILD CARE SUBSIDY   | 48,159,400                             | 55,559,400                          | 37,156,639                       |
| DCS FOSTER CARE PLACEMENT                                      | 52,595,500                             | 52,595,500                          | 46,156,288                       |
| DCS FOSTER HOME RECRUITMENT, STUDY AND SUPERVISION             | 32,753,600                             | 32,753,600                          | 27,953,282                       |
| DCS GENERAL COUNSEL  | 155,500                                | 155,900                             | 154,017                          |
| DCS INDEPENDENT LIVING MAINTENANCE                             | 4,660,000                              | 4,660,000                           | 3,595,040                        |
| DCS IN-HOME MITIGATION   | 27,528,800                             | 27,528,800                          | 16,494,822                       |
| DCS INSPECTIONS BUREAU   | 2,470,100                              | 2,479,300                           | 2,291,914                        |
| DCS NEW CASE AIDES   | 3,060,600                              | 3,073,700                           | 2,321,905                        |
| DCS OFFICE OF CHILD WELFARE INVESTIGATIONS                     | 9,611,100                              | 9,633,000                           | 8,352,875                        |
| DCS OPERATING LUMP SUM   | 109,892,700                            | 110,157,600                         | 107,891,958                      |
| DCS OUT-OF-HOME SUPPORT SERVICES                               | 154,518,900                            | 153,910,900                         | 94,538,534                       |
| DCS OVERTIME   | 8,370,000                              | 8,390,900                           | 4,475,072                        |
| DCS PERMANENT GUARDIAN SUBSIDY                                 | 12,516,900                             | 12,516,900                          | 11,173,551                       |
| DCS PREVENTIVE SERVICES  | 15,148,300                             | 15,148,300                          | 8,304,202                        |
| DCS RECORDS RETENTION STAFF                                    | 592,900                                | 594,200                             | 555,551                          |
| DCS RETENTION PAY  | 1,707,000                              | 1,707,000                           | 677,057                          |
| DCS TRAINING RESOURCES   | 9,150,000                              | 9,150,000                           | 2,660,569                        |
| KINSHIP CARE   | 2,000,000                              | 2,608,000                           | 2,351,333                        |
| <b>COMMISSION OF AFRICAN-AMERICAN AFFAIRS</b>                  |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM                            | —                                      | 1,688                               | 1,688                            |
| OPERATING LUMP SUM   | 125,000                                | 127,200                             | 118,182                          |
| <b>CORPORATION COMMISSION</b>                                  |  |                                     |                                  |
| ADMIN ADJUSTMENT DIVISION DATABASE REPLACEMENT                 | —                                      | 778,375                             | 778,375                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION              | —                                      | 1,318                               | 1,318                            |
| OPERATING LUMP SUM APPROPRIATION                               | 661,500                                | 668,700                             | 668,281                          |
| RAILROAD SAFETY INSPECTORS                                     | —                                      | 196,600                             | 196,600                          |
| RAILROAD WARNING SYSTEMS                                       | 47,510                                 | 47,510                              | —                                |
| <b>CORRECTIONS, STATE DEPARTMENT OF</b>                        |  |                                     |                                  |
| ADMIN ADJUSTMENT INMATE HEALTH CARE CONTRACTED SERVICES        | —                                      | 3,763,666                           | 3,763,666                        |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION              | —                                      | 6,084,268                           | 6,084,268                        |
| ASPC YUMA CHEYENNE REPAIRS                                     | 55,332                                 | 55,332                              | —                                |
| CAPITAL OUTLAY APPROPRIATION                                   | 7,507,107                              | 7,507,107                           | 5,962,393                        |
| COMMUNITY CORRECTIONS  | 19,147,700                             | 21,418,700                          | 19,323,322                       |
| INMATE HEALTH CARE CONTRACTED SERVICES                         | 152,311,700                            | 155,311,700                         | 155,261,735                      |
| LOCKING SYSTEMS REPLACEMENT                                    | 673,786                                | 673,786                             | 673,769                          |
| OPERATING LUMP SUM APPROPRIATION                               | 789,170,200                            | 789,571,800                         | 779,231,110                      |
| PRIVATE PRISON COP   | 17,463,400                             | 17,463,400                          | 17,463,400                       |
| PRIVATE PRISON PER DIEM  | 119,572,400                            | 119,572,400                         | 119,472,620                      |
| RELIEF   | —                                      | 76,589                              | 76,589                           |
| SWEEPS   | 500,000                                | 500,000                             | 500,000                          |
| <b>COURT OF APPEALS DIVISION I</b>                             |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION - DIVISION I | —                                      | 50,984                              | 50,984                           |
| OPERATING LUMP SUM APPROPRIATION - DIVISION I                  | 10,157,400                             | 11,153,500                          | 11,038,540                       |
| <b>COURT OF APPEALS DIVISION II</b>                            |  |                                     |                                  |
| OPERATING LUMP SUM - DIVISION II                               | 4,424,000                              | 4,913,000                           | 4,902,495                        |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)



STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|--|-------------------------------------|----------------------------------|
| <b>DEAF AND BLIND, ARIZONA SCHOOLS FOR THE</b>            |  |                                     |                                  |
| ADMIN ADJUSTMENT PHOENIX DAY SCHOOL FOR THE DEAF          | —                                      | 3,225                               | 3,225                            |
| ADMIN ADJUSTMENT TUCSON CAMPUS                            | —                                      | 95,043                              | 95,043                           |
| ADMIN-STATEWIDE   | 4,885,800                              | 5,328,773                           | 5,265,894                        |
| PHOENIX DAY SCHOOL FOR THE DEAF                           | 4,665,153                              | 4,726,517                           | 4,646,348                        |
| PRESCHOOL-OUTREACH PROGRAMS                               | 2,116,428                              | 2,144,267                           | 1,940,763                        |
| REGIONAL COOPERATIVES                                     | 39,500                                 | 40,020                              | 24,023                           |
| SCHOOL BUS REPLACEMENT                                    | 738,000                                | 369,000                             | 17,973                           |
| TUCSON CAMPUS   | 8,933,219                              | 9,050,723                           | 8,770,822                        |
| <b>ECONOMIC OPPORTUNITY, OFFICE OF</b>                    |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | —                                      | 34,390                              | 34,390                           |
| OPERATING LUMP SUM APPROPRIATION                          | 492,094                                | 496,794                             | 444,152                          |
| <b>ECONOMIC SECURITY, DEPARTMENT OF</b>                   |  |                                     |                                  |
| ACHIEVING A BETTER LIFE EXPERIENCE ACT PROGRAM            | 135,766                                | 135,766                             | 120,326                          |
| ADMIN ADJUSTMENT ADULT SERVICES                           | —                                      | 1,333,509                           | 1,333,509                        |
| ADMIN ADJUSTMENT ATTORNEY GENERAL LEGAL SERVICES          | —                                      | 159,537                             | 159,537                          |
| ADMIN ADJUSTMENT AZ TRAINING PROGRAM COOLIDGE - TITLE XIX | —                                      | 5,766,055                           | 5,766,055                        |
| ADMIN ADJUSTMENT CASE MANAGEMENT-STATE ONLY               | —                                      | 1,509,441                           | 1,509,441                        |
| ADMIN ADJUSTMENT CASE MANAGEMENT - TITLE XIX              | —                                      | 7,617,689                           | 7,617,689                        |
| ADMIN ADJUSTMENT CHILD CARE SUBSIDY                       | —                                      | 10,104,649                          | 10,104,649                       |
| ADMIN ADJUSTMENT COMMUNITY AND EMERGENCY SERVICES         | —                                      | 670,782                             | 670,782                          |
| ADMIN ADJUSTMENT COORDINATED HOMELESS PROGRAM             | —                                      | 137,003                             | 137,003                          |
| ADMIN ADJUSTMENT COORDINATED HUNGER                       | —                                      | 30,000                              | 30,000                           |
| ADMIN ADJUSTMENT COUNTY PARTICIPATION                     | —                                      | 839,865                             | 839,865                          |
| ADMIN ADJUSTMENT DDD OPERATING LUMP SUM                   | —                                      | 18,341,543                          | 18,341,543                       |
| ADMIN ADJUSTMENT DDD PREMIUM TAX PAYMENT                  | —                                      | 2,969,357                           | 2,969,357                        |
| ADMIN ADJUSTMENT DES OPERATING LUMP SUM                   | —                                      | 16,586,316                          | 16,586,316                       |
| ADMIN ADJUSTMENT DOMESTIC VIOLENCE PREVENTION             | —                                      | 1,344,451                           | 1,344,451                        |
| ADMIN ADJUSTMENT HOME & COMMUNITY SERVICES - STATE ONLY   | —                                      | 3,530,837                           | 3,530,837                        |
| ADMIN ADJUSTMENT HOME AND COMMUNITY BASED SVC - TITLE XIX | —                                      | 95,939,523                          | 95,939,523                       |
| ADMIN ADJUSTMENT INSTITUTIONAL SERVICES - TITLE XIX       | —                                      | 3,607,204                           | 3,607,204                        |
| ADMIN ADJUSTMENT JOBS                                     | —                                      | 1,177,644                           | 1,177,644                        |
| ADMIN ADJUSTMENT MEDICAL SERVICES - TITLE XIX             | —                                      | 21,515,791                          | 21,515,791                       |
| ADMIN ADJUSTMENT ONETIME DDD PROVIDER PAYMENT PROP 206    | —                                      | 10,000,000                          | 10,000,000                       |
| ADMIN ADJUSTMENT REHABILITATION SERVICES                  | —                                      | 2,200,527                           | 2,200,527                        |
| ADMIN ADJUSTMENT STATE FUNDED LONG-TERM CARE SERVICES     | —                                      | 821,708                             | 821,708                          |
| ADMIN ADJUSTMENT SWEEPS                                   | —                                      | 4,365,626                           | 4,365,626                        |
| ADMIN ADJUSTMENT TANF CASH BENEFITS                       | —                                      | 1,044,752                           | 1,044,752                        |
| ADMIN ADJUSTMENT WORKFORCE INVESTMENT ACT SERVICES        | —                                      | 8,333,248                           | 8,333,248                        |
| ADULT SERVICES  | 8,731,900                              | 8,731,900                           | 8,263,160                        |
| ATTORNEY GENERAL LEGAL SERVICES                           | 10,898,800                             | 10,904,900                          | 9,313,596                        |
| CASE MANAGEMENT-STATE ONLY                                | 4,303,000                              | 4,313,400                           | 4,143,881                        |
| CASE MANAGEMENT - TITLE XIX                               | 90,818,900                             | 91,138,600                          | 82,472,818                       |
| CHILD CARE SUBSIDY  | 98,396,600                             | 96,596,600                          | 90,395,537                       |
| CHILD CARE SUBSIDY CCDF                                   | —                                      | 48,400,000                          | —                                |
| COMMUNITY AND EMERGENCY SERVICES                          | 3,724,000                              | 3,724,000                           | 2,900,524                        |
| COORDINATED HOMELESS PROGRAM                              | 2,522,600                              | 2,522,600                           | 2,325,742                        |
| COORDINATED HUNGER  | 1,754,600                              | 1,754,600                           | 1,692,383                        |
| COUNTY PARTICIPATION                                      | 8,740,200                              | 8,740,200                           | 4,679,944                        |
| DDD ARIZONA EARLY INTERVENTION PROGRAM                    | 6,319,000                              | 6,319,000                           | 2,422,457                        |
| DDD CHILDRENS REHABILITATIVE SERVICES-MEDICAID            | 65,602,800                             | 75,602,800                          | 65,602,800                       |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|--|-------------------------------------|----------------------------------|
| DDD OPERATING LUMP SUM   | 108,384,300                            | 108,655,800                         | 52,510,977                       |
| DDD PREMIUM TAX PAYMENT  | 39,651,300                             | 47,651,300                          | 40,420,814                       |
| DDD PROGRAM EXPENSES SUPPLEMENTAL                                | —                                      | 34,471,300                          | —                                |
| DDD PROVIDERS FLAGSTAFF SUPPLEMENTAL                             | —                                      | 500,000                             | —                                |
| DDD STATE-ONLY ROOM AND BOARD EXPENSES - ONE TIME                | —                                      | 2,000,000                           | —                                |
| DDD TARGETED CASE MANAGEMENT-MEDICAID                            | 8,589,000                              | 8,610,200                           | 8,355,512                        |
| DES OPERATING LUMP SUM   | 154,508,700                            | 157,441,000                         | 138,114,441                      |
| DOMESTIC VIOLENCE PREVENTION                                     | 9,903,700                              | 9,903,700                           | 9,361,643                        |
| FOOD BANK FUNDING STORAGE  | —                                      | 950,000                             | —                                |
| HOME & COMMUNITY SERVICES - STATE ONLY                           | 13,589,000                             | 13,589,000                          | 10,735,596                       |
| HOME AND COMMUNITY BASED SVC - TITLE XIX                         | 1,510,597,700                          | 1,472,664,800                       | 1,383,478,588                    |
| INDEPENDENT LIVING REHABILITATION SVCS                           | 166,000                                | 166,000                             | 105,772                          |
| INSTITUTIONAL SERVICES - TITLE XIX                               | 58,659,300                             | 58,776,400                          | 52,818,399                       |
| JOBS   | 9,894,700                              | 9,894,700                           | 9,404,372                        |
| MEDICAL CLAWBACK   | 4,185,100                              | 4,185,100                           | 4,185,100                        |
| MEDICAL SERVICES-TITLE XIX                                       | 256,542,800                            | 276,576,300                         | 209,771,849                      |
| ONETIME DDD PROVIDER PAYMENT PROP 206                            | 47,460,100                             | 47,460,100                          | 37,217,732                       |
| ONETIME FOOD BANK FUNDING  | 1,000,000                              | 1,000,000                           | 942,468                          |
| REHABILITATION SERVICES  | 6,594,400                              | 6,594,400                           | 5,117,445                        |
| SNAP ARIZONA FARMERS MARKET                                      | —                                      | 400,000                             | 79,967                           |
| STATE FUNDED LONG-TERM CARE SERVICES                             | 32,959,600                             | 32,959,600                          | 22,023,640                       |
| TANF CASH BENEFITS   | 22,736,400                             | 22,736,400                          | 19,773,785                       |
| TRIBAL PASS-THRU FUNDING   | 4,680,300                              | 4,680,300                           | 4,680,300                        |
| WORKFORCE INVESTMENT ACT SERVICES                                | 53,654,600                             | 53,654,600                          | 47,358,601                       |
| <b>EDUCATION, BOARD OF</b>                                       |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM                              | —                                      | 5,677                               | 5,677                            |
| OPERATING LUMP SUM   | 1,142,800                              | 1,146,300                           | 906,211                          |
| <b>EDUCATION, DEPARTMENT OF</b>                                  |  |                                     |                                  |
| ACHIEVEMENT TESTING  | 9,420,800                              | 9,422,500                           | 9,422,500                        |
| ADDITIONAL FUNDING   | —                                      | 50,000,000                          | 50,000,000                       |
| ADDITIONAL STATE AID TO SCHOOLS                                  | 413,665,500                            | 413,665,500                         | 413,665,500                      |
| ADMIN ADJUSTMENT COLLEGE CREDIT BY EXAMINATION INCENTIVE PROGRAM | —                                      | 585,360                             | 585,360                          |
| ADMIN ADJUSTMENT OTHER STATE AID TO DISTRICTS                    | —                                      | 227,784                             | 227,784                          |
| ADULT EDUCATION  | 4,498,200                              | 4,502,100                           | 4,502,100                        |
| ALTERNATIVE TEACHER DEVELOPMENT PROGRAM                          | 500,000                                | 500,000                             | 500,000                          |
| ARIZONA STRUCTURED ENGLISH IMMERSION                             | 4,960,400                              | 4,960,400                           | 4,960,400                        |
| BASIC STATE AID DEFERRED PAYMENT                                 | —                                      | 930,727,700                         | 930,727,700                      |
| BASIC STATE AID ENTITLEMENT                                      | 3,167,998,400                          | 3,151,165,000                       | 3,142,448,231                    |
| CODE WRITERS INITIATIVE PILOT PROGRAM                            | —                                      | 500,000                             | 500,000                          |
| COLLEGE CREDIT BY EXAMINATION INCENTIVE PROGRAM                  | 5,000,000                              | 5,000,000                           | 4,990,167                        |
| COMPUTER SCIENCE PILOT PROGRAM                                   | 1,000,000                              | 1,000,000                           | 1,000,000                        |
| EARLY LITERACY   | —                                      | 12,000,000                          | 12,000,000                       |
| ED LEARNING AND ACCOUNTABILITY SYSTEM                            | 5,300,000                              | 5,300,000                           | 5,127,393                        |
| ENGLISH LEARNER ADMINISTRATION                                   | 6,495,000                              | 6,509,500                           | 6,509,500                        |
| GEOGRAPHIC LITERACY  | 100,000                                | 100,000                             | 100,000                          |
| GIFTED EDUCATION   | 1,000,000                              | 1,000,000                           | 806,926                          |
| HIGH QUALITY TEACHER PROFESSIONAL DEVELOPMENT PILOT PROGRAM      | 233,272                                | 233,272                             | 11,948                           |
| JOBS FOR ARIZONA GRADUATES PROGRAM                               | 100,000                                | 100,000                             | 100,000                          |
| JTED COMPLETION GRANTS   | 2,000,000                              | 2,000,000                           | 1,000,000                        |
| JTED SOFT CAPITAL AND EQUIPMENT                                  | 1,000,000                              | 1,000,000                           | 1,000,000                        |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|--|-------------------------------------|----------------------------------|
| OPERATING LUMP SUM APPROPRIATION - ADMIN             | 9,858,500                              | 10,099,500                          | 10,094,174                       |
| OTHER STATE AID TO DISTRICTS                         | 983,900                                | 983,900                             | 60,634                           |
| RESULTS BASED FUNDING                                | 38,600,000                             | 38,600,000                          | 38,600,000                       |
| SCHOOL SAFETY PROGRAM                                | 4,383,216                              | 4,384,516                           | 3,254,056                        |
| SPECIAL EDUCATION FUND                               | 25,529,200                             | 25,529,200                          | 25,529,200                       |
| STATE BLOCK GRT FOR VOCATIONAL EDUCATION             | 11,576,300                             | 11,576,300                          | 11,576,300                       |
| TEACHER CERTIFICATION                                | 176,200                                | 178,100                             | 178,100                          |
| TRIBAL COLLEGE DUAL ENROLLMENT PROGRAM FUND          | 250,000                                | 250,000                             | 225,933                          |
| <b>EMERGENCY AND MILITARY AFFAIRS, DEPARTMENT OF</b> |  |                                     |                                  |
| ADEM MATCHING FUND                                   | 1,540,900                              | 1,543,300                           | 1,503,719                        |
| ADMIN ADJUSTMENT ADEM MATCHING FUND                  | —                                      | 2,485                               | 2,485                            |
| ADMIN ADJUSTMENT ADMINISTRATION                      | —                                      | 5,644                               | 5,644                            |
| ADMIN ADJUSTMENT MILITARY AFFAIRS                    | —                                      | 3,161                               | 3,161                            |
| ADMINISTRATION                                       | 1,663,500                              | 1,694,200                           | 1,682,458                        |
| DISASTER DECLARATION                                 | —                                      | 4,000,000                           | 800,000                          |
| EMERGENCY MANAGEMENT                                 | 730,900                                | 730,900                             | 730,900                          |
| FEDRUARY 2005 WINTER STORMS                          | 49,785                                 | 49,785                              | —                                |
| HAZARD MATERIAL CONTINGENCY                          | 1,897                                  | 1,897                               | —                                |
| MILITARY AFFAIRS                                     | 1,339,800                              | 1,339,800                           | 1,337,484                        |
| MILITARY AFFAIRS COMMISSION                          | 61,533                                 | 151,533                             | 90,000                           |
| NATIONAL GUARD MATCHING FUNDS                        | 1,700,000                              | 1,700,000                           | 386,680                          |
| NUCLEAR EMERGENCY MANAGEMENT FUND - GF TSF           | —                                      | 696,449                             | —                                |
| NUCLEAR EMERGENCY MANAGEMENT FUND - BUCKEYE - GF TRF | —                                      | 70,000                              | —                                |
| NUCLEAR EMERGENCY MANAGEMENT FUND - MARICOPA - GF TF | —                                      | 695,153                             | —                                |
| SERVICE CONTRACTS                                    | 1,515,894                              | 1,515,894                           | 1,338,721                        |
| SOUTH EAST ARIZONA READINESS CENTER                  | 3,759,000                              | 3,759,000                           | —                                |
| <b>ENVIRONMENTAL QUALITY, DEPARTMENT OF</b>          |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION    | —                                      | 115,515                             | 115,515                          |
| OPERATING LUMP SUM APPROPRIATION                     | 13,508,000                             | 13,657,700                          | 13,351,776                       |
| <b>EQUAL OPPORTUNITY, GOVERNOR'S OFFICE OF</b>       |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION    | —                                      | 123                                 | 123                              |
| <b>EQUALIZATION, STATE BOARD OF</b>                  |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION    | —                                      | 12,511                              | 12,511                           |
| OPERATING LUMP SUM APPROPRIATION                     | 643,000                                | 652,000                             | 425,259                          |
| <b>EXECUTIVE CLEMENCY, BOARD OF</b>                  |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION    | —                                      | 19,664                              | 19,664                           |
| OPERATING LUMP SUM APPROPRIATION                     | 1,112,100                              | 1,137,000                           | 1,000,036                        |
| <b>FINANCIAL INSTITUTIONS, DEPARTMENT OF</b>         |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION    | —                                      | 39,744                              | 39,744                           |
| ADMIN ADJUSTMENT REAL ESTATE APPRAISAL               | —                                      | 12,393                              | 12,393                           |
| OPERATING LUMP SUM APPROPRIATION                     | 1,903,200                              | 1,984,800                           | 1,706,294                        |
| <b>FORESTRY AND FIRE MANAGEMENT, DEPARTMENT OF</b>   |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION    | —                                      | 19,564                              | 19,564                           |
| ADMIN ADJUSTMENT POSTRELEASE FIREFIGHTING CREWS      | —                                      | 507,676                             | 507,676                          |
| ADMIN ADJUSTMENT STATE FIRE MARSHAL                  | —                                      | 8,314                               | 8,314                            |
| ADMIN ADJUSTMENT STATE FIRE SCHOOL                   | —                                      | 4,130                               | 4,130                            |
| ENVIRONMENTAL COUNTY GRANTS                          | 250,000                                | 250,000                             | 250,000                          |
| FIRE SUPPRESSION SLI                                 | 1,065,000                              | 265,000                             | 265,000                          |
| GENERAL FUND TRSF TO FIRE SUPPRESSION                | —                                      | 3,000,000                           | 3,000,000                        |
| HAZARDOUS VEGETATION REMOVAL                         | 2,769,523                              | 2,769,523                           | 1,917,133                        |
| INMATE FIRE CREWS                                    | 686,200                                | 692,400                             | 692,308                          |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Expressed in Dollars)

|  | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|--|-------------------------------------|----------------------------------|
| OPERATING LUMP SUM APPROPRIATION                         | 2,184,400                              | 3,019,300                           | 3,002,083                        |
| POSTRELEASE FIREFIGHTING CREWS                           | 1,000,000                              | 1,009,500                           | 993,876                          |
| STATE FIRE MARSHAL                                       | 742,600                                | 747,900                             | 718,161                          |
| STATE FIRE SCHOOL  | 172,100                                | 172,600                             | 172,241                          |
| <b>GAMING, DEPARTMENT OF</b>                             |  |                                     |                                  |
| COUNTY FAIR LIVESTOCK AND AGRICULTURAL                   | 1,779,500                              | 1,779,500                           | 1,779,500                        |
| <b>GENERAL ACCOUNTING OFFICE</b>                         |  |                                     |                                  |
| ADDITIONAL GILA WORKFORCE DEVELOPMENT AID                | 200,000                                | 200,000                             | 200,000                          |
| COCHISE COUNTY SHERIFF BORDER SECURITY                   | —                                      | 432                                 | 432                              |
| EQUALIZATION AID - COCHISE                               | 5,848,200                              | 5,848,200                           | 5,848,200                        |
| EQUALIZATION AID - GRAHAM                                | 15,717,800                             | 15,717,800                          | 15,717,800                       |
| EQUALIZATION AID - NAVAJO                                | 7,107,100                              | 7,107,100                           | 7,107,100                        |
| GENERAL FUND TRANSFERS                                   | —                                      | 350,521,800                         | 350,521,800                      |
| OPERATING STATE AID - COCHISE                            | 4,677,300                              | 4,677,300                           | 4,677,300                        |
| OPERATING STATE AID - COCONINO                           | 1,749,200                              | 1,749,200                           | 1,749,200                        |
| OPERATING STATE AID - GILA                               | 324,900                                | 324,900                             | 324,900                          |
| OPERATING STATE AID - GRAHAM                             | 2,357,900                              | 2,357,900                           | 2,357,900                        |
| OPERATING STATE AID - MOHAVE                             | 1,152,700                              | 1,152,700                           | 1,152,700                        |
| OPERATING STATE AID - NAVAJO                             | 1,576,500                              | 1,576,500                           | 1,576,500                        |
| OPERATING STATE AID - PINAL                              | 1,507,800                              | 1,507,800                           | 1,507,800                        |
| OPERATING STATE AID - SANTA CRUZ                         | 84,100                                 | 84,100                              | 84,100                           |
| OPERATING STATE AID - YAVAPAI                            | 589,900                                | 589,900                             | 589,900                          |
| OPERATING STATE AID - YUMA LA PAZ                        | 2,613,500                              | 2,613,500                           | 2,613,500                        |
| RURAL COUNTY REIMBURSEMENT SUBSIDY                       | 1,273,800                              | 1,273,800                           | 1,273,800                        |
| STEM & WORKFORCE PRG STATE AID COCHISE                   | 1,010,800                              | 1,010,800                           | 1,010,800                        |
| STEM & WORKFORCE PRG STATE AID COCONINO                  | 415,600                                | 415,600                             | 415,600                          |
| STEM & WORKFORCE PRG STATE AID GILA                      | 146,200                                | 146,200                             | 146,200                          |
| STEM & WORKFORCE PRG STATE AID GRAHAM                    | 634,400                                | 634,400                             | 634,400                          |
| STEM & WORKFORCE PRG STATE AID MOHAVE                    | 446,900                                | 446,900                             | 446,900                          |
| STEM & WORKFORCE PRG STATE AID NAVAJO                    | 342,600                                | 342,600                             | 342,600                          |
| STEM & WORKFORCE PRG STATE AID PINAL                     | 96,500                                 | 96,500                              | 96,500                           |
| STEM & WORKFORCE PRG STATE AID YAVAPAI                   | 699,000                                | 699,000                             | 699,000                          |
| STEM & WRKFORCE PRG STATE AID SANTA CRUZ                 | 62,400                                 | 62,400                              | 62,400                           |
| STEM & WRKFORCE PRG STATE AID YUMA LA PAZ                | 843,100                                | 843,100                             | 843,100                          |
| SWEEPS   | 5,000,000                              | 5,000,000                           | 5,000,000                        |
| WOOLSEY FLOOD DISTRICT                                   | —                                      | 73,143                              | 73,143                           |
| <b>GOVERNOR, OFFICE OF THE</b>                           |  |                                     |                                  |
| FOSTER YOUTH EDUCATION SUCCESS                           | 1,677,980                              | 1,677,980                           | 1,677,980                        |
| OPERATING LUMP SUM APPROP - OSPB                         | 2,326,568                              | 2,364,768                           | 1,984,591                        |
| OPERATING LUMP SUM APPROPRIATION                         | 7,656,089                              | 7,891,489                           | 6,662,196                        |
| <b>HEALTH SERVICES, DEPARTMENT OF</b>                    |  |                                     |                                  |
| ADMIN ADJUSTMENT ADULT CYSTIC FIBROSIS                   | —                                      | 26,300                              | 26,300                           |
| ADMIN ADJUSTMENT AEA NUCLEAR EMERGENCY MANAGEMENT FUND   | —                                      | 6,637                               | 6,637                            |
| ADMIN ADJUSTMENT AEA OPERATING LUMP SUM APPROPRIATION    | —                                      | 5,463                               | 5,463                            |
| ADMIN ADJUSTMENT AGENCYWIDE OPERATING LUMP SUM APPN      | —                                      | 833,687                             | 833,687                          |
| ADMIN ADJUSTMENT AIDS REPORTING AND SURVEILLANCE         | —                                      | 22,837                              | 22,837                           |
| ADMIN ADJUSTMENT ARIZONA STATE HOSPITAL - OPERATING      | —                                      | 1,688,782                           | 1,688,782                        |
| ADMIN ADJUSTMENT ASH - SEXUALLY VIOLENT PERSONS          | —                                      | 667,016                             | 667,016                          |
| ADMIN ADJUSTMENT ASH-RESTORATION TO COMPETENCY           | —                                      | 389,060                             | 389,060                          |
| ADMIN ADJUSTMENT BREAST AND CERVICAL CANCER SCREENING    | —                                      | 346,867                             | 346,867                          |
| ADMIN ADJUSTMENT COUNTY TUBERCULOSIS PROVIDER CARE - CTL | —                                      | 94,603                              | 94,603                           |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|--|-------------------------------------|----------------------------------|
| ADMIN ADJUSTMENT HIGH RISK PERINATAL SERVICES      | —                                      | 152,878                             | 152,878                          |
| ADMIN ADJUSTMENT NON RENAL DISEASE MANAGEMENT      | —                                      | 150,792                             | 150,792                          |
| ADMIN ADJUSTMENT POISON CONTROL CENTER FUNDING     | —                                      | 85,673                              | 85,673                           |
| ADMIN ADJUSTMENT RENAL TRANSPLANT DRUGS            | —                                      | 45,750                              | 45,750                           |
| ADULT CYSTIC FIBROSIS                              | 105,200                                | 105,200                             | 105,200                          |
| AEA NUCLEAR EMERGENCY MANAGEMENT FUND              | —                                      | 789,663                             | 731,608                          |
| AGENCYWIDE OPERATING LUMP SUM APPN                 | 28,111,700                             | 27,283,400                          | 26,119,733                       |
| AIDS REPORTING AND SURVEILLANCE                    | 1,000,000                              | 1,000,000                           | 963,293                          |
| ALZHEIMER DISEASE RESEARCH                         | 125,000                                | 125,000                             | 125,000                          |
| ARIZONA STATE HOSPITAL - OPERATING                 | 59,835,600                             | 60,250,200                          | 58,275,999                       |
| ASH - SEXUALLY VIOLENT PERSONS                     | 9,639,100                              | 9,684,900                           | 9,157,140                        |
| ASH-RESTORATION TO COMPETENCY                      | 900,000                                | 900,000                             | 896,103                          |
| BREAST AND CERVICAL CANCER SCREENING               | 1,369,400                              | 1,369,400                           | 776,411                          |
| COUNTY TUBERCULOSIS PROVIDER CARE - CTL            | 590,700                                | 590,700                             | 449,181                          |
| HIGH RISK PERINATAL SERVICES                       | 2,093,400                              | 2,093,400                           | 1,733,405                        |
| NON RENAL DISEASE MANAGEMENT                       | 198,000                                | 198,000                             | —                                |
| POISON CONTROL CENTER FUNDING                      | 990,000                                | 990,000                             | 599,713                          |
| RENAL TRANSPLANT DRUGS                             | 183,000                                | 183,000                             | 137,250                          |
| <b>HISTORICAL SOCIETY OF ARIZONA, PRESCOTT</b>     |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION  | —                                      | 53,715                              | 53,715                           |
| OPERATING LUMP SUM APPROPRIATION                   | 824,500                                | 832,700                             | 794,918                          |
| <b>HISTORICAL SOCIETY, ARIZONA</b>                 |  |                                     |                                  |
| FIELD SERVICES AND GRANTS                          | 65,700                                 | 65,900                              | 65,900                           |
| OPERATING LUMP SUM APPROPRIATION                   | 2,571,400                              | 2,589,300                           | 2,589,300                        |
| PAPAGO PARK MUSEUM                                 | 535,400                                | 539,800                             | 539,800                          |
| <b>HOUSE OF REPRESENTATIVES</b>                    |  |                                     |                                  |
| OPERATING LUMP SUM APPROPRIATION                   | 19,714,109                             | 20,379,009                          | 14,773,402                       |
| <b>INDEPENDENT REDISTRICTING COMMISSION</b>        |  |                                     |                                  |
| OPERATING LUMP SUM APPROPRIATION                   | 23,959                                 | 23,959                              | —                                |
| <b>INDIAN AFFAIRS, ARIZONA COMMISSION OF</b>       |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION  | —                                      | 1,362                               | 1,362                            |
| OPERATING LUMP SUM APPROPRIATION                   | 57,500                                 | 60,900                              | 56,970                           |
| <b>INSURANCE, DEPARTMENT OF</b>                    |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION  | —                                      | 56,612                              | 56,612                           |
| OPERATING LUMP SUM APPROPRIATION                   | 5,616,900                              | 5,628,400                           | 5,044,358                        |
| <b>JOINT LEGISLATIVE BUDGET COMMITTEE</b>          |  |                                     |                                  |
| OPERATING LUMP SUM APPROPRIATION                   | 6,154,291                              | 6,170,791                           | 2,307,363                        |
| <b>JUVENILE CORRECTIONS, DEPARTMENT OF</b>         |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION  | —                                      | 378,279                             | 378,279                          |
| OPERATING LUMP SUM APPROPRIATION                   | 35,527,300                             | 35,848,900                          | 33,656,303                       |
| RELIEF   | —                                      | 8,000                               | 8,000                            |
| <b>LAND DEPARTMENT, STATE</b>                      |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION  | —                                      | 636,418                             | 636,418                          |
| ADMIN ADJUSTMENT STREAMBED NAVIGABILITY LITIGATION | —                                      | 408                                 | 408                              |
| CAP USER FEES                                      | 1,315,200                              | 1,315,200                           | 1,315,116                        |
| DUE DILIGENCE FUND                                 | 500,000                                | 500,000                             | 39,989                           |
| NATURAL RESOURCE CONSERVATION DISTRICTS            | 389,400                                | 389,400                             | 389,400                          |
| OPERATING LUMP SUM APPROPRIATION                   | 9,418,700                              | 9,680,500                           | 9,186,068                        |
| STREAMBED NAVIGABILITY LITIGATION                  | 220,000                                | 220,000                             | 42,155                           |
| <b>LEGISLATIVE COUNCIL</b>                         |  |                                     |                                  |
| OMBUDSMAN-CITIZENS AID OFFICE                      | 1,010,914                              | 1,010,914                           | 885,732                          |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|--|-------------------------------------|----------------------------------|
| OPERATING LUMP SUM APPROPRIATION                          | 17,026,924                             | 17,063,624                          | 5,648,160                        |
| <b>LIQUOR, LICENSES, AND CONTROL, DEPARTMENT OF</b>       |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | —                                      | 15,184                              | 15,184                           |
| OPERATING LUMP SUM APPROPRIATION                          | 3,098,500                              | 3,086,000                           | 3,072,216                        |
| <b>MINE INSPECTOR, STATE</b>                              |  |                                     |                                  |
| ABANDONED MINES SAFETY FUND DEPOSIT                       | 194,700                                | 194,700                             | 187,736                          |
| ADMIN ADJUSTMENT ABANDONED MINES SAFETY FUND DEPOSIT      | —                                      | 2,917                               | 2,917                            |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | —                                      | 42,906                              | 42,906                           |
| OPERATING LUMP SUM APPROPRIATION                          | 1,017,800                              | 1,062,200                           | 896,758                          |
| <b>NAVIGABLE STREAM ADJUDICATION COMMISSION, ARIZONA</b>  |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | —                                      | 509                                 | 509                              |
| OPERATING LUMP SUM APPROPRIATION                          | 124,000                                | 127,400                             | 118,723                          |
| <b>NORTHERN ARIZONA UNIVERSITY</b>                        |  |                                     |                                  |
| ARIZONA FINANCIAL AID TRUST                               | 1,326,000                              | 1,326,000                           | 1,326,000                        |
| ECONOMIC POLICY INSTITUTE                                 | 500,000                                | 500,000                             | 500,000                          |
| MEDICAL RESEARCH FND BIO TECHNOLOGY                       | —                                      | 3,000,000                           | 3,000,000                        |
| NAU - YUMA  | 3,067,300                              | 3,071,400                           | 3,071,400                        |
| ONE TIME FUNDING  | —                                      | 1,590,200                           | 1,590,200                        |
| OPERATING LUMP SUM APPROPRIATION                          | 89,772,700                             | 89,899,300                          | 89,899,300                       |
| RESEARCH INFRASTRUCTURE LEASE-PURCH PYMT                  | —                                      | 5,896,200                           | 5,896,200                        |
| TEACHER TRAINING  | 2,290,600                              | 2,291,700                           | 2,291,700                        |
| <b>PARKS BOARD, ARIZONA STATE</b>                         |  |                                     |                                  |
| ADMIN ADJUSTMENT KARTCHNER CAVERNS STATE PARK             | —                                      | 82,800                              | 82,800                           |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | —                                      | 756,586                             | 756,586                          |
| ADMIN ADJUSTMENT SPRF BSF STATE PARKS CAPITAL IMPROVEMENT | —                                      | 134,599                             | 134,599                          |
| KARTCHNER CAVERNS STATE PARK                              | 2,226,300                              | 2,245,700                           | 2,067,686                        |
| OPERATING LUMP SUM APPROPRIATION                          | 12,427,800                             | 12,585,613                          | 11,397,406                       |
| ORACLE STATE PARK CAPITAL IMPROVEMENTS                    | 4,000,000                              | 4,000,000                           | —                                |
| SPRF BSF STATE PARKS CAPITAL IMPROVEMENT                  | 2,976,951                              | 2,976,951                           | 508,380                          |
| SPRF BUCKSKIN MOUNTAIN STATE PARK CAPITAL IMPROVEMENTS    | 1,500,000                              | 1,500,000                           | —                                |
| SPRF FY17 SUPPLEMENT MAJOR MAINTENANCE                    | 154,071                                | 154,071                             | 154,071                          |
| SPRF ROCKIN' RIVER RANCH CAPITAL DEVELOPMENT              | 3,672,611                              | 3,672,611                           | 148,005                          |
| <b>POSTSECONDARY EDUCATION, COMMISSION FOR</b>            |  |                                     |                                  |
| ARIZONA TEACHER STUDENT LOAN PROGRAM                      | 426,000                                | 426,000                             | 426,000                          |
| LEVERAGING EDUCATIONAL ASSISTANCE PRTSHP                  | 1,220,800                              | 1,220,800                           | 1,220,800                        |
| <b>PUBLIC SAFETY, DEPARTMENT OF</b>                       |  |                                     |                                  |
| ACTIC   | 750,000                                | 750,000                             | 702,582                          |
| ADMIN ADJUSTMENT ACTIC                                    | —                                      | 148,701                             | 148,701                          |
| ADMIN ADJUSTMENT BORDER STRIKE TASK FORCE LOCAL SUPPORT   | —                                      | 58,058                              | 58,058                           |
| ADMIN ADJUSTMENT BORDER STRIKE TASK FORCE ONGOING         | —                                      | 123,556                             | 123,556                          |
| ADMIN ADJUSTMENT GIITEM                                   | —                                      | 263,173                             | 263,173                          |
| BORDER STRIKE TASK FORCE LOCAL SUPPORT                    | 761,700                                | 761,700                             | 627,929                          |
| BORDER STRIKE TASK FORCE LOCAL SUPPORT GRANTS             | 500,000                                | 500,000                             | 500,000                          |
| BORDER STRIKE TASK FORCE ONGOING                          | 7,077,000                              | 7,102,500                           | 6,672,945                        |
| CIVIL AIR PATROL  | 150,000                                | 150,000                             | 150,000                          |
| GIITEM  | 11,842,000                             | 11,885,900                          | 11,572,476                       |
| GIITEM FUND APPROPRIATION                                 | 1,403,400                              | 1,403,400                           | 1,272,693                        |
| GIITEM IMPACT APPROPRIATION                               | 655,478                                | 655,478                             | 503,714                          |
| GIITEM PERSONNEL  | 10,232,700                             | 10,276,500                          | 10,082,140                       |
| GIITEM SUBACCOUNT   | 2,395,800                              | 2,395,800                           | 2,066,083                        |
| LOAN FOR REIMBURSEMENT - OPERATING FUNDING                | —                                      | 23,300,000                          | —                                |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|--|-------------------------------------|----------------------------------|
| MOTOR VEHICLE FUEL                                | 4,384,200                              | 4,384,200                           | 3,757,255                        |
| OPERATING LUMP SUM APPROPRIATION                  | 69,676,300                             | 69,921,100                          | 69,921,100                       |
| RELIEF  | —                                      | 221,080                             | 220,369                          |
| REMOTE HOUSING REPLACEMENT                        | 1,200,000                              | 1,200,000                           | 1,200,000                        |
| SEXUAL ASSAULT KIT TESTING                        | 1,034,998                              | 1,034,998                           | 785,302                          |
| <b>REAL ESTATE DEPARTMENT, STATE</b>              |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 9,855                               | 9,855                            |
| OPERATING LUMP SUM APPROPRIATION                  | 2,904,400                              | 2,911,700                           | 2,489,766                        |
| <b>REGENTS, ARIZONA BOARD OF</b>                  |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 34,040                              | 34,040                           |
| ARIZONA TEACHERS INCENTIVE PROGRAM                | 90,000                                 | 90,000                              | 90,000                           |
| AZ TRANSFER ARTICULATION SUPPORT SYSTEM           | 213,700                                | 213,700                             | 213,700                          |
| OPERATING LUMP SUM APPROPRIATION                  | 2,352,500                              | 2,363,400                           | 2,363,400                        |
| WESTERN INTERSTATE COMMISSION OFFICE              | 153,000                                | 153,000                             | 153,000                          |
| WICHE STUDENT SUBSIDIES                           | 4,078,000                              | 4,078,000                           | 4,078,000                        |
| <b>RETIREMENT SYSTEM, ARIZONA STATE</b>           |  |                                     |                                  |
| ADMIN ADJUSTMENT BRITS OPERATIONAL SUPPORT        | —                                      | 2,728                               | 2,728                            |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 286,928                             | 286,928                          |
| BRITS OPERATIONAL SUPPORT                         | 5,491,400                              | 5,516,200                           | 4,265,549                        |
| OPERATING LUMP SUM APPROPRIATION                  | 24,556,200                             | 24,901,000                          | 22,716,601                       |
| TPT SIMPLIFICATION                                | 970,400                                | 982,500                             | 869,370                          |
| VETERANS' INCOME TAX SETTLEMENT - ADMIN           | —                                      | 96,046                              | 5,380                            |
| <b>REVENUE, DEPARTMENT OF</b>                     |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 481,195                             | 481,195                          |
| BRITS OPERATIONAL SUPPORT                         | 2,006,100                              | 2,030,300                           | 1,920,675                        |
| INCOME TAX FRAUD PREVENTION                       | 3,150,000                              | 3,150,000                           | 3,070,229                        |
| OPERATING LUMP SUM APPROPRIATION                  | 39,296,700                             | 39,832,000                          | 35,523,104                       |
| UNCLAIMED PROPERTY ADMINISTRATION-AUDIT           | 1,218,500                              | 1,603,142                           | 1,600,368                        |
| <b>SCHOOL FACILITIES BOARD</b>                    |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 15,524                              | 15,524                           |
| BUILDING RENEWAL GRANT                            | 51,085,800                             | 76,085,800                          | 76,085,800                       |
| NEW SCHOOL CONSTRUCTION                           | 49,636,700                             | 49,636,700                          | 49,636,700                       |
| NEW SCHOOL FACILITIES DEBT SERVICE                | 134,287,300                            | 134,287,300                         | 134,287,300                      |
| OPERATING LUMP SUM APPROPRIATION                  | 1,666,700                              | 1,700,700                           | 1,610,891                        |
| <b>SECRETARY OF STATE</b>                         |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 338,420                             | 338,420                          |
| BUILDING RENOVATION AND CODE COMPLIANCE           | 102,797                                | 102,797                             | —                                |
| ELECTION FY18 CD8 SPECIAL                         | 1,190,152                              | 1,190,152                           | 1,190,152                        |
| ELECTION SERVICES                                 | 4,000,000                              | 4,000,000                           | 3,610,006                        |
| HELP AMERICA VOTE ACT                             | 1,444,747                              | 1,444,747                           | 263,325                          |
| LIBRARY GRANTS-IN-AID                             | 844,701                                | 844,701                             | 605,000                          |
| OPERATING LUMP SUM APPROPRIATION                  | 11,555,200                             | 12,881,800                          | 12,664,768                       |
| OTHER HELP AMERICA VOTE ACT PROJECTS              | 5,400,400                              | 5,400,400                           | 1,482,971                        |
| STATEWIDE RADIO READING SVC FOR BLIND             | 97,000                                 | 97,000                              | 97,000                           |
| STATEWIDE VOTER REGISTRATION SYSTEM               | 2,063,300                              | 2,063,300                           | 923,663                          |
| <b>SENATE</b>                                     |  |                                     |                                  |
| OPERATING LUMP SUM APPROPRIATION                  | 11,026,848                             | 11,381,248                          | 9,708,479                        |
| <b>SUPREME COURT</b>                              |  |                                     |                                  |
| ADMIN ADJUSTMENT CENTRALIZED SERVICE PAYMENTS     | —                                      | 67,983                              | 67,983                           |
| ADMIN ADJUSTMENT COMMISSION ON JUDICIAL CONDUCT   | —                                      | 1,465                               | 1,465                            |
| ADMIN ADJUSTMENT DOMESTIC RELATIONS               | —                                      | 618                                 | 618                              |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|--|-------------------------------------|----------------------------------|
| ADMIN ADJUSTMENT FOSTER CARE REVIEW BOARD         | —                                      | 851                                 | 851                              |
| ADMIN ADJUSTMENT OPERATING LUMP SUM               | —                                      | 6,188                               | 6,188                            |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 16,641                              | 16,641                           |
| ADMIN ADJUSTMENT SPECIAL WATER MASTER             | —                                      | 215                                 | 215                              |
| ADULT INTENSIVE PROBATION                         | 9,446,000                              | 9,446,000                           | 9,446,000                        |
| ADULT STANDARD PROBATION                          | 14,671,100                             | 14,671,100                          | 14,671,100                       |
| AUTOMATION  | 6,849,400                              | 6,883,900                           | 6,060,160                        |
| CENTRALIZED SERVICE PAYMENTS                      | 3,008,100                              | 3,015,100                           | 2,944,162                        |
| COMMISSION ON JUDICIAL CONDUCT                    | 497,800                                | 503,000                             | 502,966                          |
| COUNTY REIMBURSEMENTS                             | 187,900                                | 187,900                             | 187,900                          |
| COURT ORDERED REMOVAL                             | 315,000                                | 315,000                             | 315,000                          |
| DOMESTIC RELATIONS                                | 613,400                                | 619,400                             | 606,684                          |
| DRUG COURT  | 1,006,700                              | 1,006,700                           | 1,006,700                        |
| FOSTER CARE REVIEW BOARD                          | 3,151,800                              | 3,176,300                           | 3,171,810                        |
| INTERSTATE COMPACT                                | 351,700                                | 351,700                             | 351,700                          |
| JUDGES COMPENSATION                               | 8,423,500                              | 10,757,600                          | 10,373,536                       |
| JUDICIAL NOMINATION - PERFORMANCE REVIEW          | 409,100                                | 412,600                             | 408,759                          |
| JUVENILE DIVERSION CONSEQUENCES                   | 8,157,800                              | 8,157,800                           | 8,157,800                        |
| JUVENILE FAMILY COUNSELING                        | 500,000                                | 500,000                             | 500,000                          |
| JUVENILE INTENSIVE PROBATION                      | 5,301,000                              | 5,301,000                           | 5,301,000                        |
| JUVENILE STANDARD PROBATION                       | 3,300,400                              | 3,300,400                           | 3,300,400                        |
| JUVENILE TREATMENT SERVICES                       | 19,960,900                             | 19,960,900                          | 19,960,900                       |
| MODEL COURT                                       | 437,600                                | 438,500                             | 438,500                          |
| OPERATING LUMP SUM                                | 3,860,800                              | 3,873,400                           | 3,873,133                        |
| OPERATING LUMP SUM APPROPRIATION                  | 10,680,200                             | 11,881,200                          | 11,717,213                       |
| SPECIAL WATER MASTER                              | 190,700                                | 191,300                             | 191,299                          |
| <b>TAX APPEALS, STATE BOARD OF</b>                |  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 376                                 | 376                              |
| OPERATING LUMP SUM APPROPRIATION                  | 277,700                                | 280,400                             | 275,071                          |
| <b>TOURISM, OFFICE OF</b>                         |  |                                     |                                  |
| TOURISM FUND DEPOSIT                              | 7,112,000                              | 7,112,000                           | 7,112,000                        |
| <b>TRANSPORTATION, DEPARTMENT OF</b>              |  |                                     |                                  |
| INTERSTATE 10 PROJECTS                            | 15,706,381                             | 15,706,381                          | 13,768,457                       |
| MAG ICA NORTHWEST VALLEY TRANSIT                  | 65,000                                 | 65,000                              | 65,000                           |
| <b>TREASURER, STATE</b>                           |  |                                     |                                  |
| ADMIN ADJUSTMENT JUSTICE OF THE PEACE SALARIES    | —                                      | 345,843                             | 345,843                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION | —                                      | 24,621                              | 24,621                           |
| BUDGET STABILIZATION INTEREST TRANSFERS           | —                                      | 2,000,000                           | 2,000,000                        |
| COM COL REIMBURSEMENT ARS 15-1469-01              | —                                      | 2,902,300                           | 2,902,300                        |
| JUSTICE OF THE PEACE SALARIES                     | 1,205,100                              | 1,205,100                           | 770,884                          |
| OPERATING LUMP SUM APPROPRIATION                  | 3,159,300                              | 3,245,800                           | 3,225,317                        |
| <b>UNIVERSITY OF ARIZONA</b>                      |  |                                     |                                  |
| AGRICULTURE                                       | 26,155,612                             | 28,397,500                          | 28,397,500                       |
| ARIZONA COOPERATIVE EXTENSION                     | 14,319,188                             | 14,458,100                          | 14,458,100                       |
| ARIZONA FINANCIAL AID TRUST                       | 2,729,400                              | 2,729,400                           | 2,729,400                        |
| ARIZONA GEOLOGICAL SURVEY                         | 941,000                                | 941,000                             | 941,000                          |
| CLINICAL RURAL ROTATION                           | 353,400                                | 353,400                             | 353,400                          |
| CLINICAL TEACHING SUPPORT                         | 8,587,000                              | 8,587,000                           | 8,587,000                        |
| FREEDOM CENTER                                    | 2,500,000                              | 2,500,000                           | 2,500,000                        |
| FREEDOM CENTER ONE TIME                           | —                                      | 1,000,000                           | 1,000,000                        |
| LIVER RESEARCH INSTITUTE                          | 440,100                                | 438,200                             | 438,200                          |

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)



STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|--|-------------------------------------|----------------------------------|
| MINING MINERAL AND NATURAL RESOURCES EDUCATIONAL MUSEUM | 428,300                                | 428,300                             | 428,300                          |
| ONE TIME FUNDING  | —                                      | 2,164,800                           | 2,164,800                        |
| OPERATING LUMP SUM APPROPRIATION - HSC                  | 34,495,700                             | 34,363,400                          | 34,363,400                       |
| OPERATING LUMP SUM APPROPRIATION - MAIN                 | 128,277,900                            | 128,901,300                         | 128,901,300                      |
| PHOENIX MEDICAL CAMPUS                                  | 23,314,600                             | 23,256,200                          | 23,256,200                       |
| RESEARCH INFRASTRUCTURE FACILITIES                      | —                                      | 14,251,000                          | 14,251,000                       |
| SIERRA VISTA CAMPUS                                     | 4,318,300                              | 2,743,800                           | 2,743,800                        |
| TELEMEDICINE NETWORK                                    | 1,669,000                              | 1,669,000                           | 1,669,000                        |
| <b>VETERANS' SERVICES, DEPARTMENT OF</b>                |  |                                     |                                  |
| ADMIN ADJUSTMENT ARIZONA STATE VETERANS CEMETERIES      | —                                      | 4,924                               | 4,924                            |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | —                                      | 214,357                             | 214,357                          |
| ADMIN ADJUSTMENT VETERANS BENEFIT COUNSELING            | —                                      | 178,764                             | 178,764                          |
| ADMIN ADJUSTMENT VETERANS' INCOME TAX SETTLEMENT        | —                                      | 3,110                               | 3,110                            |
| ARIZONA STATE VETERANS CEMETERIES                       | 924,200                                | 930,800                             | 809,556                          |
| ASVH - YUMA CONSTRUCTION                                | 9,200,000                              | 9,200,000                           | —                                |
| ASVH FLAGSTAFF CONSTRUCTION                             | 10,000,000                             | 10,000,000                          | —                                |
| MILITARY FAMILY RELIEF FUND                             | 15,291                                 | 15,291                              | —                                |
| OPERATING LUMP SUM APPROPRIATION                        | 2,308,800                              | 2,323,800                           | 2,191,188                        |
| VETERANS BENEFIT COUNSELING                             | 2,821,100                              | 2,841,000                           | 2,727,768                        |
| VETERANS' INCOME TAX SETTLEMENT                         | —                                      | 96,046                              | 6,494                            |
| <b>WATER RESOURCES, DEPARTMENT OF</b>                   |  |                                     |                                  |
| ADJUDICATION SUPPORT                                    | 1,724,800                              | 1,740,100                           | 1,722,812                        |
| ADMIN ADJUSTMENT ADJUDICATION SUPPORT                   | —                                      | 8,999                               | 8,999                            |
| ADMIN ADJUSTMENT ASSURED - ADEQUATE WATER SUPPLY ADMIN  | —                                      | 220,829                             | 220,829                          |
| ADMIN ADJUSTMENT AUTOMATED GROUNDWATER MONITORING       | —                                      | 51,228                              | 51,228                           |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | —                                      | 92,493                              | 92,493                           |
| ADMIN ADJUSTMENT RURAL WATER STUDIES                    | —                                      | 18,375                              | 18,375                           |
| ARIZONA WATER PROTECTION FUND DEPOSIT                   | 250,000                                | 250,000                             | 250,000                          |
| ASSURED - ADEQUATE WATER SUPPLY ADMIN                   | 1,710,700                              | 1,723,900                           | 1,722,232                        |
| AUTOMATED GROUNDWATER MONITORING                        | 408,700                                | 411,500                             | 351,041                          |
| CONSERVATION AND DROUGHT PROGRAM                        | 406,900                                | 410,200                             | 220,740                          |
| LOWER COLORADO RIVER LITIGATION EXPENSES                | 1,484,578                              | 1,484,578                           | —                                |
| NW BASINS PLANNING AREAS                                | —                                      | 100,000                             | 48,320                           |
| OPERATING LUMP SUM APPROPRIATION                        | 7,899,000                              | 7,971,500                           | 7,800,023                        |
| RURAL WATER STUDIES                                     | 1,154,100                              | 1,162,600                           | 1,123,235                        |
| <b>TOTAL GENERAL FUND BUDGETARY EXPENDITURES</b>        | <b>\$ 22,502,058,153</b>               | <b>\$ 24,793,248,469</b>            | <b>\$ 23,631,556,892</b>         |

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
TRANSPORTATION AND AVIATION PLANNING,  
HIGHWAY MAINTENANCE AND SAFETY FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | ORIGINAL<br>BUDGET<br>(Appropriations) | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|--|-------------------------------------|----------------------------------|
| <b>TRANSPORTATION, DEPARTMENT OF</b>  |  |                                     |                                  |
| ADMIN ADJUSTMENT BUILDING RENEWAL   | \$ —                                   | \$ 35,961                           | \$ 35,961                        |
| ADMIN ADJUSTMENT DRIVER SAFETY & LIVESTOCK CONTROL  | —                                      | 43,551                              | 43,551                           |
| ADMIN ADJUSTMENT GRAND CANYON AIRPORT PROJECT   | —                                      | 186,157                             | 186,157                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | —                                      | 5,805,918                           | 5,805,918                        |
| ADMIN ADJUSTMENT STATEWIDE DRAINAGE STRUCTURES  | —                                      | 120,485                             | 120,485                          |
| ADMIN ADJUSTMENT VEHICLE WASH SYSTEM  | —                                      | 781                                 | 781                              |
| AIRPORT PLANNING AND DEVELOPMENT  | 46,359,075                             | 46,359,075                          | 5,118,515                        |
| ATTORNEY GENERAL LEGAL SERVICES   | 3,623,700                              | 3,495,900                           | 3,458,156                        |
| AUTHORIZED THIRD PARTY  | 2,000,000                              | 2,013,700                           | 2,013,697                        |
| BUILDING RENEWAL  | 8,565,311                              | 8,565,311                           | 3,953,187                        |
| DE ICER BUILDINGS   | 1,065,775                              | 1,065,775                           | 1,065,775                        |
| DRIVER SAFETY & LIVESTOCK CONTROL   | 800,000                                | 800,000                             | 174,182                          |
| FLAGSTAFF BUILDING EQUIPMENT  | 2,528,625                              | 2,528,625                           | 551,430                          |
| HIGHWAY DAMAGE RECOVERY ACCOUNT   | 4,000,000                              | 4,000,000                           | 3,920,481                        |
| HIGHWAY MAINTENANCE   | 176,501,809                            | 178,615,609                         | 150,478,816                      |
| INTERSTATE 10 PROJECTS  | 12,753,500                             | 12,753,500                          | 881,765                          |
| KEAMS CANYON  | 1,790,000                              | 1,790,000                           | —                                |
| KINGMAN MATERIALS LAB   | 2,250,000                              | 2,250,000                           | —                                |
| OPERATING LUMP SUM APPROPRIATION  | 205,196,400                            | 205,371,500                         | 193,088,071                      |
| RELIEF  | —                                      | 487                                 | 487                              |
| SAFFORD EQUIPMENT SERVICE SHOP  | 4,000,000                              | 4,000,000                           | 2,241,649                        |
| SPREADER RACK BAYS  | 1,720,000                              | 1,720,000                           | 114,801                          |
| STATEWIDE HIGHWAY CONSTRUCTION  | 804,371,527                            | 804,371,527                         | 142,984,485                      |
| SWEEPS  | 1,128,000                              | 1,128,000                           | 1,128,000                        |
| TEMPE IMPOUND STORAGE YARD  | 240,000                                | 240,000                             | 240,000                          |
| VEHICLE REPLACEMENT   | 15,300,000                             | 15,300,000                          | 15,134,935                       |
| VEHICLE WASH SYSTEM   | 225,843                                | 225,843                             | 81,393                           |
| <b>TOTAL TRANSPORTATION AND AVIATION PLANNING, HIGHWAY<br/>MAINTENANCE AND SAFETY FUND BUDGETARY EXPENDITURES</b> | <b>\$ 1,294,419,565</b>                | <b>\$ 1,302,787,705</b>             | <b>\$ 532,822,678</b>            |

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES**  
 JUNE 30, 2019

**A. RECONCILIATION OF BUDGETARY TO GAAP EXPENDITURES**

The accompanying Budgetary Comparison Schedules for the General Fund and the Transportation and Aviation Planning, Highway Maintenance and Safety Fund present comparisons of the legally adopted budget with actual expenditure data on the budgetary basis. The original budget represents any appropriation bills passed by June 30, 2018 that affect available appropriations during fiscal year 2019. The final budget represents any appropriation bills passed during fiscal year 2019 for fiscal year 2019 plus the original budget. Appropriation bills passed after the end of fiscal year 2019 for fiscal year 2019 would also be included in the final budget.

The Budgetary Comparison Schedules present actual amounts on the State’s budgetary basis for expenditures only. The Schedules include appropriations authorized in one fund and transferred, by legislation, to another fund. The State does not have a legally adopted budget for revenues; therefore, only expenditures are presented on the Budgetary Comparison Schedule, Expenditures for the General Fund and the Transportation and Aviation Planning, Highway Maintenance and Safety Fund. As the budgetary and GAAP presentations of actual data differ, a reconciliation of the two follows (amounts expressed in thousands):

| <u>Uses/outflows of resources</u>  | <u>General Fund</u>  | <u>Transportation &amp;<br/>Aviation Planning,<br/>Highway<br/>Maintenance &amp;<br/>Safety Fund</u> |
|--|----------------------|--|
| Actual expenditure amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule  | \$ 23,631,557        | \$ 532,823   |
| Differences – budget to GAAP:  |                      |  |
| Increase in unpaid incurred expenditures from fiscal year end 2018 to fiscal year end 2019.  | 34,042               | 155,226  |
| Increase in unpaid payroll expenditures from fiscal year end 2018 to fiscal year end 2019. For budgetary reporting, final June 2018 payroll expenditures were charged to fiscal year 2019 budget and final June 2019 payroll expenditures were charged to fiscal year 2020 budget. | 3,361                | —  |
| Distributions to counties and cities of sales taxes are recognized as expenditures on the modified accrual basis, but have no effect on budgetary expenditures.  | 1,536,227            | —  |
| Distribution to counties and cities for Urban Revenue Sharing, derived from the State’s income tax collections, is recognized as an expenditure on the modified accrual basis, but has no effect on budgetary expenditures.  | 696,304              | —  |
| Capital leases initiated during the fiscal year, which are not reported in budgetary expenditures.   | 689                  | —  |
| Programs which are not controlled by legislative appropriations but have disbursed cash or incurred obligations during fiscal year 2019.   | 1,638,328            | 2,402,130  |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.  | (983,828)            | (310,894)  |
| Total expenditures, as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances  | <u>\$ 26,556,680</u> | <u>\$ 2,779,285</u>  |

There were no expenditures in excess of appropriations or allotments in the individual budget accounts for the year.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES**  
JUNE 30, 2019

**B. BUDGETARY BASIS OF ACCOUNTING**

Formulation of the budget begins with the preparation of estimates of expenditure requirements by the head of each budgeted agency and institution. These estimates are submitted no later than September 1 of each year to the Governor's Office of Strategic Planning and Budgeting (OSPB), unless an extension is granted for up to an additional 30 days by the OSPB Director. The budget is prepared by line item and/or program elements for each agency.

The budget document, as finally developed by the Governor, must be submitted to the Legislature no later than five days after the regular session convenes. The Legislature must approve the budget by passing a general and a capital outlay appropriation bill and various omnibus reconciliation bills, which are used for statutory adjustments that must be implemented to carry out the budget. The Governor may veto any item in an appropriation bill. Such vetoes are subject to legislative overrides. The budget can be amended throughout the year by special legislative appropriations and/or budget transfers. The State's Constitution prohibits the appropriation of certain state revenues (primarily tax and fee collections) from exceeding 7.41% of Arizona personal income as estimated by the Economic Estimates Commission.

The State prepares its operating budget on the cash basis of accounting. At the time of the appropriation bill's passage, estimates prepared by legislative and executive branch professional staff assure the State Legislature that adequate revenues will be available to meet the level of appropriations approved. Anticipated revenue is estimated on the cash basis but is not part of the legally adopted budget. Consequently, the accompanying Budgetary Comparison Schedules only present budget to actual expenditure comparisons.

The Budgetary Comparison Schedules present all appropriation line items as passed by the State Legislature in order to demonstrate compliance with the legal level of budgetary control.

The State budgets on an annual basis. The budget format used by the State Legislature determines how an agency's appropriation appears in the General Appropriation Act. A less detailed format provides an agency with more discretion in implementing the budget. Conversely, a more detailed format may require an agency to use formal processes for redirecting appropriated funds. Among the choices are the following:

Lump Sum - The appropriation of an agency for each fiscal year consists of a single dollar amount, thereby allowing the agency to shift funds among line items, programs, and subprograms without further Legislative or Executive Branch review.

Lump Sum with Special Line Items - The appropriation of an agency for each fiscal year consists of a dollar amount for an operating budget and dollar amounts for individual special line items. Special line items are particular programs for which the Legislature has a specific policy interest. These line items may or may not include Full Time Equivalent positions. Agencies are typically permitted to transfer funding between line items with ADOA approval but without further Legislative Branch review. Footnotes may require Joint Legislative Budget Committee review, however, prior to transfers between certain line items.

During the fiscal year, \$2.3 billion in supplemental appropriations, net of mid-year reversions and adjustments, were provided to the General Fund. The Transportation and Aviation Planning, Highway Maintenance and Safety Fund appropriations increased by \$8.4 million. These amounts are included in the Budgetary Comparison Schedules.

State agencies are responsible for exercising budgetary control and ensuring that expenditures do not exceed appropriations. The ADOA's General Accounting Office exercises oversight and does not disburse funds in excess of appropriations.

The Governor shall have in continuous process of preparation and revision a tentative budget report for the next fiscal year for which a budget report is required to be prepared.

Whenever the expenses of any fiscal year shall exceed the income, the Legislature may provide for levying a tax for the ensuing fiscal year sufficient, with other sources of income, to pay the deficiency, as well as the estimated expenses of the ensuing fiscal year.

All expenditures of the State's money must be authorized by law. Authorization can be granted directly by law or contingent upon appropriation from the State Legislature.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**INFRASTRUCTURE ASSETS**  
JUNE 30, 2019

Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34), as amended, the State of Arizona reports its roads and bridges using the modified approach. Assets accounted for under the modified approach include 6,822 center lane miles (21,532 travel lane miles) of roads and 4,860 bridges that the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up to date inventory of eligible infrastructure assets
- Perform condition assessments of eligible assets and summarize the results using a measurement scale
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State
- Document that the assets are being preserved approximately at or above the established condition level

As adopted by the State Transportation Board on an annual basis, the Five-Year Transportation Facilities Construction Program (Program) contains estimated expenditures for highway system improvements and the preservation of existing roadways and bridges. Both of these factors impact the condition assessment of the roads and bridges as described in the following sections. The Program in effect for fiscal year 2019 and beyond was adopted by the Transportation Board on June 16, 2017.

This Program is a dynamic instrument and adjustments are made to the annual plans based on the needs of the State to maintain the condition level of the roads and bridges at a level equal to, or greater than, the goals established by the State. In addition, not only are adjustments made during the life of the Program, circumstances may require that refinements to the individual components of the Program be made during the fiscal year.

In comparing Estimated to Actual Expenditures in the tables that follow, significant variances can occur. These variances are primarily due to the methodology used in the preparation of the Program. In this Program, the Estimated Expenditures for the current year are based on "programmed" projects which may or may not be spent in the current year of the Program. Programmed expenditures consist of those items that are planned for the future, with contracts that have not yet been awarded. Furthermore, the Actual Expenditures will include projects that were programmed for a prior year's Estimated Expenditures but which did not occur, or were not completed, in the prior year.

The following information pertains to the condition assessment and maintenance of infrastructure assets and reflects the State's success in achieving condition levels that exceed the established levels.

## **Roads**

The mission of the Arizona Department of Transportation's (ADOT) Pavement Management Section (PMS) is to develop and provide a cost effective pavement rehabilitation construction program that preserves the State's investment in its highway system and enhances public transportation and safety. The requirements of GASB 34 and the PMS both work toward the same basic goal, the efficient, effective management of the State's assets to produce long-term benefits, while minimizing expenditures.

The PMS has developed performance goals for the condition level of the pavement in the State's highway system. These goals require periodic assessment of pavement conditions and the budget level needed to meet that goal. The goal is expressed as a measure called "Serviceability", which can be defined as the ability of a pavement to serve the traveling public (as documented in 1961 after the American Association of State Highway and Transportation Officials (AASHTO) Road Test, 1956-1961). Serviceability is based on detailed measurements of objective features of the pavement. Many surveys since the original road test have shown that these measurements closely track the subjective opinion of the traveling public. Most commonly, this number is called the "Present Serviceability Rating" (PSR).

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**INFRASTRUCTURE ASSETS**  
 JUNE 30, 2019

PSR is a five-point scale (5 excellent, 0 impassable), similar to the Weaver/AASHTO Scale shown as follows:

| Numerical Rating | PSR        | Weaver/AASHTO Scale |
|------------------|------------|---------------------|
| 5                | Excellent  | Perfect             |
| 4                | Good       | Very Good           |
| 3                | Fair       | Good                |
| 2                | Poor       | Fair                |
| 1                | Very Poor  | Poor                |
| 0                | Impassable | Very Poor           |

The goal of the State is to maintain a condition level (PSR) rating of 3.23 or better for all roads in the State’s highway system. Annually, Transportation Material Technicians drive over the system with inertial profiling equipment and measure the roughness of the pavement. This process is continuous throughout the year in order to assess the condition level of all pavement on an annual basis. As of the end of fiscal year 2019, an overall rating of 3.55 was achieved, as shown in the following graph:

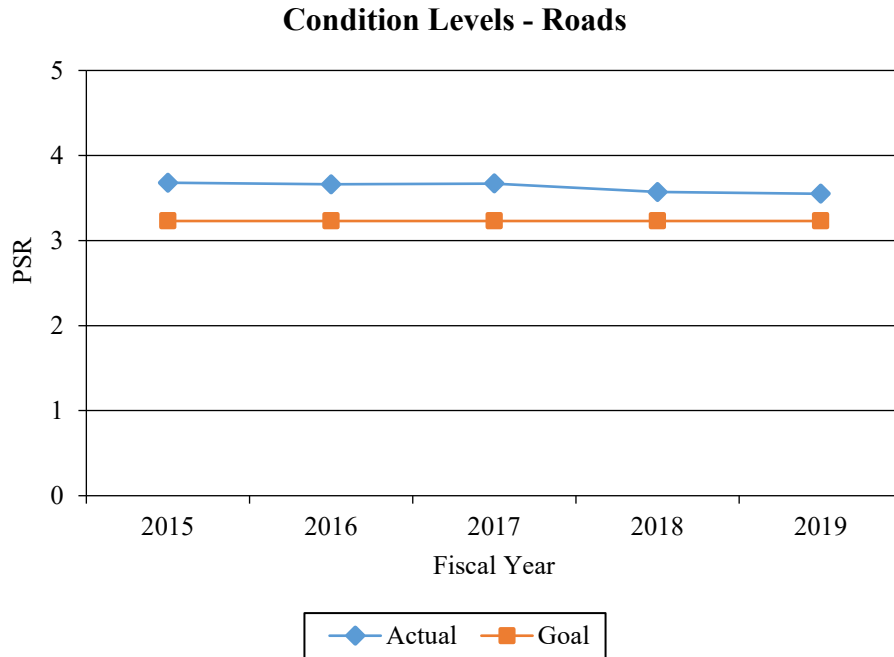


Figure 1

Preservation of the roads is accomplished through programs managed primarily by the ADOT's PMS, as well as other units within the ADOT. The estimated (as specified in the Program as programmed amounts) and actual expenditures for fiscal years 2015 through 2019 were as follows:

| Fiscal Year | Estimated Expenditures<br>(in millions) | Actual Expenditures<br>(in millions) |
|-------------|---|--------------------------------------|
| 2015        | \$249.5                                 | \$300.6                              |
| 2016        | \$272.0                                 | \$317.0                              |
| 2017        | \$322.4                                 | \$186.4                              |
| 2018        | \$375.0                                 | \$218.0                              |
| 2019        | \$364.6                                 | \$231.0                              |

**Bridges**

The State’s bridge assets constitute a significant portion of all infrastructure assets in Arizona. As of June 30, 2019, the State owned and maintained 4,860 bridges with an approximate total deck area of 44,286,973 square feet. Bridges, for purposes of this report, include all structures erected over an opening or depression with a centerline of 20 feet or more. Information related to these bridges is stored and updated in the AASHTO’s Bridge Management System (BMS). This system is used to efficiently manage the bridge inventory through storing all bridge related data and assisting bridge engineers in arriving at appropriate bridge preservation decisions. Also, BMS is used for reporting bridge inventory and condition, on an annual basis, to the Federal Highway Administration (FHWA).

Historically, a Condition Rating Index (CRI) has been used to track the condition of the bridge network. The CRI was based on four selected bridge inspection condition ratings, which in turn are based on standards established in the FHWA’s “Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation’s Bridges.”

In 2015, the FHWA issued new rules which have had the effect of replacing the CRI as the summary statistic for bridge condition. Instead, the various states are expected to maintain their bridges so that no more than 10% are classified as Poor. Financial sanctions are held against states that do not comply with this standard. Management of the bridge inventory is a major function of the State’s Bridge Group and regularly scheduled biennial inspections are made of all bridges. A civil or structural engineer, licensed to practice in Arizona, performs these inspections. In fiscal year 2019, 1.4% of bridges maintained by the states were classified as Poor.

Bridges represent a major public investment, and their inspection and maintenance is an essential function of the State in its mission of providing products and services for a safe, efficient, and cost-effective transportation system. Figure 2 indicates that approximately 55% of the bridges in the State were constructed prior to the 1970s while only 16% have been constructed since 2000.

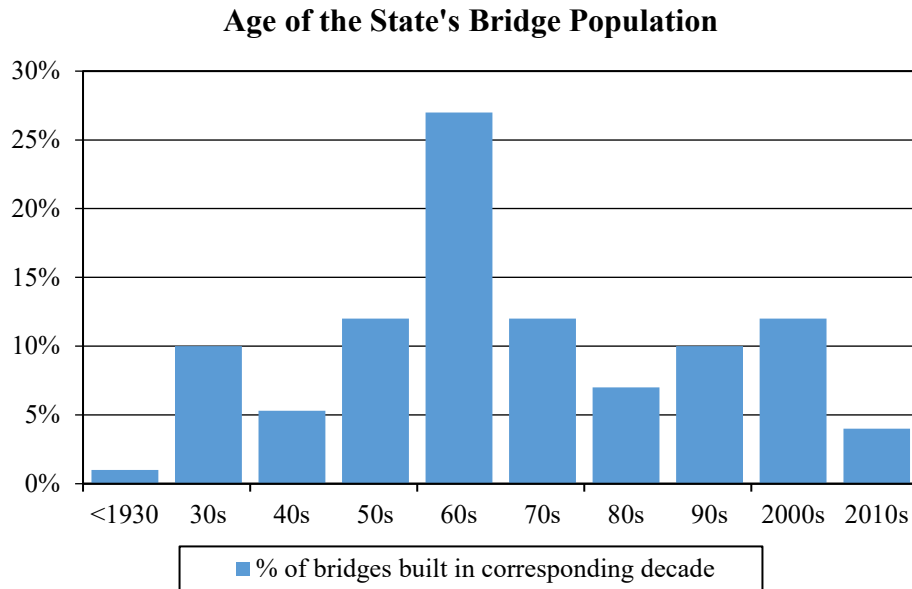


Figure 2

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**INFRASTRUCTURE ASSETS**  
JUNE 30, 2019

Preservation of the bridges is accomplished through programs managed by the Bridge Group. The estimated (as specified in the Program as programmed amounts) and actual expenditures for fiscal years 2015 through 2019 were as follows:

| <b>Fiscal Year</b> | <b>Estimated Expenditures<br/>(in millions)</b> | <b>Actual Expenditures<br/>(in millions)</b> |
|--------------------|---|--|
| 2015               | \$13.7  | \$21.9                                       |
| 2016               | \$11.6  | \$39.8                                       |
| 2017               | \$28.8  | \$23.4                                       |
| 2018               | \$26.4  | \$15.3                                       |
| 2019               | \$28.1  | \$17.8                                       |



STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
 FOR THE LAST FIVE FISCAL YEARS (1)  
 JUNE 30, 2019  
 (Expressed in Thousands)

|   | Reporting Fiscal Year<br>(measurement date) |                |                |                |                |
|---|---|----------------|----------------|----------------|----------------|
|   | 2019<br>(2018)                              | 2018<br>(2017) | 2017<br>(2016) | 2016<br>(2015) | 2015<br>(2014) |
| State's proportion of the net pension liability   | 21.87%                                      | 21.89%         | 21.75%         | 21.67%         | 21.36%         |
| State's proportionate share of the net pension liability  | \$ 3,050,477                                | \$ 3,410,699   | \$ 3,510,533   | \$ 3,375,283   | \$ 3,160,809   |
| State's covered payroll   | \$ 2,175,916                                | \$ 2,087,717   | \$ 2,039,238   | \$ 1,999,691   | \$ 1,939,038   |
| State's proportionate share of the net pension liability as a percentage of its covered payroll | 140.19%                                     | 163.37%        | 172.15%        | 168.79%        | 163.01%        |
| Plan fiduciary net position as a percentage of the total pension liability                      | 73.40%                                      | 69.92%         | 67.06%         | 68.35%         | 69.49%         |

(1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ELECTED OFFICIALS' RETIREMENT PLAN**  
FOR THE LAST FIVE FISCAL YEARS (1)  
JUNE 30, 2019  
(Expressed in Thousands)

|   | Reporting Fiscal Year<br>(measurement date) |                |                |                |                |
|---|---|----------------|----------------|----------------|----------------|
|   | 2019<br>(2018)                              | 2018<br>(2017) | 2017<br>(2016) | 2016<br>(2015) | 2015<br>(2014) |
| State's proportion of the net pension liability   | 15.09%                                      | 18.61%         | 18.44%         | 18.67%         | 18.16%         |
| State's proportionate share of the net pension liability  | \$ 130,335                                  | \$ 226,750     | \$ 174,204     | \$ 145,898     | \$ 121,797     |
| State's covered payroll   | \$ 12,256                                   | \$ 10,895      | \$ 12,794      | \$ 12,987      | \$ 12,604      |
| State's proportionate share of the net pension liability as a percentage of its covered payroll | 1,063.44%                                   | 2,081.23%      | 1,361.61%      | 1,123.42%      | 966.34%        |
| Plan fiduciary net position as a percentage of the total pension liability                      | 30.36%                                      | 19.66%         | 23.42%         | 28.32%         | 31.91%         |

(1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY,  
AS A NONEMPLOYER CONTRIBUTING ENTITY**  
**ELECTED OFFICIALS' RETIREMENT PLAN**  
FOR THE LAST FIVE FISCAL YEARS (1)  
JUNE 30, 2019  
(Expressed in Thousands)

|  | Reporting Fiscal Year<br>(measurement date) |                |                |                |                |
|--|---|----------------|----------------|----------------|----------------|
|  | 2019<br>(2018)                              | 2018<br>(2017) | 2017<br>(2016) | 2016<br>(2015) | 2015<br>(2014) |
| State's proportion of the net pension liability                            | 14.12%                                      | 13.99%         | 13.96%         | 19.33%         | 19.20%         |
| State's proportionate share of the net pension liability                   | \$ 78,268                                   | \$ 170,466     | \$ 131,871     | \$ 151,048     | \$ 128,776     |
| Plan fiduciary net position as a percentage of the total pension liability | 30.36%                                      | 19.66%         | 23.42%         | 28.32%         | 31.91%         |

(1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF CHANGES IN THE STATE'S NET PENSION LIABILITY AND RELATED RATIOS**  
**PSPRS DEPARTMENT OF PUBLIC SAFETY**  
FOR THE LAST FIVE FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | Reporting Fiscal Year<br>(measurement date) |                     |                     |                     |                     |
|--|---|---------------------|---------------------|---------------------|---------------------|
|  | 2019<br>(2018)                              | 2018<br>(2017)      | 2017<br>(2016)      | 2016<br>(2015)      | 2015<br>(2014)      |
| <b>Total pension liability</b>   |   |                     |                     |                     |                     |
| Service cost   | \$ 16,072                                   | \$ 18,914           | \$ 14,131           | \$ 13,258           | \$ 13,111           |
| Interest on the total pension liability  | 86,027                                      | 79,711              | 78,000              | 77,421              | 66,664              |
| Changes of benefit terms   | —   | 10,719              | 27,674              | —                   | 23,768              |
| Differences between expected and actual experience in the measurement of the pension liability | (13,749)                                    | 17,144              | (9,237)             | (6,328)             | (3,711)             |
| Changes of assumptions or other inputs   | —   | 49,120              | 35,783              | —                   | 107,172             |
| Benefit payments, including refunds of employee contributions                                  | (74,045)                                    | (74,906)            | (84,231)            | (70,586)            | (69,497)            |
| Net change in total pension liability  | 14,305                                      | 100,702             | 62,120              | 13,765              | 137,507             |
| Total pension liability - beginning  | 1,191,509                                   | 1,090,807           | 1,028,687           | 1,014,922           | 877,415             |
| Total pension liability - ending (a)   | <u>\$ 1,205,814</u>                         | <u>\$ 1,191,509</u> | <u>\$ 1,090,807</u> | <u>\$ 1,028,687</u> | <u>\$ 1,014,922</u> |
| <b>Plan fiduciary net position</b>   |   |                     |                     |                     |                     |
| Contributions - employer   | \$ 52,147                                   | \$ 61,001           | \$ 52,115           | \$ 36,889           | \$ 31,458           |
| Contributions - employee   | 7,271                                       | 8,899               | 9,334               | 7,857               | 7,587               |
| Net investment income  | 24,371                                      | 38,483              | 1,963               | 12,867              | 46,223              |
| Benefit payments, including refunds of employee contributions                                  | (74,045)                                    | (74,906)            | (84,231)            | (70,586)            | (69,497)            |
| Administrative expense   | (370)                                       | (341)               | (283)               | (317)               | (372)               |
| Other changes  | 785   | (103)               | 545                 | 150                 | 393                 |
| Net change in plan fiduciary net position  | 10,159                                      | 33,033              | (20,557)            | (13,140)            | 15,792              |
| Plan fiduciary net position - beginning  | 360,590                                     | 327,557             | 348,114             | 361,254             | 345,462             |
| Plan fiduciary net position - ending (b)   | <u>\$ 370,749</u>                           | <u>\$ 360,590</u>   | <u>\$ 327,557</u>   | <u>\$ 348,114</u>   | <u>\$ 361,254</u>   |
| <b>State's net pension liability - ending (a) - (b)</b>  | <u>\$ 835,065</u>                           | <u>\$ 830,919</u>   | <u>\$ 763,250</u>   | <u>\$ 680,573</u>   | <u>\$ 653,668</u>   |
| Plan fiduciary net position as a percentage of the total pension liability                     | 30.75%                                      | 30.26%              | 30.03%              | 33.84%              | 35.59%              |
| Covered payroll  | \$ 73,183                                   | \$ 78,246           | \$ 68,573           | \$ 66,707           | \$ 63,334           |
| State's net pension liability as a percentage of covered payroll                               | 1,141.06%                                   | 1,061.93%           | 1,113.05%           | 1,020.24%           | 1,032.10%           |

(1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF CHANGES IN THE STATE'S NET PENSION LIABILITY AND RELATED RATIOS**  
**CORP DEPARTMENT OF CORRECTIONS**  
FOR THE LAST FIVE FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | Reporting Fiscal Year<br>(measurement date) |                     |                     |                     |                     |
|--|---|---------------------|---------------------|---------------------|---------------------|
|  | 2019<br>(2018)                              | 2018<br>(2017)      | 2017<br>(2016)      | 2016<br>(2015)      | 2015<br>(2014)      |
| <b>Total pension liability</b>   |   |                     |                     |                     |                     |
| Service cost   | \$ 51,918                                   | \$ 51,631           | \$ 47,529           | \$ 47,131           | \$ 48,061           |
| Interest on the total pension liability  | 136,973                                     | 113,227             | 111,087             | 108,123             | 92,486              |
| Changes of benefit terms   | (102,231)                                   | 239,128             | 2,464               | —                   | 21,354              |
| Differences between expected and actual experience in the measurement of the pension liability | (72,298)                                    | (11,373)            | (36,180)            | (30,179)            | (3,818)             |
| Changes of assumptions or other inputs   | —   | 46,154              | 58,949              | —                   | 125,557             |
| Benefit payments, including refunds of employee contributions                                  | (103,053)                                   | (92,181)            | (90,460)            | (84,586)            | (83,365)            |
| Net change in total pension liability  | (88,691)                                    | 346,586             | 93,389              | 40,489              | 200,275             |
| Total pension liability - beginning  | 1,876,561                                   | 1,529,975           | 1,436,586           | 1,396,097           | 1,195,822           |
| Total pension liability - ending (a)   | <u>\$ 1,787,870</u>                         | <u>\$ 1,876,561</u> | <u>\$ 1,529,975</u> | <u>\$ 1,436,586</u> | <u>\$ 1,396,097</u> |
| <b>Plan fiduciary net position</b>   |   |                     |                     |                     |                     |
| Contributions - employer   | \$ 66,030                                   | \$ 62,909           | \$ 60,984           | \$ 43,105           | \$ 40,166           |
| Contributions - employee   | 27,055                                      | 28,539              | 27,824              | 27,734              | 27,722              |
| Net investment income  | 63,503                                      | 94,033              | 4,831               | 28,414              | 96,216              |
| Benefit payments, including refunds of employee contributions                                  | (103,053)                                   | (92,181)            | (90,460)            | (84,586)            | (83,365)            |
| Administrative expense   | (961)                                       | (823)               | (683)               | (704)               | (757)               |
| Other changes  | 232   | (388)               | (340)               | (1,040)             | (446)               |
| Net change in plan fiduciary net position  | 52,806                                      | 92,089              | 2,156               | 12,923              | 79,536              |
| Plan fiduciary net position - beginning  | 883,173                                     | 791,084             | 788,928             | 776,005             | 696,469             |
| Plan fiduciary net position - ending (b)   | <u>\$ 935,979</u>                           | <u>\$ 883,173</u>   | <u>\$ 791,084</u>   | <u>\$ 788,928</u>   | <u>\$ 776,005</u>   |
| <b>State's net pension liability - ending (a) - (b)</b>  | <u>\$ 851,891</u>                           | <u>\$ 993,388</u>   | <u>\$ 738,891</u>   | <u>\$ 647,658</u>   | <u>\$ 620,092</u>   |
| Plan fiduciary net position as a percentage of the total pension liability                     | 52.35%                                      | 47.06%              | 51.71%              | 54.92%              | 55.58%              |
| Covered payroll  | \$ 316,996                                  | \$ 335,694          | \$ 330,538          | \$ 327,798          | \$ 326,819          |
| State's net pension liability as a percentage of covered payroll                               | 268.74%                                     | 295.92%             | 223.54%             | 197.58%             | 189.74%             |

(1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF STATE PENSION CONTRIBUTIONS**  
**ARIZONA STATE RETIREMENT SYSTEM**  
 FOR THE LAST SIX FISCAL YEARS (1)  
 FISCAL YEAR ENDED JUNE 30, 2019  
 (Expressed in Thousands)

|   | Fiscal Year    |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2019           | 2018           | 2017           | 2016           | 2015           | 2014           |
| Statutorily required contribution   | \$ 256,422     | \$ 236,938     | \$ 224,788     | \$ 220,982     | \$ 217,388     | \$ 206,040     |
| State's contributions in relation to the<br>statutorily required contribution | <u>256,422</u> | <u>236,938</u> | <u>224,788</u> | <u>220,982</u> | <u>217,388</u> | <u>206,040</u> |
| State's contribution deficiency (excess)                                      | <u>\$ —</u>    | <u>\$ —</u>    | <u>\$ —</u>    | <u>\$ —</u>    | <u>\$ —</u>    | <u>\$ —</u>    |
| State's covered payroll   | \$ 2,294,739   | \$ 2,175,916   | \$ 2,087,717   | \$ 2,039,238   | \$ 1,999,691   | \$ 1,939,038   |
| State's contributions as a percentage of<br>covered payroll                   | 11.17%         | 10.89%         | 10.77%         | 10.84%         | 10.87%         | 10.63%         |

(1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF STATE PENSION CONTRIBUTIONS**  
**ELECTED OFFICIALS' RETIREMENT PLAN**  
FOR THE LAST SIX FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | Fiscal Year |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2019        | 2018        | 2017        | 2016        | 2015        | 2014        |
| Statutorily required contribution (2)   | \$ 8,261    | \$ 3,564    | \$ 3,389    | \$ 3,805    | \$ 3,928    | \$ 3,870    |
| State's contributions in relation to the<br>statutorily required contribution (2) | 8,261       | 3,564       | 3,389       | 3,805       | 3,928       | 3,870       |
| State's contribution deficiency (excess)  | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| State's covered payroll   | \$ 12,445   | \$ 12,256   | \$ 10,895   | \$ 12,794   | \$ 12,987   | \$ 12,604   |
| State's contributions as a percentage of<br>covered payroll                       | 66.38%      | 29.08%      | 31.11%      | 29.74%      | 30.25%      | 30.70%      |

- (1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.
- (2) The State appropriated \$5 million annually, in addition to payroll contributions. This amount is split between employer and nonemployer contributions based on the State's actual payroll contributions to the plan relative to the total of all participating employers' actual contributions.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF STATE PENSION CONTRIBUTIONS,**  
**AS A NONEMPLOYER CONTRIBUTING ENTITY**  
**ELECTED OFFICIALS' RETIREMENT PLAN**  
FOR THE LAST SIX FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | Fiscal Year |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2019        | 2018        | 2017        | 2016        | 2015        | 2014        |
| Statutorily required contribution (2)   | \$ 4,125    | \$ 4,115    | \$ 4,171    | \$ 4,078    | \$ 4,066    | \$ 4,092    |
| State's contributions in relation to the<br>statutorily required contribution (2) | 4,125       | 4,115       | 4,171       | 4,078       | 4,066       | 4,092       |
| State's contribution deficiency (excess)  | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

- (1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.
- (2) The State appropriated \$5 million annually, in addition to payroll contributions. This amount is split between employer and nonemployer contributions based on the State's actual payroll contributions to the plan relative to the total of all participating employers' actual contributions.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF STATE PENSION CONTRIBUTIONS**  
**PSPRS DEPARTMENT OF PUBLIC SAFETY**  
FOR THE LAST SIX FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | Fiscal Year |             |                      |             |             |             |
|---|-------------|-------------|----------------------|-------------|-------------|-------------|
|   | 2019        | 2018        | 2017, as<br>restated | 2016        | 2015        | 2014        |
| Actuarially determined contribution (2)   | \$ 66,224   | \$ 63,709   | \$ 61,001            | \$ 52,115   | \$ 36,889   | \$ 31,458   |
| State's contributions in relation to the<br>actuarially determined contribution (2) | 66,224      | 63,709      | 61,001               | 52,115      | 36,889      | 31,458      |
| State's contribution deficiency (excess)  | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u>          | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| State's covered payroll (2)   | \$ 72,826   | \$ 73,183   | \$ 78,246            | \$ 68,573   | \$ 66,707   | \$ 63,334   |
| State's contributions as a percentage of<br>covered payroll                         | 90.93%      | 87.05%      | 77.96%               | 76.00%      | 55.30%      | 49.67%      |

- (1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.
- (2) State contributions reflect adjustments for employer-paid member contributions. Each year there is an immaterial difference between the estimated amount of employer-paid member contributions and the amount recognized by PSPRS. Fiscal year 2017 was restated using the employer contributions PSPRS recognized.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF STATE PENSION CONTRIBUTIONS**  
**CORP DEPARTMENT OF CORRECTIONS**  
FOR THE LAST SIX FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | Fiscal Year |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2019        | 2018        | 2017        | 2016        | 2015        | 2014        |
| Actuarially determined contribution   | \$ 85,872   | \$ 66,031   | \$ 62,909   | \$ 60,984   | \$ 43,105   | \$ 40,166   |
| State's contributions in relation to the<br>actuarially determined contribution | 85,872      | 66,031      | 62,909      | 60,984      | 43,105      | 40,166      |
| State's contribution deficiency (excess)  | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| State's covered payroll   | \$ 302,577  | \$ 316,996  | \$ 335,694  | \$ 330,538  | \$ 327,798  | \$ 326,819  |
| State's contributions as a percentage of<br>covered payroll                     | 28.38%      | 20.83%      | 18.74%      | 18.45%      | 13.15%      | 12.29%      |

- (1) The State implemented GASB 68 in fiscal year 2015. Therefore, ten years of data is not available, but will be accumulated over time.

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN SCHEDULES  
 JUNE 30, 2019

**A. ACTUARIALLY DETERMINED CONTRIBUTION RATES**

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

|  |   |
|--|---|
| Actuarial cost method  | Entry age normal  |
| Amortization method  | Level percent-of-pay, closed  |
| Remaining amortization period,<br>as of the 2017 actuarial valuation | 19 years  |
| Asset valuation method   | 7-year smoothed market value, 80%/120% market corridor  |
| Actuarial assumptions:   |   |
| Investment rate of return  | PSPRS members with initial membership date before July 1, 2017, and CORP members with initial membership date before July 1, 2018:<br><br>In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%.<br>In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%.<br>In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.<br>PSPRS members with initial membership on or after July 1, 2017: 7% |
| Projected salary increases   | In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS and from 4.0%-7.25% to 3.5%-6.5% for CORP.<br><br>In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS and from 4.5%-7.75% to 4.0%-7.25% for CORP.<br><br>In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS and from 5.0%-8.25% to 4.5%-7.75% for CORP.                     |
| Wage growth  | In the 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.5% for PSPRS and CORP.<br><br>In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP.<br><br>In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.  |
| Retirement age   | Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.  |
| Mortality  | In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales.<br>RP-2000 mortality table (adjusted by 105% for both males and females)  |

**B. FACTORS THAT AFFECT TRENDS**

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS and CORP required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS and CORP required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP required contributions are not based on actuarial valuations, and therefore, these changes did not affect them.

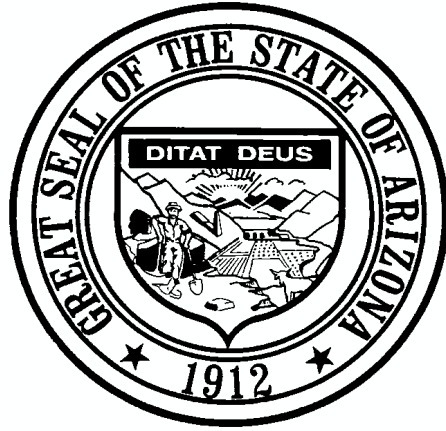
The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.



STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**ARIZONA DEPARTMENT OF ADMINISTRATION**  
FOR THE LAST TWO FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | Reporting Fiscal Year<br>(measurement date) |                   |
|---|---|-------------------|
|   | 2019<br>(2018)                              | 2018<br>(2017)    |
| <b>Total OPEB liability</b>   |   |                   |
| Service cost  | \$ 62,281                                   | \$ 87,252         |
| Interest on the total OPEB liability  | 32,074                                      | 32,182            |
| Changes of benefit terms  | —   | (83,199)          |
| Differences between expected and actual<br>experience in the measurement of the<br>OPEB liability | —   | (30,663)          |
| Changes of assumptions or other inputs  | (39,410)                                    | (273,577)         |
| Benefit payments  | (26,183)                                    | (28,848)          |
| Net changes   | 28,762                                      | (296,853)         |
| Total OPEB liability - beginning  | 846,763                                     | 1,143,616         |
| Total OPEB liability - ending (2)   | <u>\$ 875,525</u>                           | <u>\$ 846,763</u> |
| Covered-employee payroll  | \$ 3,270,734                                | \$ 3,184,746      |
| <br>Total OPEB liability as a percentage<br>of covered-employee payroll                           | <br>26.77%                                  | <br>26.59%        |

- (1) The State implemented GASB 75 in fiscal year 2018. Therefore, ten years of data is not available, but will be accumulated over time.
- (2) There are no dedicated assets at this time to offset the total OPEB liability.



COMBINING FINANCIAL  
STATEMENTS AND  
SCHEDULES



## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

*Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.*

### **Debt Service Funds**

*The Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.*

### **Capital Projects Funds**

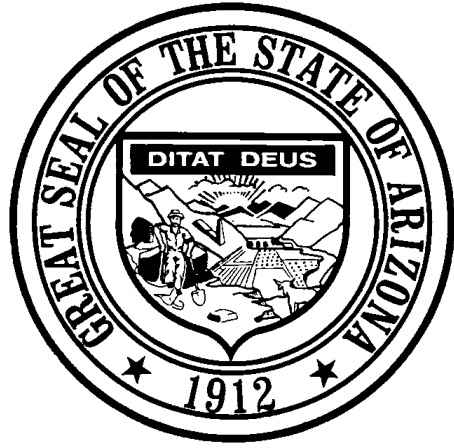
*Capital Projects Funds account for financial resources used to acquire or construct major capital facilities (other than those financed by Proprietary Funds, Pension Trust Funds or Component Units).*

STATE OF ARIZONA  
**COMBINING BALANCE SHEET**  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | SPECIAL<br>REVENUE<br>FUNDS | DEBT<br>SERVICE<br>FUNDS | CAPITAL<br>PROJECTS<br>FUNDS | TOTAL               |
|--|-----------------------------|--------------------------|------------------------------|---------------------|
| <b>ASSETS</b>  |                             |                          |                              |                     |
| Cash   | \$ 2,807                    | \$ —                     | \$ —                         | \$ 2,807            |
| Cash and pooled investments with<br>State Treasurer                            | 1,175,253                   | 11,865                   | —                            | 1,187,118           |
| Collateral investment pool   | 683                         | —                        | —                            | 683                 |
| Receivables, net of allowances:  |                             |                          |                              |                     |
| Taxes  | 93,299                      | —                        | —                            | 93,299              |
| Other  | 30,143                      | —                        | —                            | 30,143              |
| Due from U.S. Government   | 24,003                      | —                        | —                            | 24,003              |
| Due from component units   | 7,348                       | —                        | —                            | 7,348               |
| Due from other funds   | 105,711                     | 3,751                    | —                            | 109,462             |
| Restricted assets:   |                             |                          |                              |                     |
| Cash and pooled investments with<br>State Treasurer                            | 365,655                     | 4,592                    | 66,598                       | 436,845             |
| Cash held by trustee   | —                           | 43,841                   | —                            | 43,841              |
| Inventories, at cost   | 541                         | —                        | —                            | 541                 |
| <b>Total Assets</b>  | <b>\$ 1,805,443</b>         | <b>\$ 64,049</b>         | <b>\$ 66,598</b>             | <b>\$ 1,936,090</b> |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES, AND FUND<br/>BALANCES</b>   |                             |                          |                              |                     |
| Liabilities:   |                             |                          |                              |                     |
| Accounts payable and other current<br>liabilities                              | \$ 43,228                   | \$ —                     | \$ 12,118                    | \$ 55,346           |
| Accrued liabilities  | 68,400                      | —                        | 122                          | 68,522              |
| Obligations under securities loan<br>agreements                                | 683                         | —                        | —                            | 683                 |
| Due to local governments   | 249,061                     | —                        | —                            | 249,061             |
| Due to others  | 16,535                      | —                        | —                            | 16,535              |
| Due to other funds   | 11,640                      | —                        | —                            | 11,640              |
| Unearned revenue   | 2,331                       | —                        | —                            | 2,331               |
| <b>Total Liabilities</b>   | <b>391,878</b>              | <b>—</b>                 | <b>12,240</b>                | <b>404,118</b>      |
| Deferred Inflows of Resources:   |                             |                          |                              |                     |
| Unavailable revenue  | 432                         | —                        | —                            | 432                 |
| Fund Balances:   |                             |                          |                              |                     |
| Restricted   | 585,088                     | 64,049                   | 54,358                       | 703,495             |
| Committed  | 828,045                     | —                        | —                            | 828,045             |
| <b>Total Fund Balances</b>   | <b>1,413,133</b>            | <b>64,049</b>            | <b>54,358</b>                | <b>1,531,540</b>    |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b>\$ 1,805,443</b>         | <b>\$ 64,049</b>         | <b>\$ 66,598</b>             | <b>\$ 1,936,090</b> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | SPECIAL<br>REVENUE<br>FUNDS | DEBT<br>SERVICE<br>FUNDS | CAPITAL<br>PROJECTS<br>FUNDS | TOTAL               |
|---|-----------------------------|--------------------------|------------------------------|---------------------|
| <b>REVENUES</b>                                   |                             |                          |                              |                     |
| Taxes:  |                             |                          |                              |                     |
| Sales   | \$ 614,348                  | \$ 64,120                | \$ —                         | \$ 678,468          |
| Tobacco   | 230,487                     | —                        | —                            | 230,487             |
| Motor vehicle and fuel                            | 184,460                     | —                        | —                            | 184,460             |
| Other   | 116,016                     | —                        | —                            | 116,016             |
| Intergovernmental                                 | 250,391                     | —                        | —                            | 250,391             |
| Licenses, fees, and permits                       | 367,378                     | —                        | —                            | 367,378             |
| Hospital and nursing facility assessments         | 316,040                     | —                        | —                            | 316,040             |
| Earnings on investments                           | 105,068                     | 3,289                    | 3,513                        | 111,870             |
| Sales and charges for services                    | 48,216                      | —                        | —                            | 48,216              |
| Fines, forfeitures, and penalties                 | 199,676                     | —                        | —                            | 199,676             |
| Gaming  | 92,582                      | —                        | —                            | 92,582              |
| Other   | 34,597                      | 105                      | —                            | 34,702              |
| Total Revenues                                    | <u>2,559,259</u>            | <u>67,514</u>            | <u>3,513</u>                 | <u>2,630,286</u>    |
| <b>EXPENDITURES</b>                               |                             |                          |                              |                     |
| Current:  |                             |                          |                              |                     |
| General government                                | 140,669                     | 4,808                    | —                            | 145,477             |
| Health and welfare                                | 733,632                     | —                        | —                            | 733,632             |
| Inspection and regulation                         | 123,078                     | —                        | —                            | 123,078             |
| Education   | 889,567                     | —                        | —                            | 889,567             |
| Protection and safety                             | 312,573                     | —                        | —                            | 312,573             |
| Transportation                                    | —                           | —                        | 39,238                       | 39,238              |
| Natural resources                                 | 153,538                     | —                        | —                            | 153,538             |
| Intergovernmental revenue sharing                 | 9,655                       | —                        | —                            | 9,655               |
| Debt service:                                     |                             |                          |                              |                     |
| Principal   | 2,490                       | 367,070                  | —                            | 369,560             |
| Interest and other fiscal charges                 | 731                         | 182,308                  | 1,688                        | 184,727             |
| Capital outlay                                    | 30,633                      | —                        | 298,567                      | 329,200             |
| Total Expenditures                                | <u>2,396,566</u>            | <u>554,186</u>           | <u>339,493</u>               | <u>3,290,245</u>    |
| Excess (Deficiency) of Revenues Over Expenditures | <u>162,693</u>              | <u>(486,672)</u>         | <u>(335,980)</u>             | <u>(659,959)</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                             |                          |                              |                     |
| Transfers in                                      | 150,764                     | 492,832                  | —                            | 643,596             |
| Transfers out                                     | (182,732)                   | (6,833)                  | —                            | (189,565)           |
| Capital lease and installment purchase contracts  | 345                         | —                        | —                            | 345                 |
| Grant anticipation notes issued                   | —                           | —                        | 62,465                       | 62,465              |
| Bonds issued                                      | —                           | —                        | 262,010                      | 262,010             |
| Premium on debt issued                            | —                           | —                        | 41,449                       | 41,449              |
| Total Other Financing Sources (Uses)              | <u>(31,623)</u>             | <u>485,999</u>           | <u>365,924</u>               | <u>820,300</u>      |
| Net Change in Fund Balances                       | 131,070                     | (673)                    | 29,944                       | 160,341             |
| Fund Balances - Beginning                         | 1,282,063                   | 64,722                   | 24,414                       | 1,371,199           |
| Fund Balances - Ending                            | <u>\$ 1,413,133</u>         | <u>\$ 64,049</u>         | <u>\$ 54,358</u>             | <u>\$ 1,531,540</u> |





## **NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS**

**The Public Safety and Correctional Programs Fund** accounts for law enforcement, military, custody, and related services provided to the general public.

**The Environmental Protection Fund** accounts for the protection of the State's public health by administering the State's environmental quality laws and delegating federal programs to prevent, control, and abate pollution of our air, water, and land resources.

**The Healthcare and Social Services Fund** accounts for health and welfare services provided to the general public.

**The Tobacco Tax and Healthcare Fund** accounts for the receipt of monies levied on tobacco products. The monies are used for health education programs; research, prevention and treatment of tobacco related diseases; to increase the quality of, and access to, the early childhood development and health system that ensures a child entering school comes healthy and ready to succeed; and for medically needy healthcare programs.

**The Judicial and Legal Services Fund** accounts for the anti-racketeering, consumer protection, consumer fraud, anti-trust, and collections enforcement programs of the Attorney General's Office and statewide court improvement functions supervised by the Arizona Supreme Court.

**The Regulating and Licensing Fund** accounts for inspection and regulatory services provided to the general public.

**The Game and Fish Fund** accounts for the receipt of monies collected by the Department of Game and Fish for various hunting and fishing licenses, for the purpose of conserving, enhancing, and restoring Arizona's diverse wildlife resources and habitats, as well as providing safe watercraft and off-highway vehicle recreation.

**The State Parks Development Fund** accounts for the receipt of monies collected by the State Parks Fund for the purpose of acquiring and developing State park lands, sites and facilities.

**The Business Development Fund** accounts for the promotion of statewide economic and community development, which supports a globally competitive Arizona.

**The Educational Programs Fund** accounts for supplemental building needs and instructional improvement programs specifically identified in a voter initiative that enacted a six-tenth of one percent statewide sales tax dedicated to education functions. The Educational Programs Fund supports programs from the kindergarten through university educational levels.

**The Groundwater Protection and Conservation Fund** accounts for strategic water resources planning, Colorado River water management, drought management planning, dam safety, flood mitigation, administration of the Arizona Groundwater Management Code, and administration of water rights. These programs are the responsibility of the Department of Water Resources.

**The Clean Elections System Fund** accounts for fines and fees collected to pay for campaign expenses of statewide candidates and State legislative candidates who choose not to accept private source campaign funds. The fund was established as a result of a voter initiative.

STATE OF ARIZONA  
**COMBINING BALANCE SHEET**  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | PUBLIC<br>SAFETY &<br>CORRECTIONAL<br>PROGRAMS | ENVIRONMENTAL<br>PROTECTION | HEALTHCARE<br>& SOCIAL<br>SERVICES | TOBACCO<br>TAX &<br>HEALTHCARE | JUDICIAL<br>& LEGAL<br>SERVICES | REGULATING<br>& LICENSING |
|--|--|-----------------------------|------------------------------------|--------------------------------|---------------------------------|---------------------------|
| <b>ASSETS</b>  |  |                             |                                    |                                |                                 |                           |
| Cash   | \$ 2,762                                       | \$ —                        | \$ —                               | \$ —                           | \$ —                            | \$ 15                     |
| Cash and pooled investments with<br>State Treasurer                            | 125,242  | 127,305                     | 236,158                            | 4,937                          | 137,567                         | 184,882                   |
| Collateral investment pool   | —  | —                           | —                                  | 683                            | —                               | —                         |
| Receivables, net of allowances:  |  |                             |                                    |                                |                                 |                           |
| Taxes  | 4,933  | 223                         | 7,332                              | 15,618                         | —                               | —                         |
| Other  | 1  | 991                         | 7,653                              | —                              | 6                               | 4,452                     |
| Due from U.S. Government   | —  | —                           | 24,003                             | —                              | —                               | —                         |
| Due from component units   | —  | —                           | —                                  | —                              | —                               | —                         |
| Due from other funds   | 16,810   | 3,426                       | 2,841                              | 2,693                          | 1,030                           | —                         |
| Inventories at cost  | 541  | —                           | —                                  | —                              | —                               | —                         |
| Restricted assets:   |  |                             |                                    |                                |                                 |                           |
| Cash and pooled investments with<br>State Treasurer                            | —  | —                           | 2,320                              | 363,335                        | —                               | —                         |
| <b>Total Assets</b>  | <b>\$ 150,289</b>                              | <b>\$ 131,945</b>           | <b>\$ 280,307</b>                  | <b>\$ 387,266</b>              | <b>\$ 138,603</b>               | <b>\$ 189,349</b>         |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES, AND FUND<br/>BALANCES</b>   |  |                             |                                    |                                |                                 |                           |
| Liabilities:   |  |                             |                                    |                                |                                 |                           |
| Accounts payable and other current<br>liabilities                              | \$ 17,547                                      | \$ 5,302                    | \$ 6,762                           | \$ 4,087                       | \$ 677                          | \$ 1,848                  |
| Accrued liabilities  | 9,809  | 955                         | 49,196                             | 586                            | 1,283                           | 3,796                     |
| Obligations under security loan<br>agreements                                  | —  | —                           | —                                  | 683                            | —                               | —                         |
| Due to local governments   | —  | 2,357                       | —                                  | —                              | —                               | —                         |
| Due to others  | —  | —                           | —                                  | 16,023                         | 27                              | 480                       |
| Due to other funds   | —  | 110                         | 3,113                              | 8,142                          | 6                               | 130                       |
| Unearned revenue   | —  | —                           | 1,489                              | —                              | —                               | 723                       |
| <b>Total Liabilities</b>   | <b>27,356</b>                                  | <b>8,724</b>                | <b>60,560</b>                      | <b>29,521</b>                  | <b>1,993</b>                    | <b>6,977</b>              |
| Deferred Inflows of Resources:   |  |                             |                                    |                                |                                 |                           |
| Unavailable revenue  | —  | —                           | 432                                | —                              | —                               | —                         |
| Fund Balances:   |  |                             |                                    |                                |                                 |                           |
| Restricted   | —  | 18,356                      | 74,608                             | 357,745                        | 5,539                           | 2,612                     |
| Committed  | 122,933  | 104,865                     | 144,707                            | —                              | 131,071                         | 179,760                   |
| <b>Total Fund Balances</b>   | <b>122,933</b>                                 | <b>123,221</b>              | <b>219,315</b>                     | <b>357,745</b>                 | <b>136,610</b>                  | <b>182,372</b>            |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <b>\$ 150,289</b>                              | <b>\$ 131,945</b>           | <b>\$ 280,307</b>                  | <b>\$ 387,266</b>              | <b>\$ 138,603</b>               | <b>\$ 189,349</b>         |

| GAME & FISH      | STATE PARKS DEVELOPMENT | BUSINESS DEVELOPMENT | EDUCATIONAL PROGRAMS | GROUNDWATER PROTECTION & CONSERVATION | CLEAN ELECTIONS SYSTEM | TOTAL               |
|------------------|-------------------------|----------------------|----------------------|---------------------------------------|------------------------|---------------------|
| \$ 30            | \$ —                    | \$ —                 | \$ —                 | \$ —                                  | \$ —                   | \$ 2,807            |
| 71,446           | 14,417                  | 46,530               | 176,252              | 22,681                                | 27,836                 | 1,175,253           |
| —                | —                       | —                    | —                    | —                                     | —                      | 683                 |
| —                | —                       | —                    | 65,193               | —                                     | —                      | 93,299              |
| 2,590            | —                       | 1                    | 14,447               | —                                     | 2                      | 30,143              |
| —                | —                       | —                    | —                    | —                                     | —                      | 24,003              |
| —                | —                       | 7,348                | —                    | —                                     | —                      | 7,348               |
| 682              | 1,176                   | —                    | 77,053               | —                                     | —                      | 105,711             |
| —                | —                       | —                    | —                    | —                                     | —                      | 541                 |
| —                | —                       | —                    | —                    | —                                     | —                      | 365,655             |
| <u>\$ 74,748</u> | <u>\$ 15,593</u>        | <u>\$ 53,879</u>     | <u>\$ 332,945</u>    | <u>\$ 22,681</u>                      | <u>\$ 27,838</u>       | <u>\$ 1,805,443</u> |
| \$ 1,852         | \$ 2,837                | \$ 1,147             | \$ 1,085             | \$ —                                  | \$ 84                  | \$ 43,228           |
| 2,137            | 207                     | 202                  | 153                  | 50                                    | 26                     | 68,400              |
| —                | —                       | —                    | —                    | —                                     | —                      | 683                 |
| —                | —                       | —                    | 246,704              | —                                     | —                      | 249,061             |
| —                | —                       | 5                    | —                    | —                                     | —                      | 16,535              |
| 139              | —                       | —                    | —                    | —                                     | —                      | 11,640              |
| 119              | —                       | —                    | —                    | —                                     | —                      | 2,331               |
| <u>4,247</u>     | <u>3,044</u>            | <u>1,354</u>         | <u>247,942</u>       | <u>50</u>                             | <u>110</u>             | <u>391,878</u>      |
| —                | —                       | —                    | —                    | —                                     | —                      | 432                 |
| 13,497           | —                       | —                    | 85,003               | —                                     | 27,728                 | 585,088             |
| <u>57,004</u>    | <u>12,549</u>           | <u>52,525</u>        | <u>—</u>             | <u>22,631</u>                         | <u>—</u>               | <u>828,045</u>      |
| <u>70,501</u>    | <u>12,549</u>           | <u>52,525</u>        | <u>85,003</u>        | <u>22,631</u>                         | <u>27,728</u>          | <u>1,413,133</u>    |
| <u>\$ 74,748</u> | <u>\$ 15,593</u>        | <u>\$ 53,879</u>     | <u>\$ 332,945</u>    | <u>\$ 22,681</u>                      | <u>\$ 27,838</u>       | <u>\$ 1,805,443</u> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | PUBLIC<br>SAFETY &<br>CORRECTIONAL<br>PROGRAMS | ENVIRONMENTAL<br>PROTECTION | HEALTHCARE<br>& SOCIAL<br>SERVICES | TOBACCO<br>TAX &<br>HEALTHCARE | JUDICIAL<br>& LEGAL<br>SERVICES | REGULATING<br>& LICENSING |
|--|--|-----------------------------|------------------------------------|--------------------------------|---------------------------------|---------------------------|
| <b>REVENUES</b>                                      |  |                             |                                    |                                |                                 |                           |
| Taxes:   |  |                             |                                    |                                |                                 |                           |
| Sales  | \$ 17,729                                      | \$ 586                      | \$ 3,913                           | \$ —                           | \$ —                            | \$ —                      |
| Tobacco  | 4,904  | —                           | 7,412                              | 218,171                        | —                               | —                         |
| Motor vehicle and fuel                               | 140,690  | 29,855                      | 2,416                              | —                              | —                               | —                         |
| Other  | 66,377   | 1,800                       | —                                  | —                              | —                               | 47,839                    |
| Intergovernmental                                    | 56,646   | 120                         | 152,842                            | —                              | 1,464                           | 170                       |
| Licenses, fees, and permits                          | 27,261   | 68,371                      | 45,120                             | —                              | 26,251                          | 133,792                   |
| Hospital and nursing facility assessments            | —  | —                           | 316,040                            | —                              | —                               | —                         |
| Earnings on investments                              | 1,111  | 2,748                       | 895                                | 14,460                         | 1,352                           | 998                       |
| Sales and charges for services                       | 17,012   | —                           | 2,941                              | —                              | 696                             | 3,585                     |
| Fines, forfeitures, and penalties                    | 61,058   | 36,731                      | 6,935                              | —                              | 85,747                          | 1,897                     |
| Gaming   | —  | —                           | 24,840                             | —                              | —                               | 10,966                    |
| Other  | 5,383  | 714                         | 6,315                              | 913                            | 586                             | 2,114                     |
| <b>Total Revenues</b>                                | <b>398,171</b>                                 | <b>140,925</b>              | <b>569,669</b>                     | <b>233,544</b>                 | <b>116,096</b>                  | <b>201,361</b>            |
| <b>EXPENDITURES</b>                                  |  |                             |                                    |                                |                                 |                           |
| Current:   |  |                             |                                    |                                |                                 |                           |
| General government                                   | 30,752   | 18,255                      | 3,776                              | 538                            | 63,363                          | 2,199                     |
| Health and welfare                                   | —  | 88,686                      | 531,068                            | 103,295                        | —                               | 10,583                    |
| Inspection and regulation                            | —  | 1,183                       | —                                  | —                              | 25                              | 121,870                   |
| Education  | —  | —                           | 1,019                              | 145,037                        | —                               | —                         |
| Protection and safety                                | 312,573  | —                           | —                                  | —                              | —                               | —                         |
| Natural resources                                    | 55,305   | 496                         | —                                  | —                              | —                               | 2                         |
| Intergovernmental revenue sharing                    | —  | 9,655                       | —                                  | —                              | —                               | —                         |
| Debt service:  |  |                             |                                    |                                |                                 |                           |
| Principal  | 1,765  | —                           | —                                  | —                              | —                               | —                         |
| Interest and other fiscal charges                    | 53   | —                           | —                                  | —                              | —                               | —                         |
| Capital outlay                                       | 15,902   | 812                         | 453                                | 6                              | —                               | 258                       |
| <b>Total Expenditures</b>                            | <b>416,350</b>                                 | <b>119,087</b>              | <b>536,316</b>                     | <b>248,876</b>                 | <b>63,388</b>                   | <b>134,912</b>            |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (18,179)                                       | 21,838                      | 33,353                             | (15,332)                       | 52,708                          | 66,449                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                |  |                             |                                    |                                |                                 |                           |
| Transfers in   | 106,390  | 2                           | 16,253                             | 4,642                          | 1,448                           | 3,308                     |
| Transfers out  | (64,824)                                       | (25,299)                    | (20,579)                           | (786)                          | (4,509)                         | (51,575)                  |
| Capital lease and installment<br>purchase contracts  | 345  | —                           | —                                  | —                              | —                               | —                         |
| <b>Total Other Financing Sources (Uses)</b>          | <b>41,911</b>                                  | <b>(25,297)</b>             | <b>(4,326)</b>                     | <b>3,856</b>                   | <b>(3,061)</b>                  | <b>(48,267)</b>           |
| <b>Net Change in Fund Balances</b>                   | <b>23,732</b>                                  | <b>(3,459)</b>              | <b>29,027</b>                      | <b>(11,476)</b>                | <b>49,647</b>                   | <b>18,182</b>             |
| Fund Balances - Beginning                            | 99,201   | 126,680                     | 190,288                            | 369,221                        | 86,963                          | 164,190                   |
| <b>Fund Balances - Ending</b>                        | <b>\$ 122,933</b>                              | <b>\$ 123,221</b>           | <b>\$ 219,315</b>                  | <b>\$ 357,745</b>              | <b>\$ 136,610</b>               | <b>\$ 182,372</b>         |

| GAME & FISH      | STATE PARKS DEVELOPMENT | BUSINESS DEVELOPMENT | EDUCATIONAL PROGRAMS | GROUNDWATER PROTECTION & CONSERVATION | CLEAN ELECTIONS SYSTEM | TOTAL               |
|------------------|-------------------------|----------------------|----------------------|---------------------------------------|------------------------|---------------------|
| \$ 6             | \$ —                    | \$ —                 | \$ 592,114           | \$ —                                  | \$ —                   | \$ 614,348          |
| —                | —                       | —                    | —                    | —                                     | —                      | 230,487             |
| 1,167            | 10,143                  | —                    | 189                  | —                                     | —                      | 184,460             |
| —                | —                       | —                    | —                    | —                                     | —                      | 116,016             |
| 35,671           | —                       | 2,448                | 1,030                | —                                     | —                      | 250,391             |
| 43,953           | 1,724                   | 10,463               | 4,014                | 6,429                                 | —                      | 367,378             |
| —                | —                       | —                    | —                    | —                                     | —                      | 316,040             |
| 1,347            | 267                     | 888                  | 80,517               | 485                                   | —                      | 105,068             |
| 3,491            | —                       | 272                  | 20,219               | —                                     | —                      | 48,216              |
| 160              | —                       | —                    | —                    | —                                     | 7,148                  | 199,676             |
| 7,097            | —                       | —                    | 49,679               | —                                     | —                      | 92,582              |
| 1,871            | 87                      | 11,224               | 751                  | 4,417                                 | 222                    | 34,597              |
| <u>94,763</u>    | <u>12,221</u>           | <u>25,295</u>        | <u>748,513</u>       | <u>11,331</u>                         | <u>7,370</u>           | <u>2,559,259</u>    |
| —                | —                       | 13,112               | —                    | 170                                   | 8,504                  | 140,669             |
| —                | —                       | —                    | —                    | —                                     | —                      | 733,632             |
| —                | —                       | —                    | —                    | —                                     | —                      | 123,078             |
| —                | —                       | —                    | 743,511              | —                                     | —                      | 889,567             |
| —                | —                       | —                    | —                    | —                                     | —                      | 312,573             |
| 78,657           | 8,098                   | —                    | —                    | 10,980                                | —                      | 153,538             |
| —                | —                       | —                    | —                    | —                                     | —                      | 9,655               |
| 725              | —                       | —                    | —                    | —                                     | —                      | 2,490               |
| 678              | —                       | —                    | —                    | —                                     | —                      | 731                 |
| 9,653            | 3,534                   | 15                   | —                    | —                                     | —                      | 30,633              |
| <u>89,713</u>    | <u>11,632</u>           | <u>13,127</u>        | <u>743,511</u>       | <u>11,150</u>                         | <u>8,504</u>           | <u>2,396,566</u>    |
| <u>5,050</u>     | <u>589</u>              | <u>12,168</u>        | <u>5,002</u>         | <u>181</u>                            | <u>(1,134)</u>         | <u>162,693</u>      |
| 12,735           | 36                      | —                    | 5,039                | 910                                   | 1                      | 150,764             |
| (8,367)          | (421)                   | (5,135)              | (342)                | (895)                                 | —                      | (182,732)           |
| —                | —                       | —                    | —                    | —                                     | —                      | 345                 |
| 4,368            | (385)                   | (5,135)              | 4,697                | 15                                    | 1                      | (31,623)            |
| 9,418            | 204                     | 7,033                | 9,699                | 196                                   | (1,133)                | 131,070             |
| 61,083           | 12,345                  | 45,492               | 75,304               | 22,435                                | 28,861                 | 1,282,063           |
| <u>\$ 70,501</u> | <u>\$ 12,549</u>        | <u>\$ 52,525</u>     | <u>\$ 85,003</u>     | <u>\$ 22,631</u>                      | <u>\$ 27,728</u>       | <u>\$ 1,413,133</u> |

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|-------------------------------------|----------------------------------|
| <b>ACCOUNTANCY, ARIZONA STATE BOARD OF</b>                           |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | \$ 29,314                           | \$ 29,314                        |
| OPERATING LUMP SUM APPROPRIATION                                     | 2,037,900                           | 1,537,550                        |
| <b>ACUPUNCTURE BOARD OF EXAMINERS</b>                                |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | 10,166                              | 10,166                           |
| OPERATING LUMP SUM APPROPRIATION                                     | 171,900                             | 135,225                          |
| <b>ADMINISTRATION, ARIZONA DEPARTMENT OF</b>                         |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | 136,096                             | 136,096                          |
| OPERATING LUMP SUM APPROPRIATION                                     | 1,499,800                           | 1,032,322                        |
| <b>AGRICULTURE, ARIZONA DEPARTMENT OF</b>                            |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | 108,663                             | 108,663                          |
| OPERATING LUMP SUM APPROPRIATION                                     | 1,445,200                           | 1,424,986                        |
| <b>AHCCCS - ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM</b>          |                                     |                                  |
| ACA ADULT EXPANSION  | 28,420,100                          | 26,231,931                       |
| ADMIN ADJUSTMENT ACA ADULT EXPANSION                                 | 119,071                             | 119,071                          |
| ADMIN ADJUSTMENT PROPOSITION 204 SERVICES                            | 5,871,380                           | 5,871,380                        |
| ALTCS SERVICES   | 109,345,000                         | 90,948,503                       |
| CRISIS SERVICES  | 2,250,200                           | 2,250,200                        |
| PROPOSITION 204 SERVICES   | 299,569,300                         | 254,234,433                      |
| TRADITIONAL MEDICAID SERVICES  | 68,040,500                          | 66,143,919                       |
| <b>ATHLETIC TRAINING, BOARD OF</b>                                   |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | 4,936                               | 4,936                            |
| OPERATING LUMP SUM APPROPRIATION                                     | 123,500                             | 109,807                          |
| <b>ATTORNEY GENERAL - DEPARTMENT OF LAW</b>                          |                                     |                                  |
| ADMIN ADJUSTMENT FEDERALISM UNIT                                     | 12,906                              | 12,906                           |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | 298,582                             | 298,582                          |
| ADMIN ADJUSTMENT TOBACCO ENFORCEMENT                                 | 2,191                               | 2,191                            |
| ADMIN ADJUSTMENT VICTIMS RIGHTS                                      | 11,437                              | 11,437                           |
| CASE MANAGEMENT SYSTEM UPGRADE                                       | 1,489,000                           | 317,363                          |
| FEDERALISM UNIT  | 1,004,500                           | 718,008                          |
| GOVERNMENT ACCOUNTABILITY AND SPECIAL LITIGATION                     | 961,300                             | 693,093                          |
| GRANTS FOR OPIOID EDUCATION AND PREVENTION EFFORTS                   | 400,600                             | 153,845                          |
| OPERATING LUMP SUM APPROPRIATION                                     | 11,562,900                          | 9,743,428                        |
| PAD NATIONAL MORTGAGE SETTLEMENT                                     | 16,878,574                          | 542,868                          |
| TOBACCO ENFORCEMENT  | 737,900                             | 157,241                          |
| VICTIMS RIGHTS   | 3,766,800                           | 2,469,827                        |
| <b>AUDITOR GENERAL</b>   |                                     |                                  |
| ADMIN ADJUSTMENT SPECIAL AUDIT OF CENTRAL AZ WATER CONSERVATION DIST | 169,961                             | 169,961                          |
| <b>AUTOMOBILE THEFT AUTHORITY</b>                                    |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | 6,395                               | 6,395                            |
| ARIZONA VEHICLE THEFT TASK FORCE                                     | 3,650,000                           | 3,650,000                        |
| LOCAL GRANTS   | 957,700                             | 942,678                          |
| OPERATING LUMP SUM APPROPRIATION                                     | 651,200                             | 584,848                          |
| REIMBURSABLE PROGRAMS  | 50,000                              | —                                |
| <b>BARBERS, BOARD OF</b>   |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                    | 1,538                               | 1,538                            |
| OPERATING LUMP SUM APPROPRIATION                                     | 401,100                             | 380,057                          |

(Continued)

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|-------------------------------------|----------------------------------|
| <b>BEHAVIORAL HEALTH EXAMINERS, BOARD OF</b>            |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | 86,923                              | 86,923                           |
| OPERATING LUMP SUM APPROPRIATION                        | 1,772,300                           | 1,410,554                        |
| <b>CHILD SAFETY, DEPARTMENT OF</b>                      |                                     |                                  |
| ADMIN ADJUSTMENT DCS IN-HOME MITIGATION                 | 1,149,869                           | 1,149,869                        |
| DCS - CASEWORKERS                                       | 207,100                             | —                                |
| DCS IN-HOME MITIGATION                                  | 1,459,300                           | —                                |
| <b>CHIROPRACTIC EXAMINERS, STATE BOARD OF</b>           |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | 10,565                              | 10,565                           |
| OPERATING LUMP SUM APPROPRIATION                        | 429,700                             | 327,275                          |
| <b>CONTRACTORS, REGISTRAR OF</b>                        |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | 31,093                              | 31,093                           |
| OFFICE OF ADMINISTRATIVE HEARINGS COSTS                 | 1,017,600                           | 508,800                          |
| OPERATING LUMP SUM APPROPRIATION                        | 11,282,500                          | 9,182,624                        |
| <b>CORPORATION COMMISSION</b>                           |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | 192,268                             | 192,268                          |
| ANNUAL REVERSION  | 24,871,917                          | 24,871,917                       |
| CORPORATION FILINGS, SAME DAY SERVICE                   | 401,200                             | —                                |
| INVESTIGATE-PROSECUTE SECUR FRD                         | 26,509                              | —                                |
| OPERATING LUMP SUM APPROPRIATION                        | 26,134,000                          | 25,518,254                       |
| SWEEPS  | 144,156                             | 144,156                          |
| UTILITY, AUDIT, STUDY, INVEST, HEAR                     | 1,532,600                           | 630,837                          |
| <b>CORRECTIONS, STATE DEPARTMENT OF</b>                 |                                     |                                  |
| ADMIN ADJUSTMENT INMATE HEALTH CARE CONTRACTED SERVICES | 619,485                             | 619,485                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | 2,529,319                           | 2,529,319                        |
| ADMIN ADJUSTMENT PRIVATE PRISON PER DIEM                | 11,529,970                          | 11,529,970                       |
| CASH TRANSFER TO BUILDING RENEWAL FUND                  | 2,500,000                           | 2,500,000                        |
| COMMUNITY CORRECTIONS                                   | 315,500                             | 228,240                          |
| INMATE HEALTH CARE CONTRACTED SERVICES                  | 10,000,000                          | 10,000,000                       |
| OPERATING LUMP SUM APPROPRIATION                        | 7,081,200                           | 3,493,852                        |
| PRIVATE PRISON PER DIEM                                 | 27,311,500                          | 19,237,907                       |
| SWEEPS  | 1,500,000                           | 1,500,000                        |
| <b>COSMETOLOGY, BOARD OF</b>                            |                                     |                                  |
| ADMIN ADJUSTMENT ANNUAL LEAVE PAYOUT                    | 20,514                              | 20,514                           |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | 46,586                              | 46,586                           |
| ANNUAL LEAVE PAYOUT                                     | 34,200                              | —                                |
| OPERATING LUMP SUM APPROPRIATION                        | 1,892,100                           | 1,784,917                        |
| <b>CRIMINAL JUSTICE COMMISSION, ARIZONA</b>             |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION       | 342                                 | 342                              |
| ADMIN ADJUSTMENT VICTIM COMPENSATION - ASSISTANCE       | 36,960                              | 36,960                           |
| CRIMINAL CASE STATISTICAL STUDY                         | 200,000                             | 200,000                          |
| CRIMINAL HISTORY REPOSITORY UPGRADE                     | 600,000                             | 11,325                           |
| OPERATING LUMP SUM APPROPRIATION                        | 1,262,000                           | 1,031,338                        |
| STATE AID TO COUNTY ATTORNEYS                           | 973,700                             | 790,565                          |
| VICTIM COMPENSATION - ASSISTANCE                        | 4,222,400                           | 3,989,442                        |
| <b>DEAF AND BLIND, ARIZONA SCHOOLS FOR THE</b>          |                                     |                                  |
| EARLY CHILDHOOD & FAMILY EDUCATION PROGRAMS             | 2,070,000                           | 1,460,452                        |

(Continued)

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|-------------------------------------|----------------------------------|
| <b>DEAF AND HARD OF HEARING, COMMISSION FOR THE</b>         |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION           | 89,946                              | 89,946                           |
| INTERPRETER CERT AND LICENSURE                              | 248,992                             | —                                |
| OPERATING LUMP SUM APPROPRIATION                            | 4,421,500                           | 2,911,364                        |
| SUPPORT SERVICES FOR THE DEAF-BLIND                         | 192,000                             | 788                              |
| <b>DENTAL EXAMINERS, STATE BOARD OF</b>                     |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION           | 21,231                              | 21,231                           |
| OPERATING LUMP SUM APPROPRIATION                            | 1,300,500                           | 1,007,185                        |
| <b>ECONOMIC SECURITY, DEPARTMENT OF</b>                     |                                     |                                  |
| ADMIN ADJUSTMENT ADULT SERVICES                             | 92,280                              | 92,280                           |
| ADMIN ADJUSTMENT ATTORNEY GENERAL LEGAL SERVICES            | 2,371                               | 2,371                            |
| ADMIN ADJUSTMENT DES OPERATING LUMP SUM                     | 572,868                             | 572,868                          |
| ADMIN ADJUSTMENT DOMESTIC VIOLENCE PREVENTION               | 100,000                             | 100,000                          |
| ADMIN ADJUSTMENT HOME & COMMUNITY SERVICES - STATE ONLY     | 120,000                             | 120,000                          |
| ADMIN ADJUSTMENT INDEPENDENT LIVING REHABILITATION SERVICES | 13,401                              | 13,401                           |
| ADMIN ADJUSTMENT REHABILITATION SERVICES                    | 170,822                             | 170,822                          |
| ADULT SERVICES  | 1,171,000                           | —                                |
| ATTORNEY GENERAL LEGAL SERVICES                             | 97,800                              | 3,276                            |
| DDD ARIZONA EARLY INTERVENTION PROGRAM                      | 1,900,000                           | —                                |
| DDD COST EFFECTIVENESS STUDY                                | 1,100,000                           | —                                |
| DDD PROGRAM EXPENSES SUPPLEMENTAL                           | 1,000,000                           | —                                |
| DES OPERATING LUMP SUM                                      | 2,976,400                           | 2,068,217                        |
| DOMESTIC VIOLENCE PREVENTION                                | 4,100,000                           | 2,021,746                        |
| HOME & COMMUNITY SERVICES - STATE ONLY                      | 120,000                             | —                                |
| INDEPENDENT LIVING REHABILITATION SERVICES                  | 1,123,400                           | 1,048,726                        |
| JOBS  | 1,110,900                           | —                                |
| REHABILITATION SERVICES                                     | 654,700                             | 404,028                          |
| SWEEPS  | 11,000                              | 11,000                           |
| <b>EDUCATION, DEPARTMENT OF</b>                             |                                     |                                  |
| ACCOUNTABILITY-SCHOOL SAFETY – PROP 301                     | 11,759,126                          | 7,655,353                        |
| ACHIEVEMENT TESTING – PROP 301                              | 13,266,957                          | 6,679,377                        |
| ADDITIONAL SCHOOL DAYS – PROP 301                           | 86,280,500                          | 86,280,500                       |
| ADULT EDUCATION   | 132,300                             | —                                |
| BASIC STATE AID ENTITLEMENT                                 | 86,280,500                          | —                                |
| CHARACTER EDUCATION – PROP 301                              | 317,515                             | 184,870                          |
| CLASSROOM SITE FUND   | 574,995,000                         | —                                |
| FAILING SCHOOL TUTORING – PROP 301                          | 2,617,295                           | 1,030,289                        |
| INSTRUCTIONAL IMPROVEMENT FUND                              | 45,000,000                          | —                                |
| OPERATING LUMP SUM APPROPRIATION - ADMIN                    | 4,401,500                           | 188,314                          |
| SCHOOL SAFETY PROGRAM                                       | 7,800,000                           | —                                |
| TEACHER CERTIFICATION                                       | 2,208,900                           | 1,786,647                        |
| <b>ENVIRONMENTAL QUALITY, DEPARTMENT OF</b>                 |                                     |                                  |
| ADMIN ADJUSTMENT EMISSIONS CONTROL - CONTRACTOR PAYMENTS    | 886,968                             | 886,968                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION           | 785,672                             | 785,672                          |
| ADMIN ADJUSTMENT SAFE DRINKING WATER PROGRAM                | 4,179                               | 4,179                            |
| EMISSIONS CONTROL - CONTRACTOR PAYMENTS                     | 22,619,500                          | 21,996,557                       |
| OPERATING LUMP SUM APPROPRIATION                            | 30,432,200                          | 23,907,355                       |
| SAFE DRINKING WATER PROGRAM                                 | 1,802,100                           | 1,166,694                        |

(Continued)



STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|-------------------------------------|----------------------------------|
| SWEEPS   | 2,793,900                           | 2,793,900                        |
| WQARF TRANSFERS  | 13,552,000                          | 13,552,000                       |
| <b>FINANCIAL INSTITUTIONS, DEPARTMENT OF</b>                 |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION            | 2,802                               | 2,802                            |
| OPERATING LUMP SUM APPROPRIATION                             | 4,012,600                           | 3,642,601                        |
| <b>FUNERAL DIRECTORS AND EMBALMERS, STATE BOARD OF</b>       |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION            | 14,829                              | 14,829                           |
| DOCUMENT DIGITIZATION COSTS                                  | 75,000                              | —                                |
| OPERATING LUMP SUM APPROPRIATION                             | 368,400                             | 346,678                          |
| <b>GAME AND FISH DEPARTMENT, ARIZONA</b>                     |                                     |                                  |
| ADMIN ADJUSTMENT GAME AND FISH TRUCKS                        | 2,205                               | 2,205                            |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION            | 931,507                             | 931,507                          |
| ADMIN ADJUSTMENT WATERCRAFT BOAT STRUCTURES                  | 71,170                              | 71,170                           |
| ADMIN ADJUSTMENT WATERCRAFT SAFETY EEQUIPMENT                | 9,846                               | 9,846                            |
| BUILDING RENEWAL   | 1,150,566                           | 416,052                          |
| CAPITAL IMPROVEMENTS   | 2,806,562                           | 2,586,574                        |
| DAM MAINTENANCE  | 150,000                             | 100,000                          |
| OPERATING LUMP SUM APPROPRIATION                             | 38,694,600                          | 32,986,482                       |
| PITTMAN-ROBERTSON-DINGELL-JOHNSON ACT                        | 3,058,000                           | 3,058,000                        |
| PROPERTY MAINTENANCE   | 300,000                             | 224,999                          |
| SWEEPS   | 1,500,000                           | 1,500,000                        |
| WATERCRAFT GRANT PROGRAM                                     | 1,000,000                           | 556,948                          |
| <b>GAMING, DEPARTMENT OF</b>                                 |                                     |                                  |
| ADMIN ADJUSTMENT CASINO OPERATION CERTIFICATION              | 9                                   | 9                                |
| ADMIN ADJUSTMENT DIVISION OF RACING - LUMP SUM               | 2,851                               | 2,851                            |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION            | 12,692                              | 12,692                           |
| ADMIN ADJUSTMENT PROBLEM GAMBLING                            | 7,675                               | 7,675                            |
| ARIZONA BREEDERS AWARD                                       | 250,000                             | 250,000                          |
| CASINO OPERATION CERTIFICATION                               | 2,091,300                           | 1,831,118                        |
| DIVISION OF RACING - LUMP SUM                                | 1,901,100                           | 1,893,736                        |
| OPERATING LUMP SUM APPROPRIATION                             | 9,124,700                           | 8,696,084                        |
| PROBLEM GAMBLING   | 2,290,600                           | 2,028,697                        |
| <b>HEALTH SERVICES, DEPARTMENT OF</b>                        |                                     |                                  |
| ADMIN ADJUSTMENT AGENCYWIDE OPERATING LUMP SUM APPROPRIATION | 1,383,965                           | 1,383,965                        |
| ADMIN ADJUSTMENT FOLIC ACID                                  | 33,354                              | 33,354                           |
| ADMIN ADJUSTMENT HIGH RISK PERINATAL SERVICES                | 39,001                              | 39,001                           |
| ADMIN ADJUSTMENT NEWBORN SCREENING PROGRAM                   | 395,248                             | 395,248                          |
| ADMIN ADJUSTMENT RENAL DENTAL CARE AND NUTRITION SUPPLEMENT  | 75,000                              | 75,000                           |
| ADMIN ADJUSTMENT STATE LOAN REPAYMENT PROGRAM                | 220,820                             | 220,820                          |
| AGENCYWIDE OPERATING LUMP SUM APPROPRIATION                  | 18,268,800                          | 16,235,065                       |
| ALZHEIMER DISEASE RESEARCH                                   | 3,000,000                           | 3,000,000                        |
| EMERGENCY MEDICAL SERVICES LOCAL ALLOCATION                  | 442,000                             | 441,999                          |
| FOLIC ACID   | 400,000                             | 337,712                          |
| GENOMICS-BASED MEDICAL RESEARCH                              | 2,503,750                           | 1,997,500                        |
| HIGH RISK PERINATAL SERVICES                                 | 450,000                             | 385,615                          |
| HOMELESS PREGNANT WOMEN SERVICES                             | 100,000                             | 88,940                           |
| NEWBORN SCREENING PROGRAM                                    | 7,227,400                           | 6,751,821                        |
| NURSING CARE SPECIAL PROJECTS                                | 100,000                             | 8                                |

(Continued)

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|-------------------------------------|----------------------------------|
| OPIOID ABUSE PREVENTION CAMPAIGN  | 400,600                             | 319,677                          |
| RADIATION REGULATION  | 1,633,800                           | 1,610,887                        |
| RENAL DENTAL CARE AND NUTRITION SUPPLEMENT  | 300,000                             | 225,000                          |
| STATE LOAN REPAYMENT PROGRAM  | 1,000,000                           | 939,982                          |
| SWEEPS  | 1,000,000                           | 1,000,000                        |
| <b>HOMEOPATHIC AND INTEGRATED MEDICINE EXAMINERS, BOARD OF</b>  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 3,111                               | 3,111                            |
| OPERATING LUMP SUM APPROPRIATION  | 90,700                              | 37,246                           |
| <b>HOUSING, ARIZONA DEPARTMENT OF</b>   |                                     |                                  |
| OPERATING LUMP SUM APPROPRIATION  | 322,200                             | 322,200                          |
| <b>INDUSTRIAL COMMISSION OF ARIZONA</b>   |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 179,026                             | 179,026                          |
| OPERATING LUMP SUM APPROPRIATION  | 20,001,800                          | 18,506,769                       |
| SWEEPS  | 7,000,000                           | 7,000,000                        |
| <b>JUVENILE CORRECTIONS, DEPARTMENT OF</b>  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 16,328                              | 16,328                           |
| OPERATING LUMP SUM APPROPRIATION  | 531,400                             | 182,594                          |
| <b>LAND DEPARTMENT, STATE</b>   |                                     |                                  |
| NATURAL RESOURCE CONSERVATION DISTRICTS   | 230,600                             | 113,847                          |
| NRCD ED CENTERS   | 30,000                              | 26,033                           |
| <b>LEGISLATIVE COUNCIL</b>  |                                     |                                  |
| TELECOMMUNICATION FUND FOR THE DEAF   | 250,000                             | —                                |
| <b>MESSAGE THERAPY, BOARD OF</b>  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 217                                 | 217                              |
| OPERATING LUMP SUM APPROPRIATION  | 460,900                             | 436,948                          |
| <b>MEDICAL EXAMINERS BOARD</b>  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 37,199                              | 37,199                           |
| MEDICAL BOARD LICENSURE COMPACT   | 50,000                              | —                                |
| OPERATING LUMP SUM APPROPRIATION  | 6,822,100                           | 6,171,610                        |
| PERFORMANCE BASED INCENTIVE PROGRAM   | 165,000                             | 154,197                          |
| <b>MINE INSPECTOR, STATE</b>  |                                     |                                  |
| ADMIN ADJUSTMENT AGGREGATE MINED LAND RECLAMATION   | 5,825                               | 5,825                            |
| AGGREGATE MINED LAND RECLAMATION  | 112,900                             | 49,373                           |
| <b>NATUROPATHIC PHYSICIANS MEDICAL BOARD</b>  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 538                                 | 538                              |
| OPERATING LUMP SUM APPROPRIATION  | 187,400                             | 136,912                          |
| <b>NAVIGABLE STREAM ADJUDICATION COMMISSION, ARIZONA</b>  |                                     |                                  |
| OPERATING LUMP SUM APPROPRIATION  | 200,000                             | —                                |
| <b>NURSING CARE INSTITUTION ADMINISTRATORS AND ASSISTED LIVING FACILITY<br/>MANAGERS, BOARD OF EXAMINERS OF</b> |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 2,079                               | 2,079                            |
| OPERATING LUMP SUM APPROPRIATION  | 443,600                             | 420,627                          |
| <b>NURSING, STATE BOARD OF</b>  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 5,600                               | 5,600                            |
| CERTIFIED NURSING PROGRAM   | 536,700                             | 536,455                          |
| OPERATING LUMP SUM APPROPRIATION  | 4,201,500                           | 4,154,583                        |
| <b>OCCUPATIONAL THERAPY EXAMINERS, BOARD OF</b>   |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION   | 2,397                               | 2,397                            |

(Continued)

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|   | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|-------------------------------------|----------------------------------|
| OPERATING LUMP SUM APPROPRIATION                                    | 190,100                             | 172,999                          |
| <b>OPTICIANS, STATE BOARD OF DISPENSING</b>                         |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 567                                 | 567                              |
| OPERATING LUMP SUM APPROPRIATION                                    | 149,100                             | 134,276                          |
| <b>OPTOMETRY, STATE BOARD OF</b>                                    |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 6,068                               | 6,068                            |
| OPERATING LUMP SUM APPROPRIATION                                    | 243,800                             | 215,070                          |
| <b>OSTEOPATHIC EXAMINERS, ARIZONA BOARD OF</b>                      |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 37,271                              | 37,271                           |
| OPERATING LUMP SUM APPROPRIATION                                    | 903,500                             | 841,485                          |
| <b>PARENTS COMMISSION ON DRUG EDUCATION AND PREVENTION, ARIZONA</b> |                                     |                                  |
| PARENTS COMM ON MIDDLE AND HIGH SCHOOL PREVENTION EDUCATION         | 300,000                             | —                                |
| <b>PHARMACY, ARIZONA STATE BOARD OF</b>                             |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 32,365                              | 32,365                           |
| AZ POISON AND DRUG INFORMATION CENTER                               | 200,000                             | 200,000                          |
| CONTROLLED SUB PRESCRIP MONITORING PROGRAM                          | 500,000                             | 500,000                          |
| ONE TIME FUNDING LEAVE PAYOUT                                       | 26,685                              | —                                |
| OPERATING LUMP SUM APPROPRIATION                                    | 2,140,000                           | 2,113,677                        |
| PRESCRIBER REPORT CARD  | 50,000                              | —                                |
| <b>PHYSICAL THERAPY EXAMINERS, BOARD OF</b>                         |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 4,542                               | 4,542                            |
| OPERATING LUMP SUM APPROPRIATION                                    | 499,600                             | 419,091                          |
| <b>PODIATRY EXAMINERS, STATE BOARD OF</b>                           |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 255                                 | 255                              |
| OPERATING LUMP SUM APPROPRIATION                                    | 161,900                             | 127,027                          |
| <b>POSTSECONDARY EDUCATION, COMMISSION FOR</b>                      |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 164                                 | 164                              |
| AZ MINORITY ED POLICY ANALYSIS CENTER                               | 36,500                              | 16,599                           |
| LEVERAGING EDUCATIONAL ASSISTANCE PRTSHP                            | 1,098,700                           | 1,098,700                        |
| OPERATING LUMP SUM APPROPRIATION                                    | 186,700                             | 140,289                          |
| TWELVE PLUS PARTNERSHIP   | 14,284                              | 6,022                            |
| <b>PRIVATE POSTSECONDARY EDUCATION, STATE BOARD FOR</b>             |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 3,019                               | 3,019                            |
| OPERATING LUMP SUM APPROPRIATION                                    | 417,800                             | 381,334                          |
| <b>PSYCHOLOGIST EXAMINERS, STATE BOARD OF</b>                       |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 1,330                               | 1,330                            |
| OPERATING LUMP SUM APPROPRIATION                                    | 495,000                             | 434,383                          |
| <b>PUBLIC SAFETY, DEPARTMENT OF</b>                                 |                                     |                                  |
| ACTIC   | 700,000                             | 697,959                          |
| ADMIN ADJUSTMENT CAMERA IT INFRASTRUCTURE                           | 468,207                             | 468,207                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION                   | 83,329                              | 83,329                           |
| ADMIN ADJUSTMENT PUBLIC SAFETY EQUIPMENT SURCHARGE                  | 137,935                             | 137,935                          |
| ADMIN ADJUSTMENT TROOPER VEHICLE IN-CAR CAMERAS                     | 467,815                             | 467,815                          |
| GIITEM  | 124,200                             | 124,200                          |
| GIITEM PERSONNEL  | 124,200                             | 124,200                          |
| MICROWAVE COMMUNICATION SYSTEM UPGRADE                              | 1,238,613                           | 25,968                           |
| MOTOR VEHICLE FUEL  | 1,070,400                           | 1,070,400                        |
| OPERATING LUMP SUM APPROPRIATION                                    | 175,714,400                         | 173,739,727                      |

(Continued)

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Dollars)

|  | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|-------------------------------------|----------------------------------|
| PEACE OFFICER TRAINING EQUIPMENT - OVERTIME PAY          | 500,000                             | 197,807                          |
| PHARMACEUTICAL DIVERSION AND DRUG THEFT TASK FORCE       | 758,100                             | 630,064                          |
| PUBLIC SAFETY EQUIPMENT                                  | 132,804                             | 63,378                           |
| PUBLIC SAFETY EQUIPMENT SURCHARGE                        | 2,890,000                           | 2,798,070                        |
| RELIEF   | 285,822                             | 285,822                          |
| REMOTE HOUSING REPLACEMENT                               | 800,000                             | 800,000                          |
| SWEEPS   | 7,650,172                           | 7,650,172                        |
| <b>RESIDENTIAL UTILITY CONSUMER OFFICE</b>               |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION        | 3,264                               | 3,264                            |
| OPERATING LUMP SUM APPROPRIATION                         | 1,197,600                           | 968,852                          |
| PROFESSIONAL WITNESSES                                   | 234,363                             | 14,420                           |
| SWEEPS   | 60,000                              | 60,000                           |
| <b>RESPIRATORY CARE EXAMINERS, BOARD OF</b>              |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION        | 1,665                               | 1,665                            |
| OPERATING LUMP SUM APPROPRIATION                         | 314,400                             | 298,794                          |
| <b>RETIREMENT SYSTEM, ARIZONA STATE</b>                  |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION        | 4,166                               | 4,166                            |
| OPERATING LUMP SUM APPROPRIATION                         | 681,500                             | 541,703                          |
| <b>REVENUE, DEPARTMENT OF</b>                            |                                     |                                  |
| PRIME CONTRACTING NONCOMPLIANCE STUDY                    | 75,000                              | 75,000                           |
| <b>SUPREME COURT</b>                                     |                                     |                                  |
| ADMIN ADJUSTMENT CENTRALIZED SERVICE PAYMENTS            | 8,349                               | 8,349                            |
| ADMIN ADJUSTMENT STATE AID                               | 236,790                             | 236,790                          |
| ADULT INTENSIVE PROBATION                                | 1,535,200                           | 460,876                          |
| ADULT STANDARD PROBATION                                 | 3,774,100                           | 3,377,901                        |
| AUTOMATION   | 13,162,700                          | 9,542,224                        |
| CENTRALIZED SERVICE PAYMENTS                             | 449,900                             | 46,081                           |
| COMMUNITY PUNISHMENT                                     | 2,310,300                           | 1,162,990                        |
| COURT APPOINTED SPECIAL ADVOCATE                         | 3,517,400                           | 3,364,618                        |
| COURTHOUSE SECURITY                                      | 750,000                             | 730,283                          |
| INTERSTATE COMPACT                                       | 92,800                              | 80,636                           |
| JUVENILE CRIME REDUCTION                                 | 3,311,500                           | 1,416,733                        |
| JUVENILE STANDARD PROBATION                              | 150,000                             | —                                |
| OPERATING LUMP SUM                                       | 334,300                             | 248,069                          |
| OPERATING LUMP SUM APPROPRIATION                         | 3,127,400                           | 2,180,790                        |
| STATE AID  | 5,661,200                           | 4,008,314                        |
| <b>TECHNICAL REGISTRATION, STATE BOARD OF</b>            |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION        | 91,354                              | 91,354                           |
| OPERATING LUMP SUM APPROPRIATION                         | 2,291,700                           | 1,943,517                        |
| <b>TREASURER, STATE</b>                                  |                                     |                                  |
| LAW ENFORCEMENT AND BOATING SAFETY DIST                  | 2,183,800                           | —                                |
| <b>VETERINARY MEDICAL EXAMINING BOARD, ARIZONA STATE</b> |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION        | 2,473                               | 2,473                            |
| OPERATING LUMP SUM APPROPRIATION                         | 605,500                             | 453,421                          |
| <b>WATER RESOURCES, DEPARTMENT OF</b>                    |                                     |                                  |
| ASSURED - ADEQUATE WATER SUPPLY ADMIN                    | 268,500                             | 120,227                          |
| LOWER COLORADO RIVER LITIGATION EXPENSES                 | 979,328                             | 198,483                          |

(Continued)

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Expressed in Dollars)

|  | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|--|-------------------------------------|----------------------------------|
| OPERATING LUMP SUM APPROPRIATION   | <u>1,658,600</u>                    | <u>1,134,953</u>                 |
| <b>TOTAL NON-MAJOR SPECIAL REVENUE FUNDS BUDGETARY EXPENDITURES BEFORE<br/>ADJUSTMENTS</b>   | 2,038,952,480                       | 1,140,004,436                    |
| <b>Less:</b><br>Department of Education's appropriations for Basic State Aid Entitlement, School Safety Program,<br>Operating Lump Sum Appropriation - Admin, Classroom Site Fund, and Instructional Improvement<br>Fund that were duplicate expenditure authorizations. | <u>(715,775,500)</u>                | <u>—</u>                         |
| <b>TOTAL NON-MAJOR SPECIAL REVENUE FUNDS BUDGETARY EXPENDITURES AFTER<br/>ADJUSTMENTS</b>  | <u>\$ 1,323,176,980</u>             | <u>\$ 1,140,004,436</u>          |

STATE OF ARIZONA  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 LAND ENDOWMENTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Expressed in Dollars)

|   | FINAL<br>BUDGET<br>(Appropriations) | ACTUAL<br>EXPENDITURE<br>AMOUNTS |
|---|-------------------------------------|----------------------------------|
| <b>ADMINISTRATION, ARIZONA DEPARTMENT OF</b>              |                                     |                                  |
| CAPITOL MALL ELEVATOR REPLACEMENT                         | \$ 4,100,000                        | \$ —                             |
| <b>CORRECTIONS, STATE DEPARTMENT OF</b>                   |                                     |                                  |
| ADMIN ADJUSTMENT INMATE HEALTH CARE CONTRACTED SERVICES   | 375,000                             | 375,000                          |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | 9,387                               | 9,387                            |
| ADMIN ADJUSTMENT PRIVATE PRISON PER DIEM                  | 690,080                             | 690,080                          |
| INMATE HEALTH CARE CONTRACTED SERVICES                    | 1,500,000                           | 1,500,000                        |
| OPERATING LUMP SUM APPROPRIATION                          | 2,024,400                           | 1,845,554                        |
| PRIVATE PRISON PER DIEM                                   | 2,062,500                           | 2,062,500                        |
| <b>DEAF AND BLIND, ARIZONA SCHOOLS FOR THE</b>            |                                     |                                  |
| ADMIN ADJUSTMENT PHOENIX DAY SCHOOL FOR THE DEAF          | 21,148                              | 21,148                           |
| ADMIN ADJUSTMENT PRESCHOOL-OUTREACH PROGRAMS              | 3,560                               | 3,560                            |
| PHOENIX DAY SCHOOL FOR THE DEAF                           | 5,225,051                           | 4,448,494                        |
| PRESCHOOL-OUTREACH PROGRAMS                               | 2,569,909                           | 1,949,533                        |
| TUCSON CAMPUS   | 5,742,940                           | 4,989,038                        |
| <b>EDUCATION, DEPARTMENT OF</b>                           |                                     |                                  |
| BASIC STATE AID ENTITLEMENT                               | 277,115,300                         | 277,115,300                      |
| BASIC STATE AID SUPPLEMENTAL APPROPRIATION                | 6,833,400                           | —                                |
| <b>GENERAL ACCOUNTING OFFICE</b>                          |                                     |                                  |
| COUNTY SHERIFF REENTRY PLANNING                           | 500,000                             | 500,000                          |
| <b>HEALTH SERVICES, DEPARTMENT OF</b>                     |                                     |                                  |
| ADMIN ADJUSTMENT ARIZONA STATE HOSPITAL - OPERATING       | 30,590                              | 30,590                           |
| ARIZONA STATE HOSPITAL - OPERATING                        | 650,000                             | 649,718                          |
| <b>JUVENILE CORRECTIONS, DEPARTMENT OF</b>                |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | 67,607                              | 67,607                           |
| OPERATING LUMP SUM APPROPRIATION                          | 4,011,600                           | 2,969,027                        |
| <b>LAND DEPARTMENT, STATE</b>                             |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | 768,077                             | 768,077                          |
| ADMIN ADJUSTMENT PROFESSIONAL SERVICE CONTRACTS           | 16,275                              | 16,275                           |
| ADMIN ADJUSTMENT REASSESSMENT OF FEDERAL PERMITS          | 65,114                              | 65,114                           |
| ADMIN ADJUSTMENT SURVEY ASSETS                            | 26,185                              | 26,185                           |
| ADMIN ADJUSTMENT WORKFLOW DIGITIZATION                    | 28,918                              | 28,918                           |
| OPERATING LUMP SUM APPROPRIATION                          | 7,288,200                           | 5,601,767                        |
| <b>PIONEERS' HOME, ARIZONA</b>                            |                                     |                                  |
| ADMIN ADJUSTMENT OPERATING LUMP SUM APPROPRIATION         | 82,003                              | 82,003                           |
| ADMIN ADJUSTMENT PRESCRIPTION DRUGS                       | 7,335                               | 7,335                            |
| CAPITAL IMPROVEMENTS                                      | 600,000                             | 600,000                          |
| OPERATING LUMP SUM APPROPRIATION                          | 6,559,000                           | 6,405,695                        |
| PRESCRIPTION DRUGS  | 125,000                             | 111,215                          |
| <b>TOTAL LAND ENDOWMENTS FUNDS BUDGETARY EXPENDITURES</b> | <b>\$ 329,098,579</b>               | <b>\$ 312,939,120</b>            |

## **NON-MAJOR GOVERNMENTAL FUNDS DEBT SERVICE FUNDS**

**The Lottery Fund** administers the payment of principal and interest on the Lottery Revenue Bonds issued by the State of Arizona (acting by and through the Director of the Department of Administration).

**The Department of Transportation Fund** administers the payment of principal and interest on the Highway Revenue Bonds, Transportation Excise Tax Revenue Bonds, and Grant Anticipation Notes issued by the Arizona Department of Transportation Board.

**The Department of Administration Debt Instrument Fund** administers the payment of principal and interest on the certificates of participation issued by the State of Arizona (acting by and through the Director of the Department of Administration) and the retirement of previous issuances.

**The School Facilities Debt Instrument Fund** administers the payment of principal and interest on revenue bonds and certificates of participation issued by the State of Arizona's School Facilities Board and the retirement of previous issuances.

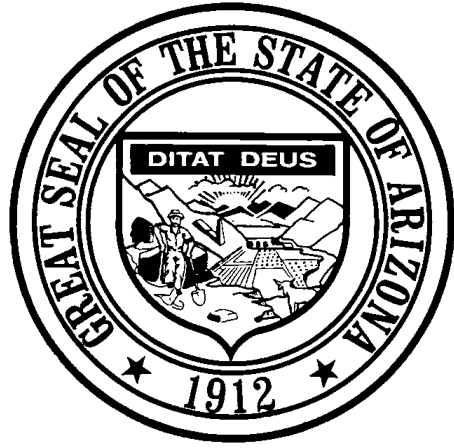
STATE OF ARIZONA  
**COMBINING BALANCE SHEET**  
NON-MAJOR DEBT SERVICE FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

|                             | <u>LOTTERY</u>  | <u>DEPARTMENT OF<br/>TRANSPORTATION</u> | <u>DEPARTMENT OF<br/>ADMINISTRATION<br/>DEBT<br/>INSTRUMENT</u> | <u>SCHOOL<br/>FACILITIES<br/>DEBT<br/>INSTRUMENT</u> | <u>TOTAL</u>     |
|-----------------------------|-----------------|---|---|--|------------------|
| <b>ASSETS</b>               |                 |   |   |  |                  |
| Cash and pooled investments |                 |   |   |  |                  |
| with State Treasurer        | \$ —            | \$ —                                    | \$ 2,613  | \$ 9,252   | \$ 11,865        |
| Due from other funds        | 3,751           | —                                       | —   | —  | 3,751            |
| Restricted assets:          |                 |   |   |  |                  |
| Cash and pooled investments |                 |   |   |  |                  |
| with State Treasurer        | —               | 877                                     | 3,715   | —  | 4,592            |
| Cash held by trustee        | —               | —                                       | 7,281   | 36,560   | 43,841           |
| Total Assets                | <u>\$ 3,751</u> | <u>\$ 877</u>                           | <u>\$ 13,609</u>  | <u>\$ 45,812</u>                                     | <u>\$ 64,049</u> |
| <b>FUND BALANCES</b>        |                 |   |   |  |                  |
| Fund Balances:              |                 |   |   |  |                  |
| Restricted                  | <u>\$ 3,751</u> | <u>\$ 877</u>                           | <u>\$ 13,609</u>  | <u>\$ 45,812</u>                                     | <u>\$ 64,049</u> |
| Total Fund Balances         | <u>\$ 3,751</u> | <u>\$ 877</u>                           | <u>\$ 13,609</u>  | <u>\$ 45,812</u>                                     | <u>\$ 64,049</u> |



STATE OF ARIZONA  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
NON-MAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | LOTTERY  | DEPARTMENT OF<br>TRANSPORTATION | DEPARTMENT OF<br>ADMINISTRATION<br>DEBT<br>INSTRUMENT | SCHOOL<br>FACILITIES<br>DEBT<br>INSTRUMENT | TOTAL     |
|--|----------|---------------------------------|---|--|-----------|
| <b>REVENUES</b>                                      |          |                                 |   |  |           |
| Sales taxes  | \$ —     | \$ —                            | \$ —  | \$ 64,120                                  | \$ 64,120 |
| Earnings on investments                              | —        | 2,872                           | 260   | 157  | 3,289     |
| Other  | —        | —                               | 105   | —  | 105       |
| Total Revenues                                       | —        | 2,872                           | 365   | 64,277                                     | 67,514    |
| <b>EXPENDITURES</b>                                  |          |                                 |   |  |           |
| Current:   |          |                                 |   |  |           |
| General government                                   | —        | —                               | 4,808   | —  | 4,808     |
| Debt service:  |          |                                 |   |  |           |
| Principal  | 22,050   | 199,355                         | 83,890  | 61,775                                     | 367,070   |
| Interest and other fiscal charges                    | 15,453   | 114,125                         | 50,384  | 2,346                                      | 182,308   |
| Total Expenditures                                   | 37,503   | 313,480                         | 139,082   | 64,121                                     | 554,186   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (37,503) | (310,608)                       | (138,717)   | 156  | (486,672) |
| <b>OTHER FINANCING SOURCES (USES)</b>                |          |                                 |   |  |           |
| Transfers in   | 37,503   | 310,894                         | 139,406   | 5,029                                      | 492,832   |
| Transfers out  | —        | —                               | —   | (6,833)                                    | (6,833)   |
| Total Other Financing<br>Sources (Uses)              | 37,503   | 310,894                         | 139,406   | (1,804)                                    | 485,999   |
| Net Change in Fund Balances                          | —        | 286                             | 689   | (1,648)                                    | (673)     |
| Fund Balances - Beginning                            | 3,751    | 591                             | 12,920  | 47,460                                     | 64,722    |
| Fund Balances - Ending                               | \$ 3,751 | \$ 877                          | \$ 13,609   | \$ 45,812                                  | \$ 64,049 |



## **NON-MAJOR GOVERNMENTAL FUND CAPITAL PROJECTS FUND**

**The Department of Transportation Financed Fund** administers the proceeds from the Highway Revenue Bonds, Transportation Excise Tax Revenue Bonds, and Grant Anticipation Notes issued by the Arizona Department of Transportation Board. These monies are expended for the construction of projects in the Five-Year Transportation Facilities Construction Program.

STATE OF ARIZONA  
**COMBINING BALANCE SHEET**  
NON-MAJOR CAPITAL PROJECTS FUND  
JUNE 30, 2019  
(Expressed in Thousands)

DEPARTMENT OF  
TRANSPORTATION  
FINANCED

---

**ASSETS**

Restricted assets:

Cash and pooled investments  
with State Treasurer

\$ 66,598

---

Total Assets

\$ 66,598

---

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable and other current  
liabilities

\$ 12,118

Accrued liabilities

122

---

Total Liabilities

12,240

---

Fund Balances:

Restricted

\$ 54,358

---

Total Fund Balances

54,358

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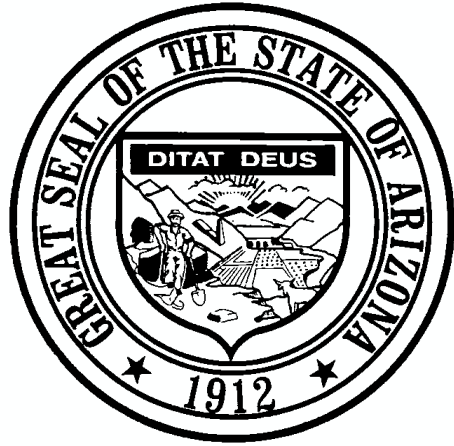
Total Liabilities and Fund Balances

\$ 66,598

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STATE OF ARIZONA  
**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES**  
NON-MAJOR CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | DEPARTMENT OF<br>TRANSPORTATION<br>FINANCED |
|---|---|
| <b>REVENUES</b>                               |   |
| Earnings on investments                       | \$ 3,513                                    |
| Total Revenues                                | <u>3,513</u>                                |
| <b>EXPENDITURES</b>                           |   |
| Current:                                      |   |
| Transportation                                | 39,238                                      |
| Debt service:                                 |   |
| Interest and other fiscal charges             | 1,688                                       |
| Capital outlay                                | <u>298,567</u>                              |
| Total Expenditures                            | <u>339,493</u>                              |
| (Deficiency) of Revenues<br>Over Expenditures | <u>(335,980)</u>                            |
| <b>OTHER FINANCING SOURCES</b>                |   |
| Bonds issued                                  | 262,010                                     |
| Grant anticipation notes issued               | 62,465                                      |
| Premium on debt issued                        | <u>41,449</u>                               |
| Total Other Financing Sources                 | <u>365,924</u>                              |
| Net Change in Fund Balances                   | 29,944                                      |
| Fund Balances - Beginning                     | <u>24,414</u>                               |
| Fund Balances - Ending                        | <u>\$ 54,358</u>                            |



## NON-MAJOR ENTERPRISE FUNDS

*Enterprise Funds account for operations (a) financed and operated in a manner similar to private business enterprises, where the State intends that the cost of providing goods or services to the general public be financed or recovered primarily through service charges, or (b) where the State decides that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.*

**The Insurance Department Guaranty Funds** pay for claims against insolvent insurance companies under certain property and casualty insurance contracts (also includes return of unearned premiums) and contractual obligations under certain life, annuity and disability insurance contracts.

**The Lottery Fund** accounts for the revenues received from the sale of lottery tickets, the receipt of license fees, prize payments, operational expenses, including consulting, promotional, and advertising expenses, and transfers of monies to other state funds.

**The Arizona Correctional Industries Fund** employs prison inmates in its manufacturing, service, and agricultural operations for the sale of goods and services primarily to other State agencies (including the Arizona Department of Corrections) and political subdivisions.

**The Coliseum & Exposition Center Fund** provides rental space to a variety of entertainment and promotional lessees, and sponsors the annual State Fair.

**The Industrial Commission Special Fund** accounts for the payment of workers' compensation claims that are not covered by the Risk Management Division of the Department of Administration, private insurance carriers, and self-insured employers.

**The Unemployment Compensation Fund** pays claims for unemployment to eligible recipients from employer contributions and reimbursements.

**The Highway Expansion & Extension Loan Program** provides the State and communities in Arizona a new financing mechanism to stretch limited transportation dollars and bridge the gap between needs and available revenues.

**The Other** Enterprise Funds consist of the Veterans Administration Reimbursement Fund, the State Home for Veterans Trust Fund, the Tonto Natural Bridge Publications and Souvenirs Revolving Fund, and the escrow account shared between the Insurance Department Guaranty Funds and the Industrial Commission Special Fund.

STATE OF ARIZONA  
**COMBINING STATEMENT OF NET POSITION**  
NON-MAJOR ENTERPRISE FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

|   | INSURANCE<br>DEPARTMENT<br>GUARANTY FUNDS | LOTTERY        | ARIZONA<br>CORRECTIONAL<br>INDUSTRIES |
|---|---|----------------|---------------------------------------|
| <b>ASSETS</b>   |   |                |                                       |
| Current Assets:   |   |                |                                       |
| Cash  | \$ 957                                    | \$ —           | \$ 52                                 |
| Cash with U.S. Treasury   | —   | —              | —                                     |
| Cash and pooled investments with<br>State Treasurer                             | 142                                       | 96,306         | 10,788                                |
| Short-term investments  | 123,592                                   | —              | —                                     |
| Receivables, net of allowances:   |   |                |                                       |
| Taxes   | —   | —              | —                                     |
| Interest  | —   | —              | —                                     |
| Other   | 278                                       | 8,633          | 5,763                                 |
| Inventories, at cost  | —   | 6,496          | 4,882                                 |
| Other current assets  | —   | —              | 71                                    |
| Total Current Assets  | <u>124,969</u>                            | <u>111,435</u> | <u>21,556</u>                         |
| Noncurrent Assets:  |   |                |                                       |
| Investments   | 111,714                                   | —              | —                                     |
| Net OPEB asset  | 1   | —              | 19                                    |
| Other noncurrent assets   | —   | 10,697         | —                                     |
| Capital assets:   |   |                |                                       |
| Land and other non-depreciable  | —   | 938            | 1,810                                 |
| Buildings, equipment, and other depreciable,<br>net of accumulated depreciation | —   | 14,420         | 5,741                                 |
| Total Noncurrent Assets   | <u>111,715</u>                            | <u>26,055</u>  | <u>7,570</u>                          |
| Total Assets  | <u>236,684</u>                            | <u>137,490</u> | <u>29,126</u>                         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |   |                |                                       |
| Related to pensions   | 58  | 1,138          | 1,073                                 |
| Related to OPEB   | 6   | 33             | 164                                   |
| Total Deferred Outflows of Resources  | <u>64</u>                                 | <u>1,171</u>   | <u>1,237</u>                          |



| <u>COLISEUM &amp;<br/>EXPOSITION<br/>CENTER</u> | <u>INDUSTRIAL<br/>COMMISSION<br/>SPECIAL FUND</u> | <u>UNEMPLOYMENT<br/>COMPENSATION</u> | <u>HIGHWAY<br/>EXPANSION<br/>&amp; EXTENSION<br/>LOAN PROGRAM</u> | <u>OTHER</u>  | <u>TOTAL</u>     |
|---|---|--------------------------------------|---|---------------|------------------|
| \$ 60   | \$ 32,264   | \$ —                                 | \$ —  | \$ 10,289     | \$ 43,622        |
| —   | —   | 1,101,115                            | —   | —             | 1,101,115        |
| 5,784   | 1,401   | —                                    | 1,196   | 21,119        | 136,736          |
| —   | —   | —                                    | —   | —             | 123,592          |
| —   | —   | 76,626                               | —   | —             | 76,626           |
| —   | 1,175   | —                                    | —   | —             | 1,175            |
| 8   | 1,839   | 7,206                                | —   | 11,314        | 35,041           |
| —   | —   | —                                    | —   | —             | 11,378           |
| —   | —   | —                                    | —   | —             | 71               |
| <u>5,852</u>                                    | <u>36,679</u>                                     | <u>1,184,947</u>                     | <u>1,196</u>  | <u>42,722</u> | <u>1,529,356</u> |
| —   | 290,771   | —                                    | —   | —             | 402,485          |
| 7   | —   | —                                    | —   | 42            | 69               |
| —   | —   | —                                    | —   | —             | 10,697           |
| 70  | 2,997   | —                                    | —   | 2,892         | 8,707            |
| <u>4,427</u>                                    | <u>2,173</u>                                      | <u>—</u>                             | <u>—</u>  | <u>5,841</u>  | <u>32,602</u>    |
| <u>4,504</u>                                    | <u>295,941</u>                                    | <u>—</u>                             | <u>—</u>  | <u>8,775</u>  | <u>454,560</u>   |
| <u>10,356</u>                                   | <u>332,620</u>                                    | <u>1,184,947</u>                     | <u>1,196</u>  | <u>51,497</u> | <u>1,983,916</u> |
| 542   | —   | —                                    | —   | 2,387         | 5,198            |
| <u>40</u>                                       | <u>—</u>  | <u>—</u>                             | <u>—</u>  | <u>316</u>    | <u>559</u>       |
| <u>582</u>                                      | <u>—</u>  | <u>—</u>                             | <u>—</u>  | <u>2,703</u>  | <u>5,757</u>     |

(Continued)

STATE OF ARIZONA  
**COMBINING STATEMENT OF NET POSITION**  
NON-MAJOR ENTERPRISE FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | INSURANCE<br>DEPARTMENT<br>GUARANTY FUNDS | LOTTERY          | ARIZONA<br>CORRECTIONAL<br>INDUSTRIES |
|--|---|------------------|---------------------------------------|
| <b>LIABILITIES</b>                             |   |                  |                                       |
| Current Liabilities:                           |   |                  |                                       |
| Accounts payable and other current liabilities | \$ —                                      | \$ 9,433         | \$ 2,873                              |
| Payable for securities purchased               | —   | —                | —                                     |
| Accrued liabilities                            | 17  | —                | 719                                   |
| Due to U.S. Government                         | —   | —                | —                                     |
| Due to others                                  | —   | 67,562           | —                                     |
| Due to other funds                             | —   | 38,467           | —                                     |
| Unearned revenue                               | —   | —                | 161                                   |
| Current portion of accrued insurance losses    | 23,329                                    | —                | —                                     |
| Current portion of other long-term liabilities | 28  | 303              | 643                                   |
| Total Current Liabilities                      | <u>23,374</u>                             | <u>115,765</u>   | <u>4,396</u>                          |
| Noncurrent Liabilities:                        |   |                  |                                       |
| Accrued insurance losses                       | 209,850                                   | —                | —                                     |
| Net pension liability                          | 401                                       | 5,496            | 7,177                                 |
| Net OPEB liability                             | 58  | 1,059            | 2,670                                 |
| Total Noncurrent Liabilities                   | <u>210,309</u>                            | <u>6,555</u>     | <u>9,847</u>                          |
| Total Liabilities                              | <u>233,683</u>                            | <u>122,320</u>   | <u>14,243</u>                         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |   |                  |                                       |
| Related to pensions                            | 76  | 715              | 908                                   |
| Related to OPEB                                | 17  | 268              | 702                                   |
| Total Deferred Inflows of Resources            | <u>93</u>                                 | <u>983</u>       | <u>1,610</u>                          |
| <b>NET POSITION</b>                            |   |                  |                                       |
| Net investment in capital assets               | —   | 15,358           | 7,551                                 |
| Restricted for:                                |   |                  |                                       |
| Unemployment Compensation                      | —   | —                | —                                     |
| Other  | 3,504                                     | —                | —                                     |
| Unrestricted (deficit)                         | <u>(532)</u>                              | <u>—</u>         | <u>6,959</u>                          |
| Total Net Position                             | <u>\$ 2,972</u>                           | <u>\$ 15,358</u> | <u>\$ 14,510</u>                      |

| <u>COLISEUM &amp;<br/>EXPOSITION<br/>CENTER</u> | <u>INDUSTRIAL<br/>COMMISSION<br/>SPECIAL FUND</u> | <u>UNEMPLOYMENT<br/>COMPENSATION</u> | <u>HIGHWAY<br/>EXPANSION<br/>&amp; EXTENSION<br/>LOAN PROGRAM</u> | <u>OTHER</u>     | <u>TOTAL</u>        |
|---|---|--------------------------------------|---|------------------|---------------------|
| \$ 1,060  | \$ 1,219  | \$ 10                                | \$ —  | \$ 1,125         | \$ 15,720           |
| —   | 71  | —                                    | —   | —                | 71                  |
| 106   | —   | 55,959                               | —   | 833              | 57,634              |
| —   | —   | 87                                   | —   | —                | 87                  |
| —   | —   | 12,814                               | —   | —                | 80,376              |
| —   | —   | 1,331                                | —   | —                | 39,798              |
| —   | —   | —                                    | —   | —                | 161                 |
| —   | 11,369  | —                                    | —   | —                | 34,698              |
| 172   | —   | —                                    | —   | 601              | 1,747               |
| <u>1,338</u>                                    | <u>12,659</u>                                     | <u>70,201</u>                        | <u>—</u>  | <u>2,559</u>     | <u>230,292</u>      |
| —   | 219,667   | —                                    | —   | —                | 429,517             |
| 2,891   | —   | —                                    | —   | 15,994           | 31,959              |
| <u>379</u>                                      | <u>—</u>  | <u>—</u>                             | <u>—</u>  | <u>4,186</u>     | <u>8,352</u>        |
| <u>3,270</u>                                    | <u>219,667</u>                                    | <u>—</u>                             | <u>—</u>  | <u>20,180</u>    | <u>469,828</u>      |
| <u>4,608</u>                                    | <u>232,326</u>                                    | <u>70,201</u>                        | <u>—</u>  | <u>22,739</u>    | <u>700,120</u>      |
| 419   | —   | —                                    | —   | 2,450            | 4,568               |
| 126   | —   | —                                    | —   | 1,134            | 2,247               |
| <u>545</u>                                      | <u>—</u>  | <u>—</u>                             | <u>—</u>  | <u>3,584</u>     | <u>6,815</u>        |
| 4,497   | 5,170   | —                                    | —   | 8,733            | 41,309              |
| —   | —   | 1,114,746                            | —   | —                | 1,114,746           |
| —   | —   | —                                    | —   | 18,249           | 21,753              |
| <u>1,288</u>                                    | <u>95,124</u>                                     | <u>—</u>                             | <u>1,196</u>  | <u>895</u>       | <u>104,930</u>      |
| <u>\$ 5,785</u>                                 | <u>\$ 100,294</u>                                 | <u>\$ 1,114,746</u>                  | <u>\$ 1,196</u>   | <u>\$ 27,877</u> | <u>\$ 1,282,738</u> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION**  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | INSURANCE<br>DEPARTMENT<br>GUARANTY FUNDS | LOTTERY          | ARIZONA<br>CORRECTIONAL<br>INDUSTRIES |
|--|---|------------------|---------------------------------------|
| <b>OPERATING REVENUES</b>                |   |                  |                                       |
| Sales and charges for services           | \$ —                                      | \$ 1,076,345     | \$ 47,978                             |
| Assessments                              | 9,232                                     | —                | —                                     |
| Intergovernmental                        | —   | —                | —                                     |
| Fines, forfeitures, and penalties        | —   | —                | —                                     |
| Settlement income                        | 1,764                                     | —                | —                                     |
| Other                                    | —   | 276              | —                                     |
| Total Operating Revenues                 | <u>10,996</u>                             | <u>1,076,621</u> | <u>47,978</u>                         |
| <b>OPERATING EXPENSES</b>                |   |                  |                                       |
| Cost of sales and benefits               | 17,302                                    | 809,306          | 34,504                                |
| Personal services                        | 349                                       | 5,913            | 5,983                                 |
| Contractual services                     | 61  | 15,491           | —                                     |
| Depreciation and amortization            | —   | 904              | 1,243                                 |
| Insurance                                | —   | 44               | —                                     |
| Other                                    | 144                                       | 5,844            | —                                     |
| Total Operating Expenses                 | <u>17,856</u>                             | <u>837,502</u>   | <u>41,730</u>                         |
| Operating Income (Loss)                  | <u>(6,860)</u>                            | <u>239,119</u>   | <u>6,248</u>                          |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |   |                  |                                       |
| Gain on sale of capital assets           | —   | —                | 27                                    |
| Investment income                        | 8,398                                     | 747              | 189                                   |
| Other non-operating revenue              | —   | —                | —                                     |
| Distributions                            | —   | (14,964)         | —                                     |
| Other non-operating expense              | (224)                                     | —                | —                                     |
| Total Non-Operating Revenues (Expenses)  | <u>8,174</u>                              | <u>(14,217)</u>  | <u>216</u>                            |
| Income (Loss) Before Transfers           | 1,314                                     | 224,902          | 6,464                                 |
| Transfers in                             | —   | —                | —                                     |
| Transfers out                            | (18)                                      | (215,397)        | (9,000)                               |
| Change in Net Position                   | 1,296                                     | 9,505            | (2,536)                               |
| Total Net Position - Beginning           | <u>1,676</u>                              | <u>5,853</u>     | <u>17,046</u>                         |
| Total Net Position - Ending              | <u>\$ 2,972</u>                           | <u>\$ 15,358</u> | <u>\$ 14,510</u>                      |

| COLISEUM &<br>EXPOSITION<br>CENTER | INDUSTRIAL<br>COMMISSION<br>SPECIAL FUND | UNEMPLOYMENT<br>COMPENSATION | HIGHWAY<br>EXPANSION<br>& EXTENSION<br>LOAN PROGRAM | OTHER            | TOTAL               |
|------------------------------------|--|------------------------------|---|------------------|---------------------|
| \$ 12,350                          | \$ —                                     | \$ —                         | \$ —  | \$ 38,489        | \$ 1,175,162        |
| —                                  | —  | 421,477                      | —   | —                | 430,709             |
| —                                  | —  | 2,501                        | —   | —                | 2,501               |
| 1                                  | —  | 2,260                        | —   | —                | 2,261               |
| —                                  | 95                                       | —                            | —   | 18,249           | 20,108              |
| 47                                 | —  | 18                           | —   | 48               | 389                 |
| <u>12,398</u>                      | <u>95</u>                                | <u>426,256</u>               | <u>—</u>  | <u>56,786</u>    | <u>1,631,130</u>    |
| 564                                | (15,055)                                 | 230,259                      | —   | 38               | 1,076,918           |
| 4,614                              | —  | —                            | —   | 21,220           | 38,079              |
| 231                                | —  | —                            | —   | 9,307            | 25,090              |
| 392                                | 310                                      | —                            | —   | 385              | 3,234               |
| 230                                | —  | —                            | —   | 206              | 480                 |
| 6,999                              | —  | —                            | —   | 2,432            | 15,419              |
| <u>13,030</u>                      | <u>(14,745)</u>                          | <u>230,259</u>               | <u>—</u>  | <u>33,588</u>    | <u>1,159,220</u>    |
| <u>(632)</u>                       | <u>14,840</u>                            | <u>195,997</u>               | <u>—</u>  | <u>23,198</u>    | <u>471,910</u>      |
| —                                  | —  | —                            | —   | —                | 27                  |
| 33                                 | 17,241                                   | 21,932                       | 676   | 415              | 49,631              |
| —                                  | 2,270                                    | 808                          | —   | —                | 3,078               |
| —                                  | —  | —                            | —   | —                | (14,964)            |
| —                                  | (3,643)                                  | —                            | —   | —                | (3,867)             |
| <u>33</u>                          | <u>15,868</u>                            | <u>22,740</u>                | <u>676</u>  | <u>415</u>       | <u>33,905</u>       |
| (599)                              | 30,708                                   | 218,737                      | 676   | 23,613           | 505,815             |
| 15                                 | —  | —                            | —   | —                | 15                  |
| <u>(502)</u>                       | <u>—</u>                                 | <u>(5,022)</u>               | <u>(30,000)</u>                                     | <u>—</u>         | <u>(259,939)</u>    |
| (1,086)                            | 30,708                                   | 213,715                      | (29,324)  | 23,613           | 245,891             |
| <u>6,871</u>                       | <u>69,586</u>                            | <u>901,031</u>               | <u>30,520</u>                                       | <u>4,264</u>     | <u>1,036,847</u>    |
| <u>\$ 5,785</u>                    | <u>\$ 100,294</u>                        | <u>\$ 1,114,746</u>          | <u>\$ 1,196</u>                                     | <u>\$ 27,877</u> | <u>\$ 1,282,738</u> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF CASH FLOWS**  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | INSURANCE<br>DEPARTMENT<br>GUARANTY FUNDS | LOTTERY          | ARIZONA<br>CORRECTIONAL<br>INDUSTRIES |
|--|---|------------------|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |   |                  |                                       |
| Receipts from customers  | \$ —                                      | \$ 462,555       | \$ 48,922                             |
| Receipts from assessments  | 8,954                                     | —                | —                                     |
| Receipts from grants and contracts   | —   | —                | —                                     |
| Receipts from settlement income  | 1,764                                     | —                | —                                     |
| Payments to suppliers, prize winners, claimants,<br>or insurance companies | (24,344)                                  | (197,907)        | (15,321)                              |
| Payments to employees  | (431)                                     | (6,164)          | (24,967)                              |
| Other receipts   | —   | —                | —                                     |
| Other payments   | —   | —                | —                                     |
| Net Cash Provided (Used) by Operating Activities                           | <u>(14,057)</u>                           | <u>258,484</u>   | <u>8,634</u>                          |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>                |   |                  |                                       |
| Transfers from other Funds   | —   | —                | —                                     |
| Distributions  | —   | (14,964)         | —                                     |
| Transfers to other funds   | (18)                                      | (197,680)        | (9,000)                               |
| Net Cash (Used) by Non-capital<br>Financing Activities                     | <u>(18)</u>                               | <u>(212,644)</u> | <u>(9,000)</u>                        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>        |   |                  |                                       |
| Proceeds from sale of capital assets                                       | —   | —                | 27                                    |
| Acquisition and construction of capital assets                             | —   | (7,470)          | (2,419)                               |
| Net Cash (Used) by Capital and Related<br>Financing Activities             | <u>—</u>                                  | <u>(7,470)</u>   | <u>(2,392)</u>                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |   |                  |                                       |
| Proceeds from sales and maturities of investments                          | 249,164                                   | —                | —                                     |
| Interest and dividends from investments                                    | 8,174                                     | 715              | 190                                   |
| Change in cash collateral received from securities<br>lending transactions | —   | —                | —                                     |
| Purchase of investments  | (242,981)                                 | —                | —                                     |
| Net Cash Provided by Investing Activities                                  | <u>14,357</u>                             | <u>715</u>       | <u>190</u>                            |
| Net Increase (Decrease) in Cash and Cash Equivalents                       | 282                                       | 39,085           | (2,568)                               |
| Cash and Cash Equivalents - Beginning                                      | 817                                       | 57,221           | 13,408                                |
| Cash and Cash Equivalents - Ending   | <u>\$ 1,099</u>                           | <u>\$ 96,306</u> | <u>\$ 10,840</u>                      |

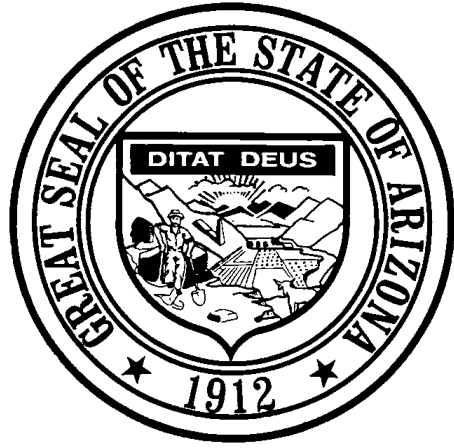
| COLISEUM &<br>EXPOSITION<br>CENTER | INDUSTRIAL<br>COMMISSION<br>SPECIAL FUND | UNEMPLOYMENT<br>COMPENSATION | HIGHWAY<br>EXPANSION<br>& EXTENSION<br>LOAN PROGRAM | OTHER            | TOTAL               |
|------------------------------------|--|------------------------------|---|------------------|---------------------|
| \$ 12,350                          | \$ —                                     | \$ —                         | \$ —  | \$ 38,850        | \$ 562,677          |
| —                                  | —  | 450,219                      | —   | —                | 459,173             |
| —                                  | —  | 2,501                        | —   | —                | 2,501               |
| —                                  | 95                                       | —                            | —   | 10,289           | 12,148              |
| (7,309)                            | (12,508)                                 | (228,283)                    | —   | (12,259)         | (497,931)           |
| (4,712)                            | —  | —                            | —   | (21,731)         | (58,005)            |
| 47                                 | 2,270                                    | 2,277                        | —   | 48               | 4,642               |
| (52)                               | —  | —                            | —   | —                | (52)                |
| <u>324</u>                         | <u>(10,143)</u>                          | <u>226,714</u>               | <u>—</u>  | <u>15,197</u>    | <u>485,153</u>      |
| 15                                 | —  | —                            | —   | —                | 15                  |
| —                                  | —  | —                            | (30,000)  | —                | (44,964)            |
| <u>(502)</u>                       | <u>—</u>                                 | <u>(3,641)</u>               | <u>—</u>  | <u>—</u>         | <u>(210,841)</u>    |
| <u>(487)</u>                       | <u>—</u>                                 | <u>(3,641)</u>               | <u>(30,000)</u>                                     | <u>—</u>         | <u>(255,790)</u>    |
| —                                  | —  | —                            | —   | —                | 27                  |
| <u>(294)</u>                       | <u>—</u>                                 | <u>—</u>                     | <u>—</u>  | <u>(1,977)</u>   | <u>(12,160)</u>     |
| <u>(294)</u>                       | <u>—</u>                                 | <u>—</u>                     | <u>—</u>  | <u>(1,977)</u>   | <u>(12,133)</u>     |
| —                                  | 164,497                                  | —                            | —   | —                | 413,661             |
| 33                                 | 7,414                                    | 21,932                       | 676   | 415              | 39,549              |
| —                                  | (1,877)                                  | —                            | —   | —                | (1,877)             |
| —                                  | (140,065)                                | —                            | —   | —                | (383,046)           |
| <u>33</u>                          | <u>29,969</u>                            | <u>21,932</u>                | <u>676</u>  | <u>415</u>       | <u>68,287</u>       |
| (424)                              | 19,826                                   | 245,005                      | (29,324)  | 13,635           | 285,517             |
| <u>6,268</u>                       | <u>13,839</u>                            | <u>856,110</u>               | <u>30,520</u>                                       | <u>17,773</u>    | <u>995,956</u>      |
| <u>\$ 5,844</u>                    | <u>\$ 33,665</u>                         | <u>\$ 1,101,115</u>          | <u>\$ 1,196</u>                                     | <u>\$ 31,408</u> | <u>\$ 1,281,473</u> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF CASH FLOWS**  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | INSURANCE<br>DEPARTMENT<br>GUARANTY FUNDS | LOTTERY           | ARIZONA<br>CORRECTIONAL<br>INDUSTRIES |
|--|---|-------------------|---------------------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b> |   |                   |                                       |
| Operating income (loss)  | \$ (6,860)                                | \$ 239,119        | \$ 6,248                              |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities      |   |                   |                                       |
| Depreciation and amortization  | —   | 904               | 1,243                                 |
| Miscellaneous expense  | —   | —                 | —                                     |
| Net changes in assets, deferred outflows of resources,<br>liabilities, and deferred inflows of resources:    |   |                   |                                       |
| (Increase) decrease in receivables,<br>net of allowances   | (278)                                     | (784)             | (156)                                 |
| Decrease in inventories, at cost   | —   | 978               | 5                                     |
| Decrease in other assets   | —   | 1,334             | 7                                     |
| Decrease in net OPEB asset   | 1   | —                 | 7                                     |
| (Increase) decrease in deferred pension<br>outflows of resources   | (2)                                       | (414)             | 47                                    |
| (Increase) in deferred OPEB<br>outflows of resources   | (3)                                       | (2)               | (55)                                  |
| Increase (decrease) in accounts payable  | —   | (5,960)           | 459                                   |
| Increase in accrued liabilities  | —   | 23,378            | 104                                   |
| Increase in due to U.S. Government   | —   | —                 | —                                     |
| Increase (decrease) in due to others   | —   | —                 | —                                     |
| Increase in unearned revenue   | —   | —                 | 95                                    |
| (Decrease) in accrued insurance losses   | (6,837)                                   | —                 | —                                     |
| (Decrease) in net pension liability  | (99)                                      | (98)              | (50)                                  |
| Increase in net OPEB liability   | —   | 47                | 200                                   |
| Increase (decrease) in other liabilities   | (1)                                       | —                 | 25                                    |
| Increase (decrease) in deferred pension<br>inflows of resources  | 21  | (17)              | 398                                   |
| Increase (decrease) in deferred OPEB<br>inflows of resources   | 1   | (1)               | 57                                    |
| Net Cash Provided (Used) by Operating Activities   | <u>\$ (14,057)</u>                        | <u>\$ 258,484</u> | <u>\$ 8,634</u>                       |
| <b>SCHEDULE OF NONCASH INVESTING, CAPITAL<br/>AND NON-CAPITAL FINANCING ACTIVITIES</b>                       |   |                   |                                       |
| Increase in fair value of investments  | <u>\$ 4,198</u>                           | <u>\$ —</u>       | <u>\$ —</u>                           |
| Total Noncash Investing, Capital and Non-capital<br>Financing Activities                                     | <u>\$ 4,198</u>                           | <u>\$ —</u>       | <u>\$ —</u>                           |



| <u>COLISEUM &amp;<br/>EXPOSITION<br/>CENTER</u> | <u>INDUSTRIAL<br/>COMMISSION<br/>SPECIAL FUND</u> | <u>UNEMPLOYMENT<br/>COMPENSATION</u> | <u>HIGHWAY<br/>EXPANSION<br/>&amp; EXTENSION<br/>LOAN PROGRAM</u> | <u>OTHER</u>     | <u>TOTAL</u>      |
|---|---|--------------------------------------|---|------------------|-------------------|
| \$ (632)  | \$ 14,840   | \$ 195,997                           | \$ —  | \$ 23,198        | \$ 471,910        |
| 392   | 310   | —                                    | —   | 385              | 3,234             |
| (52)  | (376)   | —                                    | —   | —                | (428)             |
| (1)   | —   | 19,651                               | —   | (7,599)          | 10,833            |
| —   | —   | —                                    | —   | —                | 983               |
| —   | —   | —                                    | —   | —                | 1,341             |
| 3   | —   | —                                    | —   | 20               | 31                |
| (78)  | —   | —                                    | —   | (252)            | (699)             |
| (18)  | —   | —                                    | —   | (126)            | (204)             |
| 715   | (15)  | —                                    | —   | (267)            | (5,068)           |
| —   | —   | 10,818                               | —   | 139              | 34,439            |
| —   | —   | 87                                   | —   | —                | 87                |
| —   | —   | 161                                  | —   | (9)              | 152               |
| —   | —   | —                                    | —   | —                | 95                |
| —   | (24,902)  | —                                    | —   | —                | (31,739)          |
| (130)   | —   | —                                    | —   | (1,626)          | (2,003)           |
| 35  | —   | —                                    | —   | 346              | 628               |
| (11)  | —   | —                                    | —   | 124              | 137               |
| 94  | —   | —                                    | —   | 756              | 1,252             |
| 7   | —   | —                                    | —   | 108              | 172               |
| <u>\$ 324</u>                                   | <u>\$ (10,143)</u>                                | <u>\$ 226,714</u>                    | <u>\$ —</u>   | <u>\$ 15,197</u> | <u>\$ 485,153</u> |
| <u>\$ —</u>                                     | <u>\$ 8,858</u>                                   | <u>\$ —</u>                          | <u>\$ —</u>   | <u>\$ —</u>      | <u>\$ 13,056</u>  |
| <u>\$ —</u>                                     | <u>\$ 8,858</u>                                   | <u>\$ —</u>                          | <u>\$ —</u>   | <u>\$ —</u>      | <u>\$ 13,056</u>  |



## INTERNAL SERVICE FUNDS

*Internal Service Funds account for the financing of goods and services provided by one State department or agency to other State departments or agencies on a cost-reimbursement basis.*

**The Risk Management Fund** provides insurance coverage to all State agencies using an optimal combination of self-insurance and private excess insurance. It includes the Workers' Compensation section that receives monies from State agencies and uses these monies to pay for insurance and risk management services including loss control services and self-insured liability losses.

**The Transportation Equipment Fund** administers the purchase, storage and distribution of supplies, equipment and furniture for other Department of Transportation Funds.

**The Health Insurance Trust Fund (HITF)** administers the State's benefits program available to State employees and retirees.

**The Telecommunication Fund** receives monies from State agencies for services related to administering the State's contracts for the installation and maintenance of telecommunications equipment through the Telecommunications Program Office.

**The Automation Operations Fund** receives monies from State agencies for services related to the implementation and operation of automation programs throughout the State.

**The Retiree Accumulated Sick Leave Fund** accounts for monies paid out to retirees for their accumulated sick leave.

**The Motor Pool Fund** receives monies from State agencies for the use of State vehicles and uses these monies for operation of the State Motor Pool.

**The Other** Internal Service Funds consist of the Personnel Division Funds, the Information Technology Fund, the Special Services Fund, the Surplus Property Funds, the Legal Services Cost Allocation Fund, the Stimulus Statewide Administration Funds, and the Construction Insurance Fund.

STATE OF ARIZONA  
**COMBINING STATEMENT OF NET POSITION**  
INTERNAL SERVICE FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | RISK<br>MANAGEMENT  | TRANSPORTATION<br>EQUIPMENT | HEALTH<br>INSURANCE<br>TRUST | TELE-<br>COMMUNICATION |
|--|---------------------|-----------------------------|------------------------------|------------------------|
| <b>ASSETS</b>  |                     |                             |                              |                        |
| Current Assets:  |                     |                             |                              |                        |
| Cash and pooled investments with State Treasurer                             | \$ 84,497           | \$ 5,683                    | \$ 116,980                   | \$ 943                 |
| Receivables, net of allowances:  |                     |                             |                              |                        |
| Other  | 72                  | 1,381                       | 36,251                       | 146                    |
| Due from other funds   | —                   | 220                         | —                            | —                      |
| Inventories, at cost   | —                   | 2,011                       | —                            | —                      |
| Other current assets   | 3,719               | —                           | 10,995                       | —                      |
| Total Current Assets   | <u>88,288</u>       | <u>9,295</u>                | <u>164,226</u>               | <u>1,089</u>           |
| Noncurrent Assets:   |                     |                             |                              |                        |
| Net OPEB asset   | 34                  | —                           | 6                            | 2                      |
| Capital assets:  |                     |                             |                              |                        |
| Buildings, equipment, and other depreciable, net of accumulated depreciation | 53                  | 71,392                      | 14                           | 38                     |
| Total Noncurrent Assets  | <u>87</u>           | <u>71,392</u>               | <u>20</u>                    | <u>40</u>              |
| Total Assets   | <u>88,375</u>       | <u>80,687</u>               | <u>164,246</u>               | <u>1,129</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                     |                             |                              |                        |
| Related to pensions  | 2,891               | 1,600                       | 332                          | 120                    |
| Related to OPEB  | 193                 | 107                         | 40                           | 14                     |
| Total Deferred Outflows of Resources   | <u>3,084</u>        | <u>1,707</u>                | <u>372</u>                   | <u>134</u>             |
| <b>LIABILITIES</b>   |                     |                             |                              |                        |
| Current Liabilities:   |                     |                             |                              |                        |
| Accounts payable and other current liabilities                               | 2,757               | 1,083                       | 26,714                       | 69                     |
| Accrued liabilities  | 416                 | 478                         | 102                          | 26                     |
| Due to U.S. Government   | 10,065              | —                           | —                            | —                      |
| Due to other funds   | —                   | 712                         | —                            | —                      |
| Current portion of accrued insurance losses                                  | 64,398              | —                           | 83,843                       | —                      |
| Current portion of other long-term liabilities                               | 585                 | 695                         | 155                          | —                      |
| Total Current Liabilities  | <u>78,221</u>       | <u>2,968</u>                | <u>110,814</u>               | <u>95</u>              |
| Noncurrent Liabilities:  |                     |                             |                              |                        |
| Accrued insurance losses   | 367,699             | —                           | —                            | —                      |
| Net pension liability  | 13,060              | 11,139                      | 2,499                        | 821                    |
| Net OPEB liability   | 2,051               | 3,345                       | 508                          | 153                    |
| Other long-term liabilities  | —                   | —                           | —                            | —                      |
| Total Noncurrent Liabilities   | <u>382,810</u>      | <u>14,484</u>               | <u>3,007</u>                 | <u>974</u>             |
| Total Liabilities  | <u>461,031</u>      | <u>17,452</u>               | <u>113,821</u>               | <u>1,069</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |                             |                              |                        |
| Related to pensions  | 1,805               | 2,184                       | 395                          | 130                    |
| Related to OPEB  | 594                 | 796                         | 141                          | 42                     |
| Total Deferred Inflows of Resources  | <u>2,399</u>        | <u>2,980</u>                | <u>536</u>                   | <u>172</u>             |
| <b>NET POSITION</b>  |                     |                             |                              |                        |
| Net investment in capital assets   | 53                  | 71,392                      | 14                           | 38                     |
| Unrestricted (deficit)   | (372,024)           | (9,430)                     | 50,247                       | (16)                   |
| Total Net Position   | <u>\$ (371,971)</u> | <u>\$ 61,962</u>            | <u>\$ 50,261</u>             | <u>\$ 22</u>           |

| <u>AUTOMATION<br/>OPERATIONS</u> | <u>RETIREE<br/>ACCUMULATED<br/>SICK LEAVE</u> | <u>MOTOR<br/>POOL</u> | <u>OTHER</u>     | <u>TOTAL</u>        |
|----------------------------------|---|-----------------------|------------------|---------------------|
| \$ 11,218                        | \$ 3,503                                      | \$ 3,071              | \$ 30,987        | \$ 256,882          |
| 1,130                            | —   | 926                   | 106              | 40,012              |
| 3,784                            | —   | —                     | 7                | 4,011               |
| —                                | —   | —                     | 34               | 2,045               |
| 552                              | —   | —                     | —                | 15,266              |
| <u>16,684</u>                    | <u>3,503</u>                                  | <u>3,997</u>          | <u>31,134</u>    | <u>318,216</u>      |
| 11                               | —   | 1                     | 31               | 85                  |
| 1,704                            | —   | 10,872                | 509              | 84,582              |
| <u>1,715</u>                     | <u>—</u>                                      | <u>10,873</u>         | <u>540</u>       | <u>84,667</u>       |
| <u>18,399</u>                    | <u>3,503</u>                                  | <u>14,870</u>         | <u>31,674</u>    | <u>402,883</u>      |
| 589                              | 11  | 63                    | 1,846            | 7,452               |
| 72                               | 1   | 7                     | 182              | 616                 |
| <u>661</u>                       | <u>12</u>                                     | <u>70</u>             | <u>2,028</u>     | <u>8,068</u>        |
| 2,664                            | —   | 422                   | 1,194            | 34,903              |
| 211                              | —   | 8                     | 478              | 1,719               |
| 2,133                            | —   | —                     | —                | 12,198              |
| —                                | —   | 67                    | —                | 779                 |
| —                                | —   | —                     | —                | 148,241             |
| 320                              | 10,037  | 14                    | 664              | 12,470              |
| <u>5,328</u>                     | <u>10,037</u>                                 | <u>511</u>            | <u>2,336</u>     | <u>210,310</u>      |
| —                                | —   | —                     | —                | 367,699             |
| 4,245                            | 78  | 536                   | 11,831           | 44,209              |
| 788                              | 20  | 110                   | 1,886            | 8,861               |
| —                                | 155,634                                       | —                     | —                | 155,634             |
| <u>5,033</u>                     | <u>155,732</u>                                | <u>646</u>            | <u>13,717</u>    | <u>576,403</u>      |
| <u>10,361</u>                    | <u>165,769</u>                                | <u>1,157</u>          | <u>16,053</u>    | <u>786,713</u>      |
| 670                              | 12  | 85                    | 1,861            | 7,142               |
| 223                              | 6   | 30                    | 546              | 2,378               |
| <u>893</u>                       | <u>18</u>                                     | <u>115</u>            | <u>2,407</u>     | <u>9,520</u>        |
| 1,704                            | —   | 10,872                | 509              | 84,582              |
| <u>6,102</u>                     | <u>(162,272)</u>                              | <u>2,796</u>          | <u>14,733</u>    | <u>(469,864)</u>    |
| <u>\$ 7,806</u>                  | <u>\$ (162,272)</u>                           | <u>\$ 13,668</u>      | <u>\$ 15,242</u> | <u>\$ (385,282)</u> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION**  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | RISK<br>MANAGEMENT  | TRANSPORTATION<br>EQUIPMENT | HEALTH<br>INSURANCE<br>TRUST | TELE-<br>COMMUNICATION |
|---|---------------------|-----------------------------|------------------------------|------------------------|
| <b>OPERATING REVENUES</b>                           |                     |                             |                              |                        |
| Sales and charges for services                      | \$ 98,467           | \$ 26,273                   | \$ 863,845                   | \$ 1,606               |
| Other   | —                   | 104                         | 21                           | —                      |
| Total Operating Revenues                            | <u>98,467</u>       | <u>26,377</u>               | <u>863,866</u>               | <u>1,606</u>           |
| <b>OPERATING EXPENSES</b>                           |                     |                             |                              |                        |
| Cost of sales and benefits                          | —                   | 14,633                      | 879,601                      | 122                    |
| Personal services                                   | 11,453              | 11,062                      | 2,959                        | 972                    |
| Contractual services                                | 28,193              | 425                         | 1,931                        | 188                    |
| Depreciation and amortization                       | 8                   | 14,401                      | 6                            | 18                     |
| Insurance   | 46,804              | —                           | 1,666                        | 18                     |
| Other   | 1,491               | 919                         | 955                          | 166                    |
| Total Operating Expenses                            | <u>87,949</u>       | <u>41,440</u>               | <u>887,118</u>               | <u>1,484</u>           |
| Operating Income (Loss)                             | <u>10,518</u>       | <u>(15,063)</u>             | <u>(23,252)</u>              | <u>122</u>             |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>            |                     |                             |                              |                        |
| Gain (loss) on sale of capital assets               | —                   | 974                         | —                            | —                      |
| Investment income                                   | —                   | 120                         | —                            | —                      |
| Gain on extinguishment of debt                      | —                   | —                           | 1,842                        | —                      |
| Other non-operating revenue                         | —                   | —                           | —                            | —                      |
| Other non-operating expense                         | (6,226)             | —                           | —                            | —                      |
| Total Non-Operating Revenues (Expenses)             | <u>(6,226)</u>      | <u>1,094</u>                | <u>1,842</u>                 | <u>—</u>               |
| Income (Loss) Before Contributions<br>and Transfers | 4,292               | (13,969)                    | (21,410)                     | 122                    |
| Capital grants and contributions                    | —                   | 7,948                       | —                            | —                      |
| Transfers in  | —                   | 9,376                       | —                            | —                      |
| Transfers out                                       | (2,707)             | —                           | (366)                        | (54)                   |
| Change in Net Position                              | 1,585               | 3,355                       | (21,776)                     | 68                     |
| Total Net Position - Beginning                      | <u>(373,556)</u>    | <u>58,607</u>               | <u>72,037</u>                | <u>(46)</u>            |
| Total Net Position - Ending                         | <u>\$ (371,971)</u> | <u>\$ 61,962</u>            | <u>\$ 50,261</u>             | <u>\$ 22</u>           |

| AUTOMATION<br>OPERATIONS | RETIREE                   |                  |                  | TOTAL               |
|--------------------------|---------------------------|------------------|------------------|---------------------|
|                          | ACCUMULATED<br>SICK LEAVE | MOTOR<br>POOL    | OTHER            |                     |
| \$ 27,205                | \$ 15,447                 | \$ 7,238         | \$ 27,928        | \$ 1,068,009        |
| —                        | —                         | 2                | 3,188            | 3,315               |
| <u>27,205</u>            | <u>15,447</u>             | <u>7,240</u>     | <u>31,116</u>    | <u>1,071,324</u>    |
| 12,405                   | 18,302                    | 3,791            | 179              | 929,033             |
| 3,105                    | 165                       | 391              | 12,411           | 42,518              |
| 2,397                    | 3                         | 66               | 3,090            | 36,293              |
| 745                      | —                         | 2,690            | 200              | 18,068              |
| 95                       | —                         | 238              | 753              | 49,574              |
| 4,140                    | —                         | 6                | 8,811            | 16,488              |
| <u>22,887</u>            | <u>18,470</u>             | <u>7,182</u>     | <u>25,444</u>    | <u>1,091,974</u>    |
| <u>4,318</u>             | <u>(3,023)</u>            | <u>58</u>        | <u>5,672</u>     | <u>(20,650)</u>     |
| (189)                    | —                         | 31               | —                | 816                 |
| —                        | —                         | —                | —                | 120                 |
| 2,815                    | —                         | —                | —                | 4,657               |
| 6                        | —                         | —                | —                | 6                   |
| <u>(2,133)</u>           | <u>—</u>                  | <u>—</u>         | <u>—</u>         | <u>(8,359)</u>      |
| <u>499</u>               | <u>—</u>                  | <u>31</u>        | <u>—</u>         | <u>(2,760)</u>      |
| 4,817                    | (3,023)                   | 89               | 5,672            | (23,410)            |
| —                        | —                         | 894              | —                | 8,842               |
| —                        | —                         | —                | 25               | 9,401               |
| <u>(5,668)</u>           | <u>—</u>                  | <u>(256)</u>     | <u>(2,175)</u>   | <u>(11,226)</u>     |
| (851)                    | (3,023)                   | 727              | 3,522            | (16,393)            |
| <u>8,657</u>             | <u>(159,249)</u>          | <u>12,941</u>    | <u>11,720</u>    | <u>(368,889)</u>    |
| <u>\$ 7,806</u>          | <u>\$ (162,272)</u>       | <u>\$ 13,668</u> | <u>\$ 15,242</u> | <u>\$ (385,282)</u> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF CASH FLOWS**  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | RISK<br>MANAGEMENT | TRANSPORTATION<br>EQUIPMENT | HEALTH<br>INSURANCE<br>TRUST |
|---|--------------------|-----------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                    |                             |                              |
| Receipts from interfund services / premiums                             | \$ 98,416          | \$ 26,492                   | \$ 860,226                   |
| Payments to suppliers or insurance companies                            | (63,107)           | (15,071)                    | (888,989)                    |
| Payments to employees   | (11,728)           | (12,520)                    | (3,420)                      |
| Payments to retirees  | —                  | —                           | —                            |
| Other receipts  | —                  | 104                         | 1,863                        |
| Other payments  | (6,226)            | —                           | —                            |
| Net Cash Provided (Used) by Operating Activities                        | <u>17,355</u>      | <u>(995)</u>                | <u>(30,320)</u>              |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>             |                    |                             |                              |
| Transfers from other funds  | —                  | 16                          | —                            |
| Transfers to other funds  | (2,707)            | —                           | (366)                        |
| Net Cash Provided (Used) by Non-capital Financing Activities            | <u>(2,707)</u>     | <u>16</u>                   | <u>(366)</u>                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>     |                    |                             |                              |
| Proceeds from sale of capital assets                                    | 9                  | 1,875                       | —                            |
| Transfers from other funds  | —                  | 9,360                       | —                            |
| Acquisition and construction of capital assets                          | —                  | (9,433)                     | —                            |
| Net Cash Provided (Used) by Capital and Related<br>Financing Activities | <u>9</u>           | <u>1,802</u>                | <u>—</u>                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                    |                             |                              |
| Interest and dividends from investments                                 | —                  | 119                         | —                            |
| Net Cash Provided by Investing Activities                               | <u>—</u>           | <u>119</u>                  | <u>—</u>                     |
| Net Increase (Decrease) in Cash and Cash Equivalents                    | 14,657             | 942                         | (30,686)                     |
| Cash and Cash Equivalents - Beginning                                   | <u>69,840</u>      | <u>4,741</u>                | <u>147,666</u>               |
| Cash and Cash Equivalents - Ending                                      | <u>\$ 84,497</u>   | <u>\$ 5,683</u>             | <u>\$ 116,980</u>            |



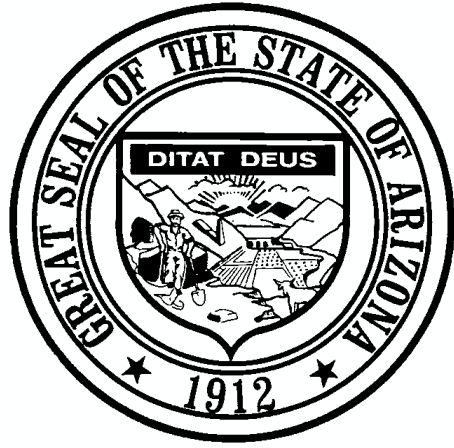
| TELE-<br>COMMUNICATION | AUTOMATION<br>OPERATIONS | RETIREE<br>ACCUMULATED<br>SICK LEAVE | MOTOR<br>POOL   | OTHER            | TOTAL             |
|------------------------|--------------------------|--------------------------------------|-----------------|------------------|-------------------|
| \$ 1,753               | \$ 27,956                | \$ 15,447                            | \$ 7,309        | \$ 28,031        | \$ 1,065,630      |
| (471)                  | (17,827)                 | (3)                                  | (4,016)         | (12,406)         | (1,001,890)       |
| (1,035)                | (4,846)                  | (85)                                 | (489)           | (12,141)         | (46,264)          |
| —                      | —                        | (14,476)                             | —               | —                | (14,476)          |
| —                      | 2,821                    | —                                    | 2               | 3,158            | 7,948             |
| —                      | (2,133)                  | —                                    | —               | —                | (8,359)           |
| <u>247</u>             | <u>5,971</u>             | <u>883</u>                           | <u>2,806</u>    | <u>6,642</u>     | <u>2,589</u>      |
| —                      | —                        | —                                    | —               | 25               | 41                |
| (54)                   | (5,668)                  | —                                    | (256)           | (2,175)          | (11,226)          |
| <u>(54)</u>            | <u>(5,668)</u>           | <u>—</u>                             | <u>(256)</u>    | <u>(2,150)</u>   | <u>(11,185)</u>   |
| —                      | 1                        | —                                    | —               | —                | 1,885             |
| —                      | —                        | —                                    | —               | —                | 9,360             |
| (26)                   | —                        | —                                    | (1,769)         | (261)            | (11,489)          |
| <u>(26)</u>            | <u>1</u>                 | <u>—</u>                             | <u>(1,769)</u>  | <u>(261)</u>     | <u>(244)</u>      |
| —                      | —                        | —                                    | —               | —                | 119               |
| —                      | —                        | —                                    | —               | —                | 119               |
| 167                    | 304                      | 883                                  | 781             | 4,231            | (8,721)           |
| <u>776</u>             | <u>10,914</u>            | <u>2,620</u>                         | <u>2,290</u>    | <u>26,756</u>    | <u>265,603</u>    |
| <u>\$ 943</u>          | <u>\$ 11,218</u>         | <u>\$ 3,503</u>                      | <u>\$ 3,071</u> | <u>\$ 30,987</u> | <u>\$ 256,882</u> |

(Continued)

STATE OF ARIZONA  
**COMBINING STATEMENT OF CASH FLOWS**  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | RISK<br>MANAGEMENT | TRANSPORTATION<br>EQUIPMENT | HEALTH<br>INSURANCE<br>TRUST |
|---|--------------------|-----------------------------|------------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  |                    |                             |                              |
| Operating income (loss)   | \$ 10,518          | \$ (15,063)                 | \$ (23,252)                  |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities   |                    |                             |                              |
| Depreciation and amortization   | 8                  | 14,401                      | 6                            |
| Miscellaneous income (expense)  | (6,226)            | —                           | 1,842                        |
| Net changes in assets, deferred outflows of resources, liabilities,<br>and deferred inflows of resources: |                    |                             |                              |
| (Increase) decrease in receivables, net of allowances   | (71)               | 438                         | (3,611)                      |
| (Increase) decrease in due from other funds   | —                  | (220)                       | —                            |
| Decrease in inventories, at cost  | —                  | 789                         | —                            |
| Decrease in other assets  | 390                | —                           | 209                          |
| Decrease in net OPEB asset  | 20                 | —                           | 5                            |
| (Increase) decrease in deferred pension outflows of resources   | 1,459              | (63)                        | 23                           |
| (Increase) in deferred OPEB outflows of resources   | (78)               | (7)                         | (14)                         |
| Increase (decrease) in accounts payable   | 609                | 43                          | (2,723)                      |
| Increase (decrease) in accrued liabilities  | (29)               | (23)                        | (2)                          |
| Increase (decrease) in due to U.S. Government   | 6,226              | —                           | (1,842)                      |
| Increase (decrease) in due to other funds   | —                  | —                           | —                            |
| Increase (decrease) in accrued insurance losses   | 6,156              | —                           | (493)                        |
| Increase (decrease) in net pension liability  | (2,442)            | (2,132)                     | (564)                        |
| Increase (decrease) in net OPEB liability   | 104                | 80                          | (20)                         |
| Increase (decrease) in other liabilities  | (68)               | 6                           | (1)                          |
| Increase in deferred pension inflows of resources   | 729                | 746                         | 119                          |
| Increase (decrease) in deferred OPEB inflows of resources   | 50                 | 10                          | (2)                          |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 17,355</u>   | <u>\$ (995)</u>             | <u>\$ (30,320)</u>           |
| <b>SCHEDULE OF NONCASH INVESTING, CAPITAL<br/>AND NON-CAPITAL FINANCING ACTIVITIES</b>                    |                    |                             |                              |
| Contribution of capital assets from other funds   | <u>\$ —</u>        | <u>\$ 7,948</u>             | <u>\$ —</u>                  |
| Total Noncash Investing, Capital and Non-capital<br>Financing Activities                                  | <u>\$ —</u>        | <u>\$ 7,948</u>             | <u>\$ —</u>                  |

| <u>TELE-<br/>COMMUNICATION</u> | <u>AUTOMATION<br/>OPERATIONS</u> | <u>RETIREE<br/>ACCUMULATED<br/>SICK LEAVE</u> | <u>MOTOR<br/>POOL</u> | <u>OTHER</u>    | <u>TOTAL</u>    |
|--------------------------------|----------------------------------|---|-----------------------|-----------------|-----------------|
| \$ 122                         | \$ 4,318                         | \$ (3,023)                                    | \$ 58                 | \$ 5,672        | \$ (20,650)     |
| 18                             | 745                              | —   | 2,690                 | 200             | 18,068          |
| —                              | 688                              | —   | —                     | —               | (3,696)         |
| 146                            | (21)                             | —   | 67                    | 60              | (2,992)         |
| —                              | 761                              | —   | 3                     | (1)             | 543             |
| —                              | —                                | —   | 20                    | 83              | 892             |
| —                              | 527                              | —   | —                     | —               | 1,126           |
| 1                              | 11                               | —   | 1                     | 14              | 52              |
| (8)                            | 63                               | (11)  | 11                    | 316             | 1,790           |
| (6)                            | (31)                             | —   | (1)                   | (78)            | (215)           |
| 23                             | 1,365                            | —   | (2)                   | 407             | (278)           |
| (21)                           | 44                               | —   | (13)                  | 48              | 4               |
| —                              | (682)                            | —   | —                     | —               | 3,702           |
| —                              | —                                | —   | 67                    | (63)            | 4               |
| —                              | —                                | —   | —                     | —               | 5,663           |
| (99)                           | (1,864)                          | 78  | (76)                  | (1,044)         | (8,143)         |
| 19                             | (54)                             | —   | 25                    | 164             | 318             |
| —                              | (9)                              | 3,826   | (81)                  | 20              | 3,693           |
| 47                             | 120                              | 12  | 30                    | 777             | 2,580           |
| 5                              | (10)                             | 1   | 7                     | 67              | 128             |
| <u>\$ 247</u>                  | <u>\$ 5,971</u>                  | <u>\$ 883</u>                                 | <u>\$ 2,806</u>       | <u>\$ 6,642</u> | <u>\$ 2,589</u> |
| <u>\$ —</u>                    | <u>\$ —</u>                      | <u>\$ —</u>                                   | <u>\$ 894</u>         | <u>\$ —</u>     | <u>\$ 8,842</u> |
| <u>\$ —</u>                    | <u>\$ —</u>                      | <u>\$ —</u>                                   | <u>\$ 894</u>         | <u>\$ —</u>     | <u>\$ 8,842</u> |



# PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

*Pension Trust Funds account for transactions of the four public employee retirement systems for which the State acts as trustee.*

**The Arizona State Retirement System (ASRS)** is a cost-sharing, multiple-employer pension system that benefits employees of public schools, the State and its political subdivisions.

**The Public Safety Personnel Retirement System (PSPRS)** is an agent multiple-employer pension system that benefits fire fighters and police officers employed by the State and its political subdivisions.

**The Elected Officials' Retirement Plan (EORP)** is a cost-sharing, multiple-employer pension plan that benefits all elected State and county officials and judges and certain elected city officials.

**The Corrections Officer Retirement Plan (CORP)** is an agent multiple-employer pension plan that benefits town, city and county detention officers and certain employees of the State's Department of Corrections and Department of Juvenile Corrections.

- **The Administrative Office of the Courts Probation Officers (AOC)** is a cost-sharing, multiple- employer pension plan within CORP that benefits county probation officers.

*Other Employee Benefit Trust Funds account for health insurance premium subsidies paid by the ASRS, PSPRS, EORP, CORP, and AOC, as well as long-term disability benefits paid by the ASRS to State employees and employees of other governmental entities participating in the plans.*

**The ASRS Health Benefit Supplement Fund** is a benefit cost-sharing, multiple-employer post-employment benefit plan that provides for health insurance premium subsidies to eligible retired and disabled members.

**The ASRS Long-Term Disability Fund** is a benefit cost-sharing, multiple-employer post-employment benefit plan that provides for long term disability benefits to eligible participants.

**The PSPRS Health Benefit Supplement Fund** is a benefit agent multiple-employer post-employment benefit plan that provides for health insurance premium subsidies to eligible retired and disabled members.

**The EORP Health Benefit Supplement Fund** is a benefit cost-sharing, multiple-employer post-employment benefit plan that provides for health insurance premium subsidies to eligible retired and disabled members.

**The CORP Health Benefit Supplement Fund** is a benefit agent multiple-employer post-employment benefit plan that provides for health insurance premium subsidies to eligible retired and disabled members.

**The AOC Health Benefit Supplement Fund** is a benefit cost-sharing, multiple-employer post-employment benefit plan that provides for health insurance premium subsidies to eligible retired and disabled members.

STATE OF ARIZONA  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

| PENSION TRUST FUNDS                                     |                      |                     |                   |                     |                   |
|---|----------------------|---------------------|-------------------|---------------------|-------------------|
|   | ASRS                 | PSPRS               | EORP              | CORP                | AOC               |
| <b>ASSETS</b>   |                      |                     |                   |                     |                   |
| Cash  | \$ 16,296            | \$ 261,106          | \$ 9,601          | \$ 36,594           | \$ 10,885         |
| Receivables, net of allowances:                         |                      |                     |                   |                     |                   |
| Accrued interest and dividends                          | 40,561               | 8,425               | 303               | 1,673               | 498               |
| Securities sold   | 16,822               | 8,093               | 291               | 1,607               | 478               |
| Futures contracts                                       | 4,598                | —                   | —                 | —                   | —                 |
| Contributions   | 89,590               | 12,291              | 6,307             | 13,063              | 2,801             |
| Court fees  | —                    | —                   | 926               | —                   | —                 |
| Due from other funds                                    | —                    | —                   | —                 | —                   | —                 |
| Other   | 22,985               | 13,278              | 1,100             | 101                 | 30                |
| Total receivables                                       | <u>174,556</u>       | <u>42,087</u>       | <u>8,927</u>      | <u>16,444</u>       | <u>3,807</u>      |
| Investments, at fair value:                             |                      |                     |                   |                     |                   |
| Short-term investments                                  | 542,757              | —                   | —                 | —                   | —                 |
| Fixed income securities                                 | 11,081,666           | 450,393             | 16,205            | 89,418              | 26,598            |
| Equity  | 22,212,434           | 2,616,659           | 94,150            | 519,494             | 154,527           |
| Global trading strategies                               | —                    | 679,515             | 24,449            | 134,907             | 40,129            |
| Real assets   | —                    | 657,095             | 23,643            | 130,455             | 38,805            |
| Real estate   | 5,834,902            | 588,324             | 21,168            | 116,802             | 34,744            |
| Private equity  | —                    | 1,020,743           | 36,727            | 202,652             | 60,280            |
| Private credit  | —                    | 1,184,090           | 42,604            | 235,081             | 69,927            |
| Collateral investment pool                              | 137,089              | 359,806             | 12,946            | 71,433              | 21,249            |
| Other investments                                       | —                    | 344,620             | 12,400            | 68,419              | 20,351            |
| Total investments                                       | <u>39,808,848</u>    | <u>7,901,245</u>    | <u>284,292</u>    | <u>1,568,661</u>    | <u>466,610</u>    |
| Property and equipment, net of accumulated depreciation | —                    | 2,803               | 205               | 352                 | 105               |
| Total Assets  | <u>39,999,700</u>    | <u>8,207,241</u>    | <u>303,025</u>    | <u>1,622,051</u>    | <u>481,407</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                   |                      |                     |                   |                     |                   |
| Related to pensions                                     | —                    | 1,174               | 44                | 237                 | 70                |
| <b>LIABILITIES</b>                                      |                      |                     |                   |                     |                   |
| Accounts payable and other current liabilities          | 9,516                | 1,833               | 3,437             | 7,837               | 2,331             |
| Payable for securities purchased                        | 12,997               | 10,889              | 392               | 2,162               | 643               |
| Obligation under securities loan agreements             | 137,089              | 359,806             | 12,946            | 71,433              | 21,249            |
| Futures contracts payable                               | 5,833                | —                   | —                 | —                   | —                 |
| Due to other funds                                      | 9,123                | —                   | —                 | —                   | —                 |
| Net pension liability                                   | —                    | 5,370               | 201               | 1,083               | 322               |
| Total Liabilities                                       | <u>174,558</u>       | <u>377,898</u>      | <u>16,976</u>     | <u>82,515</u>       | <u>24,545</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                      |                     |                   |                     |                   |
| Related to pensions                                     | —                    | 604                 | 28                | 148                 | 44                |
| <b>NET POSITION</b>                                     |                      |                     |                   |                     |                   |
| Restricted for:   |                      |                     |                   |                     |                   |
| Pension benefits  | 39,825,142           | 7,829,913           | 286,065           | 1,539,625           | 456,888           |
| Other post-employment benefits                          | —                    | —                   | —                 | —                   | —                 |
| Total Net Position                                      | <u>\$ 39,825,142</u> | <u>\$ 7,829,913</u> | <u>\$ 286,065</u> | <u>\$ 1,539,625</u> | <u>\$ 456,888</u> |

OTHER EMPLOYEE BENEFIT TRUST FUNDS

| LONG-TERM<br>DISABILITY<br>FUND | HEALTH BENEFIT SUPPLEMENT FUND |            |           |            |           | TOTAL         |     |
|---------------------------------|--------------------------------|------------|-----------|------------|-----------|---------------|-----|
|                                 | ASRS                           | ASRS       | PSPRS     | EORP       | CORP      |               | AOC |
|                                 | ASRS                           | ASRS       | PSPRS     | EORP       | CORP      |               | AOC |
| \$ 72                           | \$ 706                         | \$ 11,077  | \$ 723    | \$ 10,002  | \$ 997    | \$ 358,059    |     |
| 170                             | 1,957                          | 364        | 26        | 117        | 11        | 54,105        |     |
| 71                              | 729                            | 349        | 25        | 113        | 11        | 28,589        |     |
| 19                              | 199                            | —          | —         | —          | —         | 4,816         |     |
| 1,073                           | 1,514                          | 190        | —         | 2          | 38        | 126,869       |     |
| —                               | —                              | —          | —         | —          | —         | 926           |     |
| 702                             | 8,421                          | —          | —         | —          | —         | 9,123         |     |
| 6,298                           | 10,550                         | —          | —         | —          | —         | 54,342        |     |
| 8,333                           | 23,370                         | 903        | 51        | 232        | 60        | 278,770       |     |
| 2,281                           | 121,532                        | —          | —         | —          | —         | 666,570       |     |
| 46,569                          | 480,083                        | 19,445     | 1,380     | 6,263      | 624       | 12,218,644    |     |
| 93,345                          | 962,294                        | 112,972    | 8,016     | 36,387     | 3,627     | 26,813,905    |     |
| —                               | —                              | 29,338     | 2,082     | 9,449      | 942       | 920,811       |     |
| —                               | —                              | 28,370     | 2,013     | 9,138      | 911       | 890,430       |     |
| 24,521                          | 252,781                        | 25,401     | 1,802     | 8,181      | 815       | 6,909,441     |     |
| —                               | —                              | 44,070     | 3,127     | 14,194     | 1,415     | 1,383,208     |     |
| —                               | —                              | 51,122     | 3,627     | 16,466     | 1,641     | 1,604,558     |     |
| 576                             | 5,939                          | 15,534     | 1,102     | 5,003      | 499       | 631,176       |     |
| —                               | —                              | 14,879     | 1,056     | 4,792      | 478       | 466,995       |     |
| 167,292                         | 1,822,629                      | 341,131    | 24,205    | 109,873    | 10,952    | 52,505,738    |     |
| —                               | —                              | —          | —         | —          | —         | 3,465         |     |
| 175,697                         | 1,846,705                      | 353,111    | 24,979    | 120,107    | 12,009    | 53,146,032    |     |
| —                               | —                              | —          | —         | —          | —         | 1,525         |     |
| 250                             | 441                            | —          | —         | —          | —         | 25,645        |     |
| 55                              | 563                            | 470        | 33        | 152        | 15        | 28,371        |     |
| 576                             | 5,939                          | 15,534     | 1,102     | 5,003      | 499       | 631,176       |     |
| 25                              | 253                            | —          | —         | —          | —         | 6,111         |     |
| —                               | —                              | —          | —         | —          | —         | 9,123         |     |
| —                               | —                              | —          | —         | —          | —         | 6,976         |     |
| 906                             | 7,196                          | 16,004     | 1,135     | 5,155      | 514       | 707,402       |     |
| —                               | —                              | —          | —         | —          | —         | 824           |     |
| —                               | —                              | —          | —         | —          | —         | 49,937,633    |     |
| 174,791                         | 1,839,509                      | 337,107    | 23,844    | 114,952    | 11,495    | 2,501,698     |     |
| \$ 174,791                      | \$ 1,839,509                   | \$ 337,107 | \$ 23,844 | \$ 114,952 | \$ 11,495 | \$ 52,439,331 |     |

STATE OF ARIZONA  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(Expressed in Thousands)

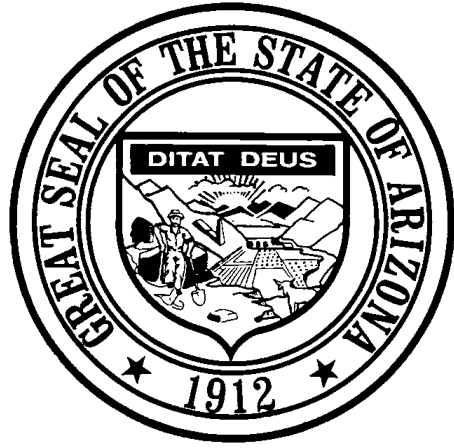
PENSION TRUST FUNDS

|  | ASRS          | PSPRS        | EORP       | CORP         | AOC        |
|--|---------------|--------------|------------|--------------|------------|
| <b>ADDITIONS:</b>                                  |               |              |            |              |            |
| Member contributions                               | \$ 1,194,100  | \$ 121,955   | \$ 3,986   | \$ 38,278    | \$ 9,951   |
| Employer contributions                             | 1,180,966     | 832,026      | 42,207     | 137,441      | 38,962     |
| Non-employer entity contributions                  | —             | 19,985       | 5,000      | —            | —          |
| Member purchase of service credit                  | 16,252        | 6,992        | 295        | 404          | 75         |
| Court fees   | —             | —            | 10,944     | —            | —          |
| Investment income:                                 |               |              |            |              |            |
| Net increase in fair value of investments          | 2,088,357     | 304,263      | 10,901     | 60,341       | 17,415     |
| Interest income                                    | 70,949        | 9,269        | 323        | 1,873        | 541        |
| Dividends  | 390,889       | 73,520       | 2,590      | 14,803       | 4,272      |
| Other investment income                            | 28,787        | 58,301       | 2,043      | 11,682       | 3,372      |
| Securities lending income                          | 6,374         | 12,322       | 431        | 2,490        | 719        |
| Total investment income                            | 2,585,356     | 457,675      | 16,288     | 91,189       | 26,319     |
| Less investment expenses:                          |               |              |            |              |            |
| Investment activity expenses                       | 186,051       | 44,467       | 1,590      | 9,267        | 2,675      |
| Securities lending expenses                        | 368           | 9,287        | 323        | 1,881        | 543        |
| Net investment income                              | 2,398,937     | 403,921      | 14,375     | 80,041       | 23,101     |
| Other additions                                    | 1,666         | 317          | —          | —            | 72         |
| Total Additions                                    | 4,791,921     | 1,385,196    | 76,807     | 256,164      | 72,161     |
| <b>DEDUCTIONS:</b>                                 |               |              |            |              |            |
| Retirement, disability, and survivor benefits      | 3,169,788     | 818,430      | 64,858     | 125,481      | 30,406     |
| Health insurance subsidy                           | —             | —            | —          | —            | —          |
| Refunds to withdrawing members, including interest | 261,975       | 15,633       | 266        | 28,530       | 2,166      |
| Administrative expense                             | 26,802        | 7,251        | 318        | 1,448        | 423        |
| Other deductions                                   | 163           | 145          | 47         | 661          | 120        |
| Total Deductions                                   | 3,458,728     | 841,459      | 65,489     | 156,120      | 33,115     |
| Change in net position restricted for:             |               |              |            |              |            |
| Pension benefits                                   | 1,333,193     | 543,737      | 11,318     | 100,044      | 39,046     |
| Other post-employment benefits                     | —             | —            | —          | —            | —          |
| Net Position - Beginning, as restated              | 38,491,949    | 7,286,176    | 274,747    | 1,439,581    | 417,842    |
| Net Position - Ending                              | \$ 39,825,142 | \$ 7,829,913 | \$ 286,065 | \$ 1,539,625 | \$ 456,888 |



OTHER EMPLOYEE BENEFIT TRUST FUNDS

| LONG-TERM<br>DISABILITY<br>FUND | HEALTH BENEFIT SUPPLEMENT FUND |            |           |            |           | TOTAL         |
|---------------------------------|--------------------------------|------------|-----------|------------|-----------|---------------|
|                                 | ASRS                           | ASRS       | PSPRS     | EORP       | CORP      |               |
| \$ 16,434                       | \$ —                           | \$ —       | \$ —      | \$ —       | \$ —      | \$ 1,384,704  |
| 16,633                          | 47,386                         | 5,302      | —         | 29         | 661       | 2,301,613     |
| —                               | —                              | —          | —         | —          | —         | 24,985        |
| 38                              | 13                             | —          | —         | —          | —         | 24,069        |
| —                               | —                              | —          | —         | —          | —         | 10,944        |
| 8,900                           | 90,534                         | 14,829     | 918       | 4,805      | 469       | 2,601,732     |
| 304                             | 7,479                          | 176        | 27        | 57         | 6         | 91,004        |
| 1,648                           | 16,984                         | 2,175      | 218       | 705        | 69        | 507,873       |
| 122                             | 1,311                          | 1,822      | 172       | 590        | 58        | 108,260       |
| 27                              | 277                            | 268        | 36        | 87         | 8         | 23,039        |
| 11,001                          | 116,585                        | 19,270     | 1,371     | 6,244      | 610       | 3,331,908     |
| 681                             | 8,085                          | 1,600      | 134       | 136        | 13        | 254,699       |
| 2                               | 16                             | 145        | 27        | 47         | 5         | 12,644        |
| 10,318                          | 108,484                        | 17,525     | 1,210     | 6,061      | 592       | 3,064,565     |
| —                               | 9,610                          | —          | —         | —          | —         | 11,665        |
| 43,423                          | 165,493                        | 22,827     | 1,210     | 6,090      | 1,253     | 6,822,545     |
| 50,063                          | —                              | —          | —         | —          | —         | 4,259,026     |
| —                               | 115,631                        | 16,733     | 1,067     | 3,752      | 550       | 137,733       |
| —                               | —                              | —          | —         | —          | —         | 308,570       |
| 1,504                           | 1,160                          | 302        | 26        | 108        | 11        | 39,353        |
| 509                             | —                              | —          | —         | —          | —         | 1,645         |
| 52,076                          | 116,791                        | 17,035     | 1,093     | 3,860      | 561       | 4,746,327     |
| —                               | —                              | —          | —         | —          | —         | 2,027,338     |
| (8,653)                         | 48,702                         | 5,792      | 117       | 2,230      | 692       | 48,880        |
| 183,444                         | 1,790,807                      | 331,315    | 23,727    | 112,722    | 10,803    | 50,363,113    |
| \$ 174,791                      | \$ 1,839,509                   | \$ 337,107 | \$ 23,844 | \$ 114,952 | \$ 11,495 | \$ 52,439,331 |



# INVESTMENT TRUST FUNDS

*Investment Trust Funds account for assets held by the State Treasurer in a trustee capacity for local governments and political subdivisions of the State of Arizona which have elected to invest cash with the State Treasurer's Office.*

**Central Arizona Water Conservation District** is an Investment Trust Account composed of corporate debt, money market mutual funds, and United States Government securities. The Central Arizona Water Conservation District is the only participant in the account.

**Local Government Investment Pool** is an Investment Trust Account composed of corporate debt, money market mutual funds, certificates of deposit, repurchase agreements, and United States Government securities.

**Local Government Investment Pool - FF&C** is an Investment Trust Account composed of corporate notes, repurchase agreements, and United States Government securities. All investments of the fund are backed by the full faith and credit of the United States Government.

**Local Government Investment Pool - Medium-Term** is an Investment Trust Account for participants who want to invest their monies for a longer time period composed of corporate notes, money market mutual funds, certificates of deposit, repurchase agreements, and United States Government securities.

**Local Government Investment Pool - Medium-Term FF&C** is an Investment Trust Account for participants who want to invest their monies for a longer time period composed of corporate notes, money market mutual funds, certificates of deposit, repurchase agreements, and United States Government securities. All investments of the fund are backed by the full faith and credit of the United States Government.

**Lehman Brothers Pool** is an Investment Trust Account composed of the Local Government Investment Pool's share of the Lehman Brothers bond value that was transferred to this pool due to Lehman Brothers filing for Chapter 11 bankruptcy. The transfer was made to provide for the decline in fair value of the Lehman Brothers securities held by the Local Government Investment Pool.

STATE OF ARIZONA  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
INVESTMENT TRUST FUNDS  
JUNE 30, 2019  
(Expressed in Thousands)

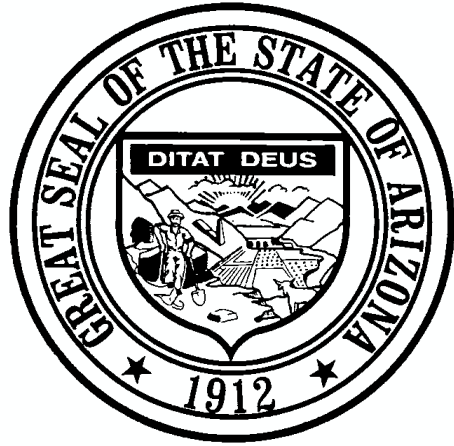
|  | CENTRAL<br>ARIZONA<br>WATER<br>CONSERVATION<br>DISTRICT | LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL | LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL -<br>FF&C | LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL -<br>MEDIUM-TERM |
|--|---|---|---|--|
| <b>ASSETS</b>  |   |   |   |  |
| Cash and pooled investments with State Treasurer                   | \$ —  | \$ —                                      | \$ —  | \$ 983   |
| Receivables, net of allowances:                                    |   |   |   |  |
| Accrued interest and dividends                                     | 1,240   | 527                                       | 458   | 1,336  |
| Investments, at fair value:  |   |   |   |  |
| Fixed income securities  | 387,488   | 1,414,457                                 | 1,548,759   | 363,978  |
| Collateral investment pool   | —   | —   | 45,741  | 1,842  |
| Total investments  | <u>387,488</u>  | <u>1,414,457</u>                          | <u>1,594,500</u>                                    | <u>365,820</u>   |
| Total Assets   | <u>388,728</u>  | <u>1,414,984</u>                          | <u>1,594,958</u>                                    | <u>368,139</u>   |
| <b>LIABILITIES</b>   |   |   |   |  |
| Payable for securities purchased                                   | 4,000   | —   | 38,760  | 6,989  |
| Management fee payable   | 17  | 77  | 71  | 16   |
| Obligations under securities loan agreements                       | —   | —   | 45,741  | 1,842  |
| Total Liabilities  | <u>4,017</u>  | <u>77</u>                                 | <u>84,572</u>                                       | <u>8,847</u>   |
| <b>NET POSITION</b>  |   |   |   |  |
| Held in trust for pool participants                                | <u>\$ 384,711</u>                                       | <u>\$ 1,414,907</u>                       | <u>\$ 1,510,386</u>                                 | <u>\$ 359,292</u>  |
| Net position consist of:   |   |   |   |  |
| Participant shares outstanding                                     | 382,722   | 1,414,907                                 | 1,510,386   | 346,891  |
| Participants' net position value (net position/shares outstanding) | \$ 1.01   | \$ 1.00                                   | \$ 1.00   | \$ 1.04  |

| LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL -<br>MEDIUM-TERM<br>FF&C | LEHMAN<br>BROTHERS<br>POOL | TOTAL               |
|--|----------------------------|---------------------|
| \$ —   | \$ —                       | \$ 983              |
| 231  | —                          | 3,792               |
| 97,127   | 147                        | 3,811,956           |
| —  | —                          | 47,583              |
| <u>97,127</u>  | <u>147</u>                 | <u>3,859,539</u>    |
| <u>97,358</u>  | <u>147</u>                 | <u>3,864,314</u>    |
| —  | —                          | 49,749              |
| 4  | —                          | 185                 |
| —  | —                          | 47,583              |
| <u>4</u>   | <u>—</u>                   | <u>97,517</u>       |
| <u>\$ 97,354</u>   | <u>\$ 147</u>              | <u>\$ 3,766,797</u> |
| 96,368   | 17,670                     | 3,768,944           |
| \$ 1.01  | \$ 0.01                    |                     |

STATE OF ARIZONA  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**INVESTMENT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(Expressed in Thousands)

|  | CENTRAL<br>ARIZONA<br>WATER<br>CONSERVATION<br>DISTRICT | LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL | LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL -<br>FF&C | LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL -<br>MEDIUM-TERM |
|--|---|---|---|--|
| <b>ADDITIONS:</b>  |   |   |   |  |
| Investment income:   |   |   |   |  |
| Net increase (decrease) in fair value of investments       | \$ 3,852  | \$ 44                                     | \$ 245  | \$ 3,947   |
| Interest income  | 10,119  | 36,777                                    | 28,982  | 8,793  |
| Securities lending income                                  | 60  | 8   | 361   | 55   |
| Total investment income                                    | <u>14,031</u>   | <u>36,829</u>                             | <u>29,588</u>                                       | <u>12,795</u>  |
| Less: Investment activity expenses                         |   |   |   |  |
| Investment activity expenses                               | 216   | 857                                       | 699   | 192  |
| Securities lending expenses                                | 41  | 2   | 122   | 47   |
| Net investment income                                      | <u>13,774</u>   | <u>35,970</u>                             | <u>28,767</u>                                       | <u>12,556</u>  |
| Capital share and individual account transactions:         |   |   |   |  |
| Shares sold  | 165,166   | 3,162,365                                 | 2,032,685   | 24,287   |
| Reinvested interest income                                 | 9,760   | 35,963                                    | 28,702  | 8,264  |
| Shares redeemed  | (178,339)   | (3,140,201)                               | (1,845,515)   | (17,464)   |
| Transfers in (out)   | —   | 1,639                                     | —   | —  |
| Net capital share and individual account transactions      | <u>(3,413)</u>  | <u>59,766</u>                             | <u>215,872</u>                                      | <u>15,087</u>  |
| Total Additions  | <u>10,361</u>   | <u>95,736</u>                             | <u>244,639</u>                                      | <u>27,643</u>  |
| <b>DEDUCTIONS:</b>   |   |   |   |  |
| Dividends to investors                                     | <u>13,774</u>   | <u>35,970</u>                             | <u>28,767</u>                                       | <u>12,556</u>  |
| Total Deductions   | <u>13,774</u>   | <u>35,970</u>                             | <u>28,767</u>                                       | <u>12,556</u>  |
| Change in net position held in trust for pool participants | (3,413)   | 59,766                                    | 215,872   | 15,087   |
| Net Position - Beginning                                   | <u>388,124</u>  | <u>1,355,141</u>                          | <u>1,294,514</u>                                    | <u>344,205</u>   |
| Net Position - Ending                                      | <u>\$ 384,711</u>                                       | <u>\$ 1,414,907</u>                       | <u>\$ 1,510,386</u>                                 | <u>\$ 359,292</u>  |

| LOCAL<br>GOVERNMENT<br>INVESTMENT<br>POOL -<br>MEDIUM-TERM<br>FF&C | LEHMAN<br>BROTHERS<br>POOL | TOTAL               |
|--|----------------------------|---------------------|
| \$ 1,507   | \$ (121)                   | \$ 9,474            |
| 2,155  | —                          | 86,826              |
| —  | —                          | 484                 |
| <u>3,662</u>   | <u>(121)</u>               | <u>96,784</u>       |
| 53   | —                          | 2,017               |
| —  | —                          | 212                 |
| <u>3,609</u>   | <u>(121)</u>               | <u>94,555</u>       |
| 1,999  | —                          | 5,386,502           |
| 2,747  | —                          | 85,436              |
| (36,519)   | —                          | (5,218,038)         |
| —  | (1,639)                    | —                   |
| <u>(31,773)</u>  | <u>(1,639)</u>             | <u>253,900</u>      |
| <u>(28,164)</u>  | <u>(1,760)</u>             | <u>348,455</u>      |
| 3,609  | —                          | 94,676              |
| <u>3,609</u>   | <u>—</u>                   | <u>94,676</u>       |
| (31,773)   | (1,760)                    | 253,779             |
| <u>129,127</u>   | <u>1,907</u>               | <u>3,513,018</u>    |
| <u>\$ 97,354</u>   | <u>\$ 147</u>              | <u>\$ 3,766,797</u> |





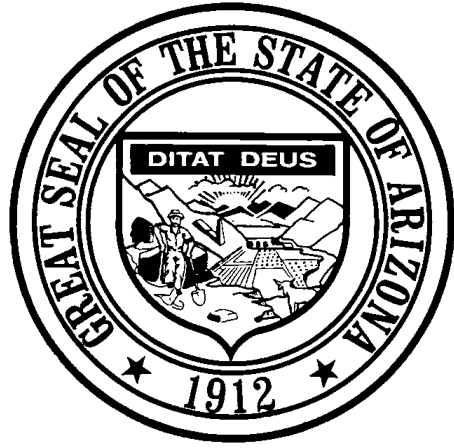
# AGENCY FUNDS

*Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, property collected by the State, where the State acts as an agent for distribution to other governmental units or organizations.*

**The Treasurer Custodial Securities Fund** consists of securities held by the State Treasurer for various State agencies as required by statute.

**The Other Treasurer Funds** account for other various deposits that are required to be made by other governmental units or organizations with the State Treasurer.

**The Other Funds** consist of various funds where the State acts as an agent for distribution to other governmental units or organizations.



STATE OF ARIZONA  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
 AGENCY FUNDS  
 JUNE 30, 2019  
 (Expressed in Thousands)

|   | TREASURER<br>CUSTODIAL<br>SECURITIES FUND | OTHER<br>TREASURER<br>FUNDS | OTHER<br>FUNDS        | TOTAL                 |
|---|---|-----------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                       |   |                             |                       |                       |
| Cash  | \$ —                                      | \$ —                        | \$ 4,132              | \$ 4,132              |
| Cash and pooled investments<br>with State Treasurer | —   | 17,115                      | 58,379                | 75,494                |
| Receivables, net of allowances:                     |   |                             |                       |                       |
| Accrued interest                                    | —   | —                           | 3                     | 3                     |
| Other   | —   | —                           | 7                     | 7                     |
| Due from others                                     | —   | —                           | 77,388                | 77,388                |
| Custodial securities in safekeeping                 | 449,999                                   | —                           | 6,023                 | 456,022               |
| <br>Total Assets                                    | <br><u>\$ 449,999</u>                     | <br><u>\$ 17,115</u>        | <br><u>\$ 145,932</u> | <br><u>\$ 613,046</u> |
| <b>LIABILITIES</b>                                  |   |                             |                       |                       |
| Due to local governments                            | \$ —                                      | \$ 51                       | \$ 10,423             | \$ 10,474             |
| Due to others                                       | 449,999                                   | 17,064                      | 135,509               | 602,572               |
| <br>Total Liabilities                               | <br><u>\$ 449,999</u>                     | <br><u>\$ 17,115</u>        | <br><u>\$ 145,932</u> | <br><u>\$ 613,046</u> |

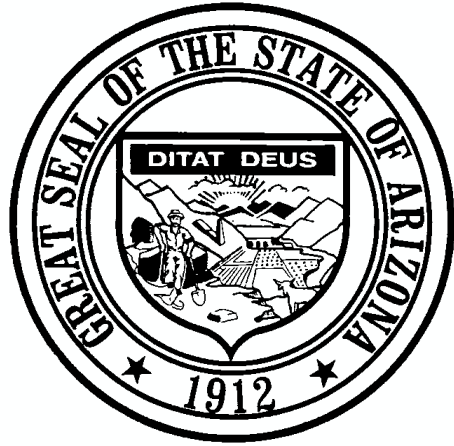
STATE OF ARIZONA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Expressed in Thousands)

|  | BALANCE<br>JUNE 30, 2018 | ADDITIONS           | DELETIONS           | BALANCE<br>JUNE 30, 2019 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| <b>TREASURER CUSTODIAL SECURITIES FUND</b>       |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Custodial securities in safekeeping              | \$ 443,610               | \$ 139,098          | \$ 132,709          | \$ 449,999               |
| Total Assets                                     | <u>\$ 443,610</u>        | <u>\$ 139,098</u>   | <u>\$ 132,709</u>   | <u>\$ 449,999</u>        |
| Liabilities:                                     |                          |                     |                     |                          |
| Due to others                                    | \$ 443,610               | \$ 139,098          | \$ 132,709          | \$ 449,999               |
| Total Liabilities                                | <u>\$ 443,610</u>        | <u>\$ 139,098</u>   | <u>\$ 132,709</u>   | <u>\$ 449,999</u>        |
| <b>OTHER TREASURER FUNDS</b>                     |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Cash   | \$ 3                     | \$ —                | \$ 3                | \$ —                     |
| Cash and pooled investments with State Treasurer | 25,579                   | 31,105              | 39,569              | 17,115                   |
| Receivables, net of allowances:                  |                          |                     |                     |                          |
| Other  | 10                       | 15                  | 25                  | —                        |
| Total Assets                                     | <u>\$ 25,592</u>         | <u>\$ 31,120</u>    | <u>\$ 39,597</u>    | <u>\$ 17,115</u>         |
| Liabilities:                                     |                          |                     |                     |                          |
| Due to local governments                         | \$ 237                   | \$ 34,850           | \$ 35,036           | \$ 51                    |
| Due to others                                    | 25,355                   | 13,898              | 22,189              | 17,064                   |
| Total Liabilities                                | <u>\$ 25,592</u>         | <u>\$ 48,748</u>    | <u>\$ 57,225</u>    | <u>\$ 17,115</u>         |
| <b>OTHER FUNDS</b>                               |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Cash   | \$ 6,600                 | \$ 729,068          | \$ 731,536          | \$ 4,132                 |
| Cash and pooled investments with State Treasurer | 58,107                   | 165,304             | 165,032             | 58,379                   |
| Receivables, net of allowances:                  |                          |                     |                     |                          |
| Accrued interest                                 | 2                        | 3                   | 2                   | 3                        |
| Other  | 6                        | 904                 | 903                 | 7                        |
| Due from others                                  | 78,842                   | 77,388              | 78,842              | 77,388                   |
| Custodial securities in safekeeping              | 6,096                    | 6,023               | 6,096               | 6,023                    |
| Total Assets                                     | <u>\$ 149,653</u>        | <u>\$ 978,690</u>   | <u>\$ 982,411</u>   | <u>\$ 145,932</u>        |
| Liabilities:                                     |                          |                     |                     |                          |
| Due to local governments                         | \$ 10,372                | \$ 127,004          | \$ 126,953          | \$ 10,423                |
| Due to others                                    | 139,281                  | 1,085,527           | 1,089,299           | 135,509                  |
| Total Liabilities                                | <u>\$ 149,653</u>        | <u>\$ 1,212,531</u> | <u>\$ 1,216,252</u> | <u>\$ 145,932</u>        |

(Continued)

STATE OF ARIZONA  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Expressed in Thousands)

|  | BALANCE<br>JUNE 30, 2018 | ADDITIONS           | DELETIONS           | BALANCE<br>JUNE 30, 2019 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| <b>COMBINED TOTAL ALL AGENCY FUNDS</b>           |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Cash   | \$ 6,603                 | \$ 729,068          | \$ 731,539          | \$ 4,132                 |
| Cash and pooled investments with State Treasurer | 83,686                   | 196,409             | 204,601             | 75,494                   |
| Receivables, net of allowances:                  |                          |                     |                     |                          |
| Accrued interest                                 | 2                        | 3                   | 2                   | 3                        |
| Other  | 16                       | 919                 | 928                 | 7                        |
| Due from others                                  | 78,842                   | 77,388              | 78,842              | 77,388                   |
| Custodial securities in safekeeping              | 449,706                  | 145,121             | 138,805             | 456,022                  |
|  | <u>\$ 618,855</u>        | <u>\$ 1,148,908</u> | <u>\$ 1,154,717</u> | <u>\$ 613,046</u>        |
| Total Assets                                     |                          |                     |                     |                          |
| Liabilities:                                     |                          |                     |                     |                          |
| Due to local governments                         | \$ 10,609                | \$ 161,854          | \$ 161,989          | \$ 10,474                |
| Due to others                                    | 608,246                  | 1,238,523           | 1,244,197           | 602,572                  |
|  | <u>\$ 618,855</u>        | <u>\$ 1,400,377</u> | <u>\$ 1,406,186</u> | <u>\$ 613,046</u>        |
| Total Liabilities                                |                          |                     |                     |                          |



## **NON-MAJOR COMPONENT UNITS**

*Component units are legally separate entities for which the State is considered to be financially accountable. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.*

**The Arizona Power Authority** purchases the State's allocation of power produced at the federally owned Boulder Canyon Project hydropower plant and resells it to Arizona entities that are eligible purchasers under federal and state laws.

**The Rio Nuevo Multipurpose Facilities District (Rio Nuevo)** utilizes tax incremental financing to help develop multipurpose facilities in the downtown Tucson area.

**The Arizona Public School Credit Enhancement** program assists achievement district schools in obtaining more favorable financing by guaranteeing the payment of principal and interest on guaranteed financings issued by or on behalf of achievement district schools.

**The Arizona Commerce Authority** is charged with the following responsibilities: job creation and expansion of capital investment through business attraction, expansion and retention, including business incubation and entrepreneurship; creation, monitoring, and execution of a comprehensive economic and workforce strategy; management and administration of economic development and workforce programs; providing statewide marketing leadership; utilization of all means necessary, prudent and practical to integrate private sector-based innovation, flexibility, focus and responsiveness; and advancement of public policy to meet the State's economic development objectives.

STATE OF ARIZONA  
**COMBINING STATEMENT OF NET POSITION**  
NON-MAJOR COMPONENT UNITS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | ARIZONA<br>POWER<br>AUTHORITY | RIO<br>NUEVO   | ARIZONA PUBLIC<br>SCHOOL CREDIT<br>ENHANCEMENT |
|--|-------------------------------|----------------|--|
| <b>ASSETS</b>  |                               |                |  |
| Current Assets:  |                               |                |  |
| Cash   | \$ —                          | \$ 11,495      | \$ —   |
| Cash and pooled investments<br>with State Treasurer                                | 7,120                         | —              | 105,182  |
| Restricted investments held by trustee   | 722                           | —              | —  |
| Receivables, net of allowances:  |                               |                |  |
| Loans and notes  | —                             | —              | —  |
| Other  | 2,012                         | —              | —  |
| Due from primary government  | —                             | 3,477          | —  |
| Other current assets   | 500                           | 26             | —  |
| Total Current Assets   | <u>10,354</u>                 | <u>14,998</u>  | <u>105,182</u>                                 |
| Noncurrent Assets:   |                               |                |  |
| Restricted assets:   |                               |                |  |
| Cash held by trustee   | —                             | 21,844         | —  |
| Investments held by trustee  | 1,762                         | —              | —  |
| Loans and notes receivable,<br>net of allowances                                   | —                             | 11,194         | —  |
| Other noncurrent assets  | 23,310                        | —              | —  |
| Capital assets:  |                               |                |  |
| Land and other non-depreciable   | —                             | 18,186         | —  |
| Buildings, equipment, and other<br>depreciable, net of accumulated<br>depreciation | 79                            | 78,372         | —  |
| Total Noncurrent Assets  | <u>25,151</u>                 | <u>129,596</u> | <u>—</u>                                       |
| Total Assets   | <u>35,505</u>                 | <u>144,594</u> | <u>105,182</u>                                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                               |                |  |
| Related to pensions  | 321                           | —              | —  |
| Loss on debt refundings  | —                             | 5,081          | —  |
| Total Deferred Outflows of Resources   | <u>321</u>                    | <u>5,081</u>   | <u>—</u>                                       |



| <u>ARIZONA<br/>COMMERCE<br/>AUTHORITY</u> | <u>TOTAL</u>   |
|---|----------------|
| \$ 10,324                                 | \$ 21,819      |
| 93,664                                    | 205,966        |
| —   | 722            |
| 523                                       | 523            |
| 1,894                                     | 3,906          |
| —   | 3,477          |
| 98  | 624            |
| <u>106,503</u>                            | <u>237,037</u> |
| —   | 21,844         |
| —   | 1,762          |
| 1,250                                     | 12,444         |
| —   | 23,310         |
| —   | 18,186         |
| <u>769</u>                                | <u>79,220</u>  |
| <u>2,019</u>                              | <u>156,766</u> |
| <u>108,522</u>                            | <u>393,803</u> |
| —   | 321            |
| <u>—</u>                                  | <u>5,081</u>   |
| <u>—</u>                                  | <u>5,402</u>   |

(Continued)

STATE OF ARIZONA  
**COMBINING STATEMENT OF NET POSITION**  
NON-MAJOR COMPONENT UNITS  
JUNE 30, 2019  
(Expressed in Thousands)

|   | ARIZONA<br>POWER<br>AUTHORITY | RIO<br>NUEVO     | ARIZONA PUBLIC<br>SCHOOL CREDIT<br>ENHANCEMENT |
|---|-------------------------------|------------------|--|
| <b>LIABILITIES</b>                                |                               |                  |  |
| Current Liabilities:                              |                               |                  |  |
| Accounts payable and other<br>current liabilities | \$ 2,647                      | \$ 17,875        | \$ —   |
| Accrued liabilities                               | 297                           | 419              | —  |
| Unearned revenue                                  | —                             | 1,391            | —  |
| Current portion of long-term debt                 | 550                           | 9,069            | —  |
| Total Current Liabilities                         | <u>3,494</u>                  | <u>28,754</u>    | <u>—</u>                                       |
| Noncurrent Liabilities:                           |                               |                  |  |
| Unearned deferred revenue                         | —                             | 5,517            | —  |
| Net pension liability                             | 908                           | —                | —  |
| Long-term debt                                    | 25,475                        | 81,001           | 80,000   |
| Total Noncurrent Liabilities                      | <u>26,383</u>                 | <u>86,518</u>    | <u>80,000</u>                                  |
| Total Liabilities                                 | <u>29,877</u>                 | <u>115,272</u>   | <u>80,000</u>                                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                               |                  |  |
| Related to pensions                               | 121                           | —                | —  |
| Total Deferred Inflows of Resources               | <u>121</u>                    | <u>—</u>         | <u>—</u>                                       |
| <b>NET POSITION</b>                               |                               |                  |  |
| Net investment in capital assets                  | 79                            | 56,083           | —  |
| Restricted for:                                   |                               |                  |  |
| Debt service                                      | 2,484                         | 6,769            | —  |
| Loans and other financial assistance              | —                             | —                | —  |
| Other   | —                             | —                | —  |
| Unrestricted (deficit)                            | <u>3,265</u>                  | <u>(28,449)</u>  | <u>25,182</u>                                  |
| Total Net Position                                | <u>\$ 5,828</u>               | <u>\$ 34,403</u> | <u>\$ 25,182</u>                               |

| ARIZONA<br>COMMERCE<br>AUTHORITY | TOTAL             |
|----------------------------------|-------------------|
| \$ 567                           | \$ 21,089         |
| 332                              | 1,048             |
| 1,144                            | 2,535             |
| —                                | 9,619             |
| <u>2,043</u>                     | <u>34,291</u>     |
| —                                | 5,517             |
| —                                | 908               |
| —                                | 186,476           |
| <u>—</u>                         | <u>192,901</u>    |
| <u>2,043</u>                     | <u>227,192</u>    |
| —                                | 121               |
| <u>—</u>                         | <u>121</u>        |
| 769                              | 56,931            |
| —                                | 9,253             |
| 26,593                           | 26,593            |
| 12,864                           | 12,864            |
| <u>66,253</u>                    | <u>66,251</u>     |
| <u>\$ 106,479</u>                | <u>\$ 171,892</u> |

STATE OF ARIZONA  
**COMBINING STATEMENT OF ACTIVITIES**  
NON-MAJOR COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

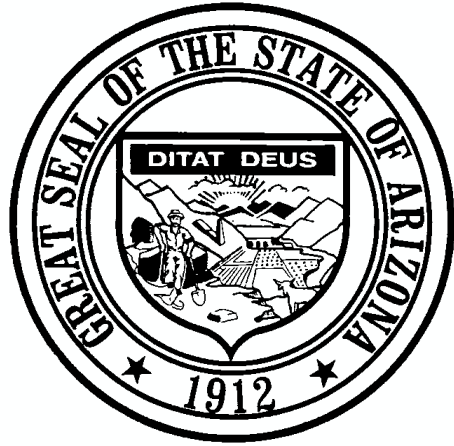
| <u>FUNCTIONS/PROGRAMS</u>                | <u>PROGRAM REVENUES</u> |                             |   |
|--|-------------------------|-----------------------------|---|
|  | <u>EXPENSES</u>         | <u>CHARGES FOR SERVICES</u> | <u>OPERATING GRANTS AND CONTRIBUTIONS</u> |
| Arizona Power Authority                  | \$ 21,471               | \$ 21,496                   | \$ —                                      |
| Rio Nuevo                                | 8,795                   | 1,990                       | —   |
| Arizona Public School Credit Enhancement | —                       | 284                         | —   |
| Arizona Commerce Authority               | 30,465                  | 1,460                       | 4,522                                     |
| Total                                    | <u>\$ 60,731</u>        | <u>\$ 25,230</u>            | <u>\$ 4,522</u>                           |

General Revenues:

Unrestricted investment earnings  
Unrestricted grants and contributions  
Payments from primary government  
Miscellaneous  
Change in Net Position  
Net Position - Beginning, as restated  
Net Position - Ending

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

| ARIZONA<br>POWER<br>AUTHORITY | RIO NUEVO        | ARIZONA PUBLIC<br>SCHOOL CREDIT<br>ENHANCEMENT | ARIZONA<br>COMMERCE<br>AUTHORITY | TOTAL             |
|-------------------------------|------------------|--|----------------------------------|-------------------|
| \$ 25                         | \$ —             | \$ —   | \$ —                             | \$ 25             |
| —                             | (6,805)          | —  | —                                | (6,805)           |
| —                             | —                | 284  | —                                | 284               |
| —                             | —                | —  | (24,483)                         | (24,483)          |
| 194                           | 322              | 131  | 2,612                            | 3,259             |
| —                             | —                | —  | 66                               | 66                |
| —                             | 15,462           | —  | 25,300                           | 40,762            |
| —                             | 214              | —  | —                                | 214               |
| 219                           | 9,193            | 415  | 3,495                            | 13,322            |
| 5,609                         | 25,210           | 24,767   | 102,984                          | 158,570           |
| <u>\$ 5,828</u>               | <u>\$ 34,403</u> | <u>\$ 25,182</u>                               | <u>\$ 106,479</u>                | <u>\$ 171,892</u> |



## **NON-MAJOR UNIVERSITIES - AFFILIATED COMPONENT UNITS**

*Component units of the State affiliated with the Universities are legally separate, tax-exempt organizations controlled by separate boards of directors that meet the criteria established in GASB, with the exception of the ASU Preparatory Academy, Inc. (ASU Prep) and the Campus Research Corporation (CRC). The ASU Prep is included because of its close affiliation to the State and that the State believes it would be misleading to exclude. The CRC is included because the U of A approves the budget and can access its resources.*

**The Northern Arizona University Foundation** receives gifts and bequests, administers and invests securities and property, and disburses payments to and on behalf of the NAU for advancement of its mission.

**Sun Angel Foundation** receives funds primarily through donations, and contributes funds to the ASU in support of various athletic programs.

**Arizona State University Research Park, Inc.** manages a research park to promote and support research activities in coordination with the ASU.

**The Arizona State University Alumni Association** receives funds primarily through donations, dues, and affinity partners, which are used to promote the welfare of the ASU and its alumni.

**The Arizona State University Preparatory Academy, Inc.** prepares Arizona K-12 students for success with a university-embedded academic program that empowers them to complete college, compete globally, and contribute to their communities.

**The University of Arizona Law College Association (Law Association)** was established to provide support and financial assistance to the College of Law at the U of A. The Law Association funds provide support to the College on many levels, from endowed student scholarships to named faculty professorships.

**The University of Arizona Campus Research Corporation** was established to assist the U of A in the acquisition, improvement, and operation of the U of A Science and Technology Park and related properties.

**The University of Arizona Alumni Association** was established to serve the U of A and its graduates, former students, and friends by attracting, organizing and encouraging them to advance the U of A's missions - teaching, research, and public service.

**The University of Arizona Eller Executive Education** was established to advance the missions of the Eller College of Management and the U of A through noncredit, non-degree programs for business, government, and nonprofit leaders.

STATE OF ARIZONA  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
NON-MAJOR UNIVERSITIES - AFFILIATED COMPONENT UNITS  
JUNE 30, 2019  
(Expressed in Thousands)

|  | NORTHERN<br>ARIZONA<br>UNIVERSITY<br>FOUNDATION | SUN ANGEL<br>FOUNDATION | ARIZONA STATE<br>UNIVERSITY<br>RESEARCH<br>PARK, INC. | ARIZONA STATE<br>UNIVERSITY<br>ALUMNI<br>ASSOCIATION |
|--|---|-------------------------|---|--|
| <b>ASSETS</b>  |   |                         |   |  |
| Cash and cash equivalent investments                       | \$ 998  | \$ 5,990                | \$ 4,086  | \$ 561   |
| Receivables:   |   |                         |   |  |
| Pledges receivable   | 10,556  | 31,078                  | —   | 20   |
| Other receivables  | 16,674  | 281                     | 38,634  | 146  |
| Total receivables  | <u>27,230</u>                                   | <u>31,359</u>           | <u>38,634</u>   | <u>166</u>   |
| Investments:   |   |                         |   |  |
| Investments in securities                                  | 177,096   | —                       | —   | 18,943   |
| Other investments  | 14,322  | —                       | —   | —  |
| Total investments  | <u>191,418</u>                                  | <u>—</u>                | <u>—</u>  | <u>18,943</u>  |
| Net direct financing leases                                | 4,394   | —                       | —   | —  |
| Property and equipment, net<br>of accumulated depreciation | —   | 15                      | 5,605   | —  |
| Other assets   | <u>229</u>                                      | <u>225</u>              | <u>2,136</u>  | <u>122</u>   |
| Total Assets   | <u>224,269</u>                                  | <u>37,589</u>           | <u>50,461</u>   | <u>19,792</u>  |
| <b>LIABILITIES</b>   |   |                         |   |  |
| Accounts payable and<br>accrued liabilities                | 316   | 134                     | 123   | 104  |
| Liability under endowment trust<br>agreements              | 34,982  | —                       | —   | —  |
| Long-term debt   | —   | —                       | 2,160   | —  |
| Deferred revenue   | 5,433   | —                       | 12,555  | 30   |
| Other liabilities  | <u>2,927</u>                                    | <u>—</u>                | <u>2,565</u>  | <u>17</u>  |
| Total Liabilities  | <u>43,658</u>                                   | <u>134</u>              | <u>17,403</u>   | <u>151</u>   |
| <b>NET ASSETS</b>  |   |                         |   |  |
| With donor restrictions                                    | 172,850   | 36,491                  | —   | 236  |
| Without donor restrictions                                 | <u>7,761</u>                                    | <u>964</u>              | <u>33,058</u>   | <u>19,405</u>  |
| Total Net Assets   | <u>\$ 180,611</u>                               | <u>\$ 37,455</u>        | <u>\$ 33,058</u>                                      | <u>\$ 19,641</u>                                     |

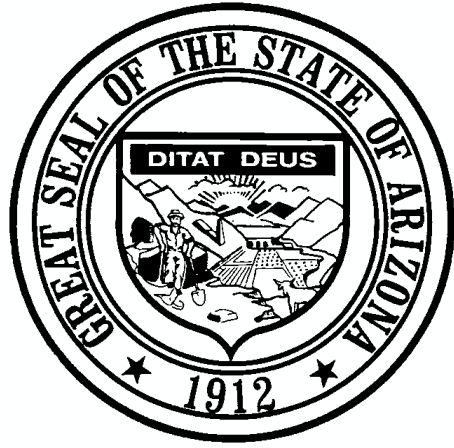


| ARIZONA STATE<br>UNIVERSITY<br>PREPARATORY<br>ACADEMY, INC. | UNIVERSITY<br>OF ARIZONA<br>LAW COLLEGE<br>ASSOCIATION | UNIVERSITY<br>OF ARIZONA<br>CAMPUS RESEARCH<br>CORPORATION | UNIVERSITY<br>OF ARIZONA<br>ALUMNI<br>ASSOCIATION | UNIVERSITY<br>OF ARIZONA<br>ELLER EXECUTIVE<br>EDUCATION | TOTAL      |
|---|--|--|---|--|------------|
| \$ 3,223  | \$ 846   | \$ 7,509   | \$ 631  | \$ 223   | \$ 24,067  |
| 5,093   | 338  | —  | 256   | —  | 47,341     |
| 1,052   | 36   | 757  | 2,284   | 60   | 59,924     |
| 6,145   | 374  | 757  | 2,540   | 60   | 107,265    |
| —   | 11,563   | —  | 7,891   | —  | 215,493    |
| —   | 167  | —  | 36  | —  | 14,525     |
| —   | 11,730   | —  | 7,927   | —  | 230,018    |
| —   | —  | —  | —   | —  | 4,394      |
| 11,570  | —  | 28,660   | 143   | —  | 45,993     |
| 293   | 7  | 6,364  | 97  | —  | 9,473      |
| 21,231  | 12,957   | 43,290   | 11,338  | 283  | 421,210    |
| 6,048   | 57   | 2,382  | 205   | 154  | 9,523      |
| —   | —  | —  | —   | —  | 34,982     |
| 4,764   | —  | 5,823  | 17  | —  | 12,764     |
| 800   | —  | 2,644  | 3,466   | 53   | 24,981     |
| —   | —  | 116  | —   | —  | 5,625      |
| 11,612  | 57   | 10,965   | 3,688   | 207  | 87,875     |
| 6,113   | 10,384   | —  | 265   | —  | 226,339    |
| 3,506   | 2,516  | 32,325   | 7,385   | 76   | 106,996    |
| \$ 9,619  | \$ 12,900  | \$ 32,325  | \$ 7,650  | \$ 76  | \$ 333,335 |

STATE OF ARIZONA  
**COMBINING STATEMENT OF ACTIVITIES**  
NON-MAJOR UNIVERSITIES - AFFILIATED COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | NORTHERN<br>ARIZONA<br>UNIVERSITY<br>FOUNDATION | SUN ANGEL<br>FOUNDATION | ARIZONA STATE<br>UNIVERSITY<br>RESEARCH<br>PARK, INC. | ARIZONA STATE<br>UNIVERSITY<br>ALUMNI<br>ASSOCIATION |
|--|---|-------------------------|---|--|
| <b>REVENUES</b>                                |   |                         |   |  |
| Contributions                                  | \$ 12,847                                       | \$ 16,411               | \$ —  | \$ 1,211   |
| Rental revenue                                 | —   | —                       | 10,824  | —  |
| Sales and services                             | —   | 384                     | —   | 1,649  |
| Net investment income                          | 6,945   | 141                     | 21  | 1,442  |
| Grants and aid                                 | —   | —                       | —   | —  |
| Other revenues                                 | 2,491   | 214                     | 73  | 107  |
| Total Revenues                                 | 22,283  | 17,150                  | 10,918  | 4,409  |
| <b>EXPENSES</b>                                |   |                         |   |  |
| Program services:                              |   |                         |   |  |
| Payments to Universities                       | —   | 21,556                  | 3,565   | —  |
| Leasing related expenses                       | —   | —                       | —   | —  |
| Payments on behalf of Universities             | —   | —                       | —   | —  |
| Other program services                         | 9,619   | —                       | —   | —  |
| Management and general expenses                | 674   | 1,012                   | 1,107   | 3,466  |
| Fundraising expenses                           | 4,786   | —                       | —   | —  |
| Interest                                       | —   | —                       | 163   | —  |
| Depreciation and amortization                  | —   | —                       | 388   | —  |
| Other expenses                                 | —   | 1,429                   | 150   | —  |
| Total Expenses                                 | 15,079  | 23,997                  | 5,373   | 3,466  |
| Increase (decrease) in Net Assets, before gain | 7,204   | (6,847)                 | 5,545   | 943  |
| Gain on acquisition                            | —   | —                       | —   | —  |
| Increase (decrease) in Net Assets              | 7,204   | (6,847)                 | 5,545   | 943  |
| Net Assets - Beginning                         | 173,407   | 44,302                  | 27,513  | 18,698   |
| Net Assets - Ending                            | \$ 180,611                                      | \$ 37,455               | \$ 33,058   | \$ 19,641  |

| ARIZONA STATE<br>UNIVERSITY<br>PREPARATORY<br>ACADEMY, INC. | UNIVERSITY<br>OF ARIZONA<br>LAW COLLEGE<br>ASSOCIATION | UNIVERSITY<br>OF ARIZONA<br>CAMPUS RESEARCH<br>CORPORATION | UNIVERSITY<br>OF ARIZONA<br>ALUMNI<br>ASSOCIATION | UNIVERSITY<br>OF ARIZONA<br>ELLER EXECUTIVE<br>EDUCATION | TOTAL             |
|---|--|--|---|--|-------------------|
| \$ 12,191   | \$ 819   | \$ —   | \$ 338  | \$ —   | \$ 43,817         |
| —   | —  | 15,521   | —   | —  | 26,345            |
| 2,282   | —  | —  | 963   | 1,347  | 6,625             |
| —   | 739  | 79   | 518   | —  | 9,885             |
| 29,545  | —  | —  | —   | —  | 29,545            |
| 871   | 164  | 285  | 2,574   | —  | 6,779             |
| <u>44,889</u>   | <u>1,722</u>   | <u>15,885</u>  | <u>4,393</u>                                      | <u>1,347</u>   | <u>122,996</u>    |
| —   | —  | —  | —   | 121  | 25,242            |
| —   | —  | 12,209   | —   | —  | 12,209            |
| —   | 1,410  | —  | 3,435   | 871  | 5,716             |
| —   | —  | —  | —   | —  | 9,619             |
| 47,915  | 161  | 1,394  | 422   | 525  | 56,676            |
| —   | 97   | —  | 377   | —  | 5,260             |
| —   | —  | —  | —   | —  | 163               |
| —   | —  | —  | —   | —  | 388               |
| —   | —  | —  | —   | —  | 1,579             |
| <u>47,915</u>   | <u>1,668</u>   | <u>13,603</u>  | <u>4,234</u>                                      | <u>1,517</u>   | <u>116,852</u>    |
| (3,026)   | 54   | 2,282  | 159   | (170)  | 6,144             |
| <u>3,334</u>  | <u>—</u>   | <u>—</u>   | <u>—</u>  | <u>—</u>   | <u>3,334</u>      |
| 308   | 54   | 2,282  | 159   | (170)  | 9,478             |
| <u>9,311</u>  | <u>12,846</u>  | <u>30,043</u>  | <u>7,491</u>                                      | <u>246</u>   | <u>323,857</u>    |
| <u>\$ 9,619</u>   | <u>\$ 12,900</u>                                       | <u>\$ 32,325</u>   | <u>\$ 7,650</u>                                   | <u>\$ 76</u>   | <u>\$ 333,335</u> |



# STATISTICAL SECTION

(Not Covered by the Independent Auditors' Report)



# STATISTICAL SECTION

This part of the State of Arizona's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

**Financial Trends - Schedules 1 through 4** contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

**Revenue Capacity - Schedules 5 through 9** contain information to help the reader assess the State's most significant own-source revenues, the sales tax, and personal income tax.

**Debt Capacity - Schedules 10 through 21** present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

**Demographic and Economic Information - Schedules 22 and 23** offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place and to help make comparisons over time and among other governments.

**Operating Information - Schedules 24 through 26** contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

STATE OF ARIZONA  
SCHEDULE 1  
**NET POSITION BY COMPONENT (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | Fiscal Year          |                           |                      |                      |                      |
|---|----------------------|---------------------------|----------------------|----------------------|----------------------|
|   | 2019                 | 2018, as<br>restated (14) | 2017, as<br>restated | 2016, as<br>restated | 2015, as<br>restated |
| <b>GOVERNMENTAL ACTIVITIES:</b>             |                      |                           |                      |                      |                      |
| Net investment in capital assets (5,8)      | \$ 22,109,991        | \$ 21,486,658             | \$ 20,583,563        | \$ 19,722,730        | \$ 18,790,889        |
| Restricted (3,12)                           | 8,136,654            | 7,552,460                 | 7,368,184            | 6,856,271            | 7,170,289            |
| Unrestricted (6,8,11,15)                    | <u>(3,923,640)</u>   | <u>(5,437,227)</u>        | <u>(5,848,655)</u>   | <u>(5,205,689)</u>   | <u>(5,685,921)</u>   |
| Total Governmental Activities Net Position  | <u>\$ 26,323,005</u> | <u>\$ 23,601,891</u>      | <u>\$ 22,103,092</u> | <u>\$ 21,373,312</u> | <u>\$ 20,275,257</u> |
| <b>BUSINESS-TYPE ACTIVITIES:</b>            |                      |                           |                      |                      |                      |
| Net investment in capital assets (4,8,9)    | \$ 2,073,576         | \$ 1,994,555              | \$ 1,879,901         | \$ 1,761,694         | \$ 1,642,507         |
| Restricted (7,13)                           | 1,809,076            | 1,669,917                 | 1,332,162            | 1,191,605            | 895,616              |
| Unrestricted (2,4,6,8,9,10,11)              | <u>131,346</u>       | <u>(17,239)</u>           | <u>27,301</u>        | <u>288,164</u>       | <u>215,120</u>       |
| Total Business-type Activities Net Position | <u>\$ 4,013,998</u>  | <u>\$ 3,647,233</u>       | <u>\$ 3,239,364</u>  | <u>\$ 3,241,463</u>  | <u>\$ 2,753,243</u>  |
| <b>PRIMARY GOVERNMENT:</b>                  |                      |                           |                      |                      |                      |
| Net investment in capital assets (4,5,9)    | \$ 24,183,567        | \$ 23,481,213             | \$ 22,463,464        | \$ 21,484,424        | \$ 20,433,396        |
| Restricted (3,7,12,13)                      | 9,945,730            | 9,222,377                 | 8,700,346            | 8,047,876            | 8,065,905            |
| Unrestricted (2,4,6,8,9,10,11,15)           | <u>(3,792,294)</u>   | <u>(5,454,466)</u>        | <u>(5,821,354)</u>   | <u>(4,917,525)</u>   | <u>(5,470,801)</u>   |
| Total Primary Government Net Position       | <u>\$ 30,337,003</u> | <u>\$ 27,249,124</u>      | <u>\$ 25,342,456</u> | <u>\$ 24,614,775</u> | <u>\$ 23,028,500</u> |

- (1) This schedule reports using the accrual basis of accounting.
- (2) Fiscal year 2012 unrestricted net position was restated as a result of GASB Statement No. 61 in which Northern Arizona Capital Facilities Corporation was reclassified from a discrete non-major university component unit to a blended university component unit.
- (3) Fiscal year 2012 restricted net position was restated as a result of an agency fund being reclassified to a special revenue fund.
- (4) Fiscal year 2013 unrestricted net position for the Universities was restated as a result of GASB Statement No. 65 to expense debt issuance costs.
- (5) Fiscal year 2014 net investment in capital assets was restated due to a correction of an error related to the private prisons' capital leases.
- (6) Fiscal year 2014 unrestricted net position has been restated due to the implementation of GASB Statement No. 68.
- (7) Fiscal year 2014 restricted net position was restated due to the fund reclassification of the Insurance Department Guaranty Fund.
- (8) Fiscal year 2015 net investment in capital assets and unrestricted net position was restated due to the fund reclassification of the Arizona Highways Magazine Fund.
- (9) Fiscal year 2015 net investment in capital assets and unrestricted net position for the Universities was restated due to the implementation of GASB Statement No. 72.
- (10) Fiscal year 2016 unrestricted net position for the Universities was restated due to the reclassification of Thunderbird School of Global Management from a discrete non-major university component unit to a blended university component unit.
- (11) Fiscal year 2017 unrestricted net position has been restated due to the implementation of GASB Statement No. 75.
- (12) Fiscal year 2017 restricted net position has been restated due to correction of error of intergovernmental revenue for the General Fund.
- (13) Fiscal year 2017 restricted net position has been restated due to correction of error of accrued insurance losses for the Insurance Department Guaranty Fund.
- (14) Beginning in fiscal year 2018, the Arizona Industries for the Blind was no longer part of the State's reporting entity.
- (15) Fiscal year 2018 unrestricted net position has been restated due to correction of error of investment earnings for the Land Endowments Funds.



| Fiscal Year          |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2014, as<br>restated | 2013, as<br>restated | 2012, as<br>restated | 2011                 | 2010                 |
| \$ 18,053,540        | \$ 17,410,055        | \$ 16,940,512        | \$ 16,326,569        | \$ 15,738,121        |
| 6,829,299            | 6,116,083            | 5,447,576            | 5,125,527            | 4,648,280            |
| <u>(5,841,106)</u>   | <u>(2,527,441)</u>   | <u>(3,351,315)</u>   | <u>(4,243,824)</u>   | <u>(4,155,346)</u>   |
| <u>\$ 19,041,733</u> | <u>\$ 20,998,697</u> | <u>\$ 19,036,773</u> | <u>\$ 17,208,272</u> | <u>\$ 16,231,055</u> |
| <br>                 |                      |                      |                      |                      |
| \$ 1,581,436         | \$ 1,526,777         | \$ 1,483,416         | \$ 1,397,683         | \$ 1,352,658         |
| 723,590              | 531,972              | 496,444              | 501,437              | 550,102              |
| <u>(51,586)</u>      | <u>1,049,391</u>     | <u>810,810</u>       | <u>695,862</u>       | <u>576,426</u>       |
| <u>\$ 2,253,440</u>  | <u>\$ 3,108,140</u>  | <u>\$ 2,790,670</u>  | <u>\$ 2,594,982</u>  | <u>\$ 2,479,186</u>  |
| <br>                 |                      |                      |                      |                      |
| \$ 19,634,976        | \$ 18,936,832        | \$ 18,423,928        | \$ 17,724,252        | \$ 17,090,779        |
| 7,552,889            | 6,648,055            | 5,944,020            | 5,626,964            | 5,198,382            |
| <u>(5,892,692)</u>   | <u>(1,478,050)</u>   | <u>(2,540,505)</u>   | <u>(3,547,962)</u>   | <u>(3,578,920)</u>   |
| <u>\$ 21,295,173</u> | <u>\$ 24,106,837</u> | <u>\$ 21,827,443</u> | <u>\$ 19,803,254</u> | <u>\$ 18,710,241</u> |

STATE OF ARIZONA  
SCHEDULE 2  
**CHANGES IN NET POSITION (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|   | Fiscal Year            |                          |                        |                        |                        |
|---|------------------------|--------------------------|------------------------|------------------------|------------------------|
|   | 2019                   | 2018, as<br>restated (8) | 2017 (7)               | 2016 (7)               | 2015 (7)               |
| <b>EXPENSES</b>                         |                        |                          |                        |                        |                        |
| <b>Governmental Activities:</b>         |                        |                          |                        |                        |                        |
| General government                      | \$ 793,504             | \$ 933,641               | \$ 862,738             | \$ 807,320             | \$ 923,659             |
| Health and welfare (5)                  | 16,873,025             | 16,254,160               | 15,661,167             | 15,152,650             | 14,296,714             |
| Inspection and regulation               | 149,976                | 156,149                  | 163,416                | 168,719                | 159,874                |
| Education                               | 7,161,842              | 6,538,614                | 6,369,100              | 6,136,303              | 5,859,267              |
| Protection and safety                   | 1,601,975              | 1,954,842                | 1,662,550              | 1,585,620              | 1,568,732              |
| Transportation                          | 842,112                | 834,697                  | 799,882                | 858,958                | 786,028                |
| Natural resources                       | 235,835                | 230,505                  | 216,318                | 208,563                | 204,939                |
| Intergovernmental revenue sharing       | 3,708,063              | 3,480,014                | 3,349,498              | 3,176,183              | 2,966,400              |
| Interest on long-term debt              | 172,071                | 153,914                  | 193,099                | 210,326                | 230,871                |
| Total Governmental Activities Expenses  | <u>31,538,403</u>      | <u>30,536,536</u>        | <u>29,277,768</u>      | <u>28,304,642</u>      | <u>26,996,484</u>      |
| <b>Business-type Activities:</b>        |                        |                          |                        |                        |                        |
| Universities (4)                        | 5,476,780              | 5,166,157                | 4,893,271              | 4,637,567              | 4,378,481              |
| Unemployment Compensation (2)           | —                      | —                        | —                      | —                      | —                      |
| Industrial Commission Special Fund (6)  | —                      | —                        | —                      | —                      | —                      |
| Lottery (2)                             | —                      | —                        | —                      | —                      | —                      |
| Other                                   | 1,178,051              | 1,156,810                | 1,105,470              | 1,014,941              | 1,041,261              |
| Total Business-type Activities Expenses | <u>6,654,831</u>       | <u>6,322,967</u>         | <u>5,998,741</u>       | <u>5,652,508</u>       | <u>5,419,742</u>       |
| Total Primary Government Expenses (5)   | <u>\$ 38,193,234</u>   | <u>\$ 36,859,503</u>     | <u>\$ 35,276,509</u>   | <u>\$ 33,957,150</u>   | <u>\$ 32,416,226</u>   |
| <b>PROGRAM REVENUES</b>                 |                        |                          |                        |                        |                        |
| <b>Governmental Activities:</b>         |                        |                          |                        |                        |                        |
| Charges for services:                   |                        |                          |                        |                        |                        |
| General government                      | \$ 279,469             | \$ 218,721               | \$ 195,805             | \$ 196,179             | \$ 188,356             |
| Health and welfare                      | 508,029                | 490,929                  | 447,334                | 423,690                | 411,914                |
| Inspection and regulation               | 176,676                | 163,278                  | 170,043                | 166,075                | 157,624                |
| Transportation                          | 215,860                | 166,221                  | 149,297                | 143,697                | 113,163                |
| Other activities                        | 267,491                | 263,412                  | 267,315                | 261,428                | 252,989                |
| Operating grants and contributions (9)  | 15,659,663             | 15,042,818               | 14,732,701             | 13,532,247             | 13,200,146             |
| Capital grants and contributions        | 519,021                | 718,794                  | 716,455                | 870,644                | 706,089                |
| Total Governmental Activities           |                        |                          |                        |                        |                        |
| Program Revenues                        | <u>17,626,209</u>      | <u>17,064,173</u>        | <u>16,678,950</u>      | <u>15,593,960</u>      | <u>15,030,281</u>      |
| <b>Business-type Activities:</b>        |                        |                          |                        |                        |                        |
| Charges for services:                   |                        |                          |                        |                        |                        |
| Universities                            | 2,907,908              | 2,799,919                | 2,708,519              | 2,519,048              | 2,303,791              |
| Lottery (2)                             | —                      | —                        | —                      | —                      | —                      |
| Other activities                        | 1,628,240              | 1,598,155                | 1,461,686              | 1,468,139              | 1,345,566              |
| Operating grants and contributions      | 1,659,758              | 1,573,533                | 1,488,002              | 1,452,562              | 1,320,612              |
| Capital grants and contributions        | 27,255                 | 20,699                   | 27,368                 | 11,911                 | 43,321                 |
| Total Business-type Activities          |                        |                          |                        |                        |                        |
| Program Revenues                        | <u>6,223,161</u>       | <u>5,992,306</u>         | <u>5,685,575</u>       | <u>5,451,660</u>       | <u>5,013,290</u>       |
| Total Primary Government                |                        |                          |                        |                        |                        |
| Program Revenues                        | <u>\$ 23,849,370</u>   | <u>\$ 23,056,479</u>     | <u>\$ 22,364,525</u>   | <u>\$ 21,045,620</u>   | <u>\$ 20,043,571</u>   |
| <b>NET (EXPENSE) REVENUE</b>            |                        |                          |                        |                        |                        |
| Governmental activities                 | \$ (13,912,194)        | \$ (13,472,363)          | \$ (12,598,818)        | \$ (12,710,682)        | \$ (11,966,203)        |
| Business-type activities                | (431,670)              | (330,661)                | (313,166)              | (200,848)              | (406,452)              |
| Total Primary Government Net (Expense)  | <u>\$ (14,343,864)</u> | <u>\$ (13,803,024)</u>   | <u>\$ (12,911,984)</u> | <u>\$ (12,911,530)</u> | <u>\$ (12,372,655)</u> |

| 2014 (7)               | Fiscal Year            |                        |                        |                        |
|------------------------|------------------------|------------------------|------------------------|------------------------|
|                        | 2013, as<br>restated   | 2012, as<br>restated   | 2011                   | 2010                   |
| \$ 763,830             | \$ 836,431             | \$ 840,189             | \$ 929,107             | \$ 941,813             |
| 12,768,332             | 12,168,426             | 11,992,408             | 12,558,119             | 13,090,357             |
| 160,797                | 161,480                | 151,937                | 149,649                | 157,786                |
| 5,573,656              | 5,372,267              | 5,331,848              | 5,467,543              | 5,706,667              |
| 1,408,049              | 1,400,413              | 1,380,999              | 1,299,205              | 1,451,571              |
| 791,006                | 754,510                | 808,967                | 857,194                | 511,397                |
| 200,868                | 204,179                | 213,339                | 196,210                | 183,535                |
| 2,778,299              | 2,685,378              | 2,473,881              | 2,462,178              | 2,585,683              |
| 279,525                | 355,975                | 350,483                | 341,801                | 261,518                |
| <u>24,724,362</u>      | <u>23,939,059</u>      | <u>23,544,051</u>      | <u>24,261,006</u>      | <u>24,890,327</u>      |
| 4,078,053              | 3,888,145              | 3,629,568              | 3,533,977              | 3,343,377              |
| —                      | —                      | 1,069,531              | 1,655,364              | 2,103,028              |
| 36,895                 | 38,614                 | 83,290                 | 27,196                 | 67,750                 |
| —                      | —                      | 496,830                | 439,069                | 432,150                |
| 1,130,299              | 1,329,816              | 113,347                | 115,442                | 126,029                |
| <u>5,245,247</u>       | <u>5,256,575</u>       | <u>5,392,566</u>       | <u>5,771,048</u>       | <u>6,072,334</u>       |
| <u>\$ 29,969,609</u>   | <u>\$ 29,195,634</u>   | <u>\$ 28,936,617</u>   | <u>\$ 30,032,054</u>   | <u>\$ 30,962,661</u>   |
| \$ 188,943             | \$ 188,462             | \$ 189,175             | \$ 191,738             | \$ 208,316             |
| 222,173                | 138,605                | 135,345                | 124,113                | 109,405                |
| 157,149                | 156,164                | 150,557                | 149,890                | 143,329                |
| 113,267                | 119,862                | 108,877                | 114,453                | 123,372                |
| 255,391                | 247,776                | 263,548                | 257,520                | 293,091                |
| 12,172,836             | 11,588,834             | 11,357,470             | 12,580,013             | 13,735,263             |
| 546,680                | 651,999                | 778,572                | 745,559                | 576,027                |
| <u>13,656,439</u>      | <u>13,091,702</u>      | <u>12,983,544</u>      | <u>14,163,286</u>      | <u>15,188,803</u>      |
| 2,056,307              | 1,892,356              | 1,752,509              | 1,601,077              | 1,432,055              |
| —                      | —                      | 646,675                | 583,537                | 551,492                |
| 1,325,046              | 1,289,456              | 584,240                | 560,502                | 509,254                |
| 1,343,922              | 1,570,854              | 1,705,773              | 2,212,673              | 2,260,071              |
| 41,250                 | 15,210                 | 53,571                 | 14,799                 | 12,563                 |
| <u>4,766,525</u>       | <u>4,767,876</u>       | <u>4,742,768</u>       | <u>4,972,588</u>       | <u>4,765,435</u>       |
| <u>\$ 18,422,964</u>   | <u>\$ 17,859,578</u>   | <u>\$ 17,726,312</u>   | <u>\$ 19,135,874</u>   | <u>\$ 19,954,238</u>   |
| \$ (11,067,923)        | \$ (10,847,357)        | \$ (10,560,507)        | \$ (10,097,720)        | \$ (9,701,524)         |
| (478,722)              | (488,699)              | (649,798)              | (798,460)              | (1,306,899)            |
| <u>\$ (11,546,645)</u> | <u>\$ (11,336,056)</u> | <u>\$ (11,210,305)</u> | <u>\$ (10,896,180)</u> | <u>\$ (11,008,423)</u> |

(Continued)

STATE OF ARIZONA  
SCHEDULE 2  
**CHANGES IN NET POSITION (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|                                       | Fiscal Year          |                          |                      |                      |                      |
|---------------------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                       | 2019                 | 2018, as<br>restated (8) | 2017 (7)             | 2016 (7)             | 2015 (7)             |
| <b>GENERAL REVENUES AND OTHER</b>     |                      |                          |                      |                      |                      |
| <b>CHANGES IN NET POSITION</b>        |                      |                          |                      |                      |                      |
| <b>Governmental Activities:</b>       |                      |                          |                      |                      |                      |
| Taxes:                                |                      |                          |                      |                      |                      |
| Sales                                 | \$ 7,673,015         | \$ 7,194,123             | \$ 6,775,704         | \$ 6,455,837         | \$ 6,290,950         |
| Income                                | 5,579,102            | 4,946,644                | 4,500,902            | 4,511,674            | 4,430,602            |
| Tobacco                               | 287,875              | 298,369                  | 316,073              | 318,902              | 314,522              |
| Property                              | 42,208               | 55,112                   | 46,798               | 51,735               | 52,241               |
| Motor vehicle and fuel                | 2,202,693            | 1,950,380                | 1,875,392            | 1,823,998            | 1,694,779            |
| Other                                 | 701,912              | 638,988                  | 655,363              | 616,580              | 560,920              |
| Unrestricted investment earnings      | 165,228              | 42,463                   | 50,009               | 58,250               | 87,115               |
| Unrestricted grants and contributions | 29,964               | 35,324                   | 35,032               | 115,097              | 39,847               |
| Gain (loss) on sale of trust land     | 201,327              | 161,953                  | 47,503               | 75,042               | 97,231               |
| Miscellaneous general revenues (3)    | 245,486              | 178,298                  | 117,933              | 247,462              | 232,658              |
| Transfers                             | (495,502)            | (530,492)                | (529,455)            | (465,840)            | (601,539)            |
| Total Governmental Activities         | <u>16,633,308</u>    | <u>14,971,162</u>        | <u>13,891,254</u>    | <u>13,808,737</u>    | <u>13,199,326</u>    |
| <b>Business-type Activities:</b>      |                      |                          |                      |                      |                      |
| Sales taxes                           | 81,418               | 75,642                   | 72,696               | 69,927               | 64,757               |
| Unrestricted investment earnings      | 136,913              | 50,825                   | 81,363               | 68,795               | 37,839               |
| Unrestricted grants and contributions | —                    | —                        | —                    | 548                  | —                    |
| Miscellaneous general revenues        | 77,764               | 79,617                   | 79,726               | 65,143               | 138,931              |
| Contributions to permanent endowments | 6,838                | 5,702                    | 3,276                | 5,472                | 5,740                |
| Extraordinary items                   | —                    | —                        | —                    | —                    | —                    |
| Transfers                             | 495,502              | 530,492                  | 529,455              | 465,840              | 601,539              |
| Total Business-type Activities        | <u>798,435</u>       | <u>742,278</u>           | <u>766,516</u>       | <u>675,725</u>       | <u>848,806</u>       |
| Total Primary Government              | <u>\$ 17,431,743</u> | <u>\$ 15,713,440</u>     | <u>\$ 14,657,770</u> | <u>\$ 14,484,462</u> | <u>\$ 14,048,132</u> |
| <b>CHANGE IN NET POSITION</b>         |                      |                          |                      |                      |                      |
| Governmental activities               | \$ 2,721,114         | \$ 1,498,799             | \$ 1,292,436         | \$ 1,098,055         | \$ 1,233,123         |
| Business-type activities              | 366,765              | 411,617                  | 453,350              | 474,877              | 442,354              |
| Total Primary Government              | <u>\$ 3,087,879</u>  | <u>\$ 1,910,416</u>      | <u>\$ 1,745,786</u>  | <u>\$ 1,572,932</u>  | <u>\$ 1,675,477</u>  |

- (1) This schedule reports using the accrual basis of accounting.
- (2) For fiscal year 2013, Unemployment Compensation and Lottery changed from major to non-major funds.
- (3) Fiscal year 2012 miscellaneous general revenues was restated as a result of an agency fund being reclassified to a special revenue fund.
- (4) Fiscal year 2013 expenses for the Universities were restated as a result of GASB Statement No. 65 to expense debt issuance costs.
- (5) For fiscal year 2015, Health and Welfare expenses continue to climb as a result of enrollment increases.
- (6) For fiscal year 2015, Industrial Commission Special Fund changed from a major to a non-major fund.
- (7) Historical data has not been restated for footnote items (5) - (13) in Schedule 1.
- (8) Beginning in fiscal year 2018, the Arizona Industries for the Blind was no longer part of the State's reporting entity.
- (9) Fiscal year 2018 unrestricted net position has been restated due to correction of error of investment earnings for the Land Endowments Fund.

| 2014 (7)             | Fiscal Year          |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
|                      | 2013, as<br>restated | 2012, as<br>restated | 2011                 | 2010                 |
| \$ 5,948,055         | \$ 6,518,480         | \$ 6,296,151         | \$ 5,942,250         | \$ 5,029,050         |
| 3,963,197            | 3,974,998            | 3,706,698            | 3,366,783            | 2,809,995            |
| 314,313              | 316,050              | 317,369              | 320,657              | 332,893              |
| 41,215               | 27,429               | 30,656               | 32,038               | 31,417               |
| 1,650,579            | 1,592,911            | 1,581,909            | 1,565,525            | 1,583,790            |
| 547,481              | 531,186              | 522,510              | 550,430              | 535,435              |
| 79,215               | 18,705               | 79,190               | 29,183               | 37,665               |
| 37,926               | 45,746               | 40,678               | 16,468               | 13,213               |
| 83,695               | 174,095              | 125,479              | (154,359)            | 64,005               |
| 176,035              | 144,403              | 265,214              | 140,854              | 204,295              |
| <u>(578,361)</u>     | <u>(534,722)</u>     | <u>(576,846)</u>     | <u>(734,892)</u>     | <u>(809,864)</u>     |
| <u>12,263,350</u>    | <u>12,809,281</u>    | <u>12,389,008</u>    | <u>11,074,937</u>    | <u>9,831,894</u>     |
| 63,669               | 57,490               | 55,309               | 52,913               | 52,318               |
| 108,296              | 62,017               | 49,501               | 68,401               | 70,766               |
| 107                  | 5                    | 3,468                | —                    | —                    |
| 78,837               | 148,743              | 155,757              | 50,510               | 52,072               |
| 6,561                | 3,192                | 3,270                | 3,656                | 3,020                |
| 3,900                | —                    | —                    | 3,884                | 7,080                |
| <u>578,361</u>       | <u>534,722</u>       | <u>576,846</u>       | <u>734,892</u>       | <u>809,864</u>       |
| <u>839,731</u>       | <u>806,169</u>       | <u>844,151</u>       | <u>914,256</u>       | <u>995,120</u>       |
| <u>\$ 13,103,081</u> | <u>\$ 13,615,450</u> | <u>\$ 13,233,159</u> | <u>\$ 11,989,193</u> | <u>\$ 10,827,014</u> |
| \$ 1,195,427         | \$ 1,961,924         | \$ 1,828,501         | \$ 977,217           | \$ 130,370           |
| <u>361,009</u>       | <u>317,470</u>       | <u>194,353</u>       | <u>115,796</u>       | <u>(311,779)</u>     |
| <u>\$ 1,556,436</u>  | <u>\$ 2,279,394</u>  | <u>\$ 2,022,854</u>  | <u>\$ 1,093,013</u>  | <u>\$ (181,409)</u>  |

STATE OF ARIZONA  
SCHEDULE 3  
**FUND BALANCES, GOVERNMENTAL FUNDS (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|                                      | Fiscal Year         |                     |                     |                     |                     |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                      | 2019                | 2018, as restated   | 2017, as restated   | 2016                | 2015, as restated   |
| <b>GENERAL FUND:</b>                 |                     |                     |                     |                     |                     |
| Reserved for:                        |                     |                     |                     |                     |                     |
| School facilities improvements       | \$ —                | \$ —                | \$ —                | \$ —                | \$ —                |
| Continuing appropriations            | —                   | —                   | —                   | —                   | —                   |
| Other fund balance reservations      | —                   | —                   | —                   | —                   | —                   |
| Unreserved                           | —                   | —                   | —                   | —                   | —                   |
| Nonspendable (2)                     | 6,617               | 11,632              | 9,990               | 9,669               | 9,168               |
| Restricted (2,6)                     | 339,116             | 44,401              | 133,472             | 91,833              | 241,919             |
| Committed (2)                        | 150,050             | 113,204             | 93,343              | 126,484             | 99,145              |
| Unassigned (2,4,7)                   | 685,583             | —                   | (258,262)           | (78,903)            | (325,380)           |
| Total General Fund                   | <u>\$ 1,181,366</u> | <u>\$ 169,237</u>   | <u>\$ (21,457)</u>  | <u>\$ 149,083</u>   | <u>\$ 24,852</u>    |
| <b>ALL OTHER GOVERNMENTAL FUNDS:</b> |                     |                     |                     |                     |                     |
| Reserved for:                        |                     |                     |                     |                     |                     |
| Highway construction                 | \$ —                | \$ —                | \$ —                | \$ —                | \$ —                |
| Other construction                   | —                   | —                   | —                   | —                   | —                   |
| Permanent funds                      | —                   | —                   | —                   | —                   | —                   |
| Continuing appropriations            | —                   | —                   | —                   | —                   | —                   |
| Debt service                         | —                   | —                   | —                   | —                   | —                   |
| Other fund balance reservations      | —                   | —                   | —                   | —                   | —                   |
| Unreserved, reported in:             |                     |                     |                     |                     |                     |
| Special revenue funds                | —                   | —                   | —                   | —                   | —                   |
| Nonspendable (2,8)                   | 6,062,682           | 5,934,995           | 5,603,620           | 5,124,432           | 5,181,556           |
| Restricted (2,3)                     | 1,659,621           | 1,482,258           | 1,479,706           | 1,488,010           | 1,573,453           |
| Committed (2)                        | 1,225,528           | 1,060,444           | 964,570             | 937,949             | 825,740             |
| Unassigned (2,5)                     | —                   | (14,491)            | (18,752)            | (21,325)            | (27,562)            |
| Total All Other Governmental Funds   | <u>\$ 8,947,831</u> | <u>\$ 8,463,206</u> | <u>\$ 8,029,144</u> | <u>\$ 7,529,066</u> | <u>\$ 7,553,187</u> |

- (1) This schedule reports using the modified accrual basis of accounting.
- (2) Beginning in fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement No. 54. Additionally, as a result of the reclassification, fund balance for fiscal year 2010 was restated.
- (3) Fiscal year 2012 restricted fund balance was restated as a result of an agency fund being reclassified to a special revenue fund.
- (4) Fiscal year 2015 unassigned fund balance was restated as a result of funds being reclassified from the General Fund to Other Internal Service Funds.
- (5) Fiscal year 2015 unassigned fund balance was restated due to the fund reclassification of the Arizona Highways Magazine Fund.
- (6) Fiscal year 2017 restricted fund balance was restated due to correction of error of intergovernmental revenue for the General Fund.
- (7) Beginning in fiscal year 2018, negative unassigned fund balance for the General Fund is being reduced against restricted and committed fund balance.
- (8) Fiscal year 2018 nonspendable fund balance has been restated due to correction of error of investment earnings for the Land Endowments Fund.

| Fiscal Year         |                     |                      |                     |                          |
|---------------------|---------------------|----------------------|---------------------|--------------------------|
| 2014                | 2013                | 2012, as<br>restated | 2011                | 2010, as<br>restated (2) |
| \$ —                | \$ —                | \$ —                 | \$ —                | \$ 14,764                |
| —                   | —                   | —                    | —                   | 55,354                   |
| —                   | —                   | —                    | —                   | 232                      |
| —                   | —                   | —                    | —                   | (817,348)                |
| 9,600               | 844                 | 891                  | 716                 | —                        |
| 124,390             | 192,187             | 246,977              | 317,471             | —                        |
| 79,837              | 73,237              | 109,469              | 141,183             | —                        |
| (189,238)           | 156,935             | (437,035)            | (1,162,531)         | —                        |
| <u>\$ 24,589</u>    | <u>\$ 423,203</u>   | <u>\$ (79,698)</u>   | <u>\$ (703,161)</u> | <u>\$ (746,998)</u>      |
|                     |                     |                      |                     |                          |
| \$ —                | \$ —                | \$ —                 | \$ —                | \$ 809,497               |
| —                   | —                   | —                    | —                   | 45,403                   |
| —                   | —                   | —                    | —                   | 2,674,953                |
| —                   | —                   | —                    | —                   | 116,350                  |
| —                   | —                   | —                    | —                   | 26,389                   |
| —                   | —                   | —                    | —                   | 40,327                   |
| —                   | —                   | —                    | —                   | 821,491                  |
| 4,878,682           | 4,160,485           | 3,472,005            | 3,244,080           | —                        |
| 1,741,674           | 1,860,872           | 1,762,356            | 1,531,992           | —                        |
| 734,446             | 661,110             | 514,085              | 452,447             | —                        |
| (29,744)            | (26,266)            | (33,861)             | (39,009)            | —                        |
| <u>\$ 7,325,058</u> | <u>\$ 6,656,201</u> | <u>\$ 5,714,585</u>  | <u>\$ 5,189,510</u> | <u>\$ 4,534,410</u>      |

STATE OF ARIZONA  
SCHEDULE 4  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | Fiscal Year       |                      |                      |                   |                   |
|--|-------------------|----------------------|----------------------|-------------------|-------------------|
|  | 2019              | 2018, as<br>restated | 2017, as<br>restated | 2016              | 2015 (4)          |
| <b>REVENUES</b>                                      |                   |                      |                      |                   |                   |
| Taxes:   |                   |                      |                      |                   |                   |
| Sales  | \$ 7,655,588      | \$ 7,173,126         | \$ 6,732,684         | \$ 6,450,967      | \$ 6,281,286      |
| Income   | 5,498,061         | 4,892,382            | 4,473,790            | 4,513,219         | 4,398,928         |
| Tobacco  | 287,875           | 298,369              | 316,073              | 318,902           | 314,522           |
| Property   | 42,208            | 55,112               | 46,798               | 51,735            | 52,241            |
| Motor vehicle and fuel                               | 2,202,693         | 1,950,380            | 1,875,392            | 1,823,998         | 1,694,779         |
| Other  | 701,912           | 638,988              | 655,363              | 616,580           | 560,920           |
| Intergovernmental (5)                                | 15,602,794        | 15,040,118           | 14,731,475           | 14,166,387        | 13,606,650        |
| Licenses, fees, and permits                          | 650,484           | 582,918              | 573,867              | 542,064           | 486,331           |
| Hospital and nursing facility assessments            | 316,040           | 318,199              | 292,049              | 299,608           | 291,324           |
| Earnings (loss) on investments (6)                   | 489,398           | 559,956              | 639,717              | 175,444           | 295,125           |
| Sales and charges for services (2)                   | 261,538           | 243,820              | 229,099              | 188,667           | 193,553           |
| Fines, forfeitures, and penalties                    | 220,513           | 156,666              | 136,161              | 159,647           | 152,728           |
| Gaming   | 99,679            | 95,367               | 89,310               | 91,748            | 89,512            |
| Tobacco settlement                                   | 98,938            | 101,761              | 101,522              | 98,907            | 99,975            |
| Proceeds from sale of trust land                     | 141,616           | 119,122              | 179,028              | 91,022            | 123,483           |
| Other (3)  | 285,136           | 213,776              | 167,229              | 264,474           | 254,522           |
| Total Revenues                                       | <u>34,554,473</u> | <u>32,440,060</u>    | <u>31,239,557</u>    | <u>29,853,369</u> | <u>28,895,879</u> |
| <b>EXPENDITURES</b>                                  |                   |                      |                      |                   |                   |
| Current:   |                   |                      |                      |                   |                   |
| General government (2)                               | 871,251           | 814,922              | 787,284              | 714,313           | 843,159           |
| Health and welfare                                   | 16,783,865        | 16,182,335           | 15,813,515           | 15,074,454        | 14,388,149        |
| Inspection and regulation                            | 160,878           | 160,254              | 160,362              | 165,009           | 158,495           |
| Education  | 7,169,071         | 6,541,180            | 6,364,016            | 6,132,751         | 5,857,390         |
| Protection and safety                                | 1,594,892         | 1,521,638            | 1,487,181            | 1,456,651         | 1,402,225         |
| Transportation                                       | 852,491           | 752,575              | 732,029              | 815,811           | 700,080           |
| Natural resources                                    | 225,242           | 216,169              | 198,567              | 189,614           | 189,302           |
| Intergovernmental revenue sharing                    | 3,708,063         | 3,480,014            | 3,349,498            | 3,176,183         | 2,966,400         |
| Debt service:  |                   |                      |                      |                   |                   |
| Principal  | 489,522           | 561,195              | 639,779              | 517,389           | 560,497           |
| Interest and other fiscal charges                    | 208,954           | 213,992              | 229,932              | 249,704           | 270,872           |
| Capital outlay                                       | 867,114           | 933,204              | 894,210              | 814,002           | 783,926           |
| Total Expenditures                                   | <u>32,931,343</u> | <u>31,377,478</u>    | <u>30,656,373</u>    | <u>29,305,881</u> | <u>28,120,495</u> |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>1,623,130</u>  | <u>1,062,582</u>     | <u>583,184</u>       | <u>547,488</u>    | <u>775,384</u>    |



| Fiscal Year       |                   |                      |                   |                      |
|-------------------|-------------------|----------------------|-------------------|----------------------|
| 2014              | 2013              | 2012, as<br>restated | 2011              | 2010, as<br>restated |
| \$ 5,933,824      | \$ 6,530,609      | \$ 6,312,870         | \$ 5,971,141      | \$ 5,017,977         |
| 4,012,603         | 4,034,631         | 3,715,082            | 3,398,972         | 2,805,426            |
| 314,313           | 316,050           | 317,369              | 320,657           | 332,893              |
| 41,215            | 27,429            | 30,656               | 32,038            | 31,417               |
| 1,650,579         | 1,592,911         | 1,581,909            | 1,565,525         | 1,585,919            |
| 547,481           | 531,186           | 522,510              | 550,430           | 535,435              |
| 11,752,711        | 11,592,676        | 11,843,908           | 13,019,744        | 13,562,547           |
| 475,833           | 476,972           | 477,344              | 452,629           | 425,526              |
| 91,578            | —                 | —                    | —                 | —                    |
| 739,859           | 499,919           | 190,055              | 438,068           | 422,564              |
| 185,682           | 182,075           | 188,806              | 186,325           | 203,725              |
| 171,161           | 181,216           | 168,240              | 184,950           | 224,000              |
| 86,326            | 86,507            | 85,535               | 80,455            | 77,554               |
| 100,765           | 149,125           | 101,067              | 99,130            | 105,394              |
| 86,319            | 225,659           | 137,405              | 95,500            | 78,564               |
| 208,858           | 169,119           | 297,065              | 164,658           | 230,223              |
| <u>26,399,107</u> | <u>26,596,084</u> | <u>25,969,821</u>    | <u>26,560,222</u> | <u>25,639,164</u>    |
| 750,163           | 812,770           | 838,776              | 933,313           | 923,977              |
| 12,643,455        | 12,216,622        | 12,029,530           | 12,818,468        | 13,054,472           |
| 161,318           | 160,636           | 153,947              | 153,718           | 157,461              |
| 5,572,414         | 5,369,538         | 5,332,141            | 5,467,695         | 5,702,963            |
| 1,360,387         | 1,349,146         | 1,351,251            | 1,288,577         | 1,417,428            |
| 687,798           | 683,607           | 745,306              | 820,417           | 584,363              |
| 193,043           | 194,714           | 202,677              | 191,429           | 175,568              |
| 2,778,299         | 2,685,168         | 2,473,535            | 2,459,934         | 2,574,539            |
| 493,592           | 412,617           | 386,027              | 383,591           | 288,172              |
| 312,024           | 329,773           | 344,903              | 357,754           | 286,027              |
| 829,630           | 765,339           | 769,716              | 824,417           | 1,291,341            |
| <u>25,782,123</u> | <u>24,979,930</u> | <u>24,627,809</u>    | <u>25,699,313</u> | <u>26,456,311</u>    |
| <u>616,984</u>    | <u>1,616,154</u>  | <u>1,342,012</u>     | <u>860,909</u>    | <u>(817,147)</u>     |

(Continued)

STATE OF ARIZONA  
SCHEDULE 4  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|  | Fiscal Year         |                      |                      |                   |                   |
|--|---------------------|----------------------|----------------------|-------------------|-------------------|
|  | 2019                | 2018, as<br>restated | 2017, as<br>restated | 2016              | 2015 (4)          |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                     |                      |                      |                   |                   |
| Transfers in   | \$ 993,164          | \$ 858,631           | \$ 866,241           | \$ 914,817        | \$ 856,446        |
| Transfers out  | (1,486,841)         | (1,375,640)          | (1,303,531)          | (1,367,979)       | (1,392,301)       |
| Proceeds from sale of capital assets                           | 343                 | 3,524                | 1,294                | 1,203             | 259               |
| Capital lease and installment purchase contracts               | 1,034               | —                    | 43,248               | 3,579             | 1,025             |
| Proceeds from notes and loans                                  | —                   | —                    | —                    | —                 | 783               |
| Bonds issued   | 262,010             | —                    | —                    | —                 | —                 |
| Certificates of participation issued                           | —                   | —                    | 119,880              | —                 | —                 |
| Grant anticipation notes issued                                | 62,465              | 62,595               | —                    | —                 | —                 |
| Refunding bonds issued   | —                   | —                    | 312,900              | —                 | 754,285           |
| Refunding certificates of participation issued                 | —                   | 31,570               | —                    | 427,540           | —                 |
| Refunding grant anticipation notes issued                      | —                   | —                    | 90,410               | —                 | —                 |
| Payment to refunded bond escrow agent                          | —                   | —                    | (389,350)            | (62,630)          | (900,813)         |
| Payment to refunded certificates of participation escrow agent | —                   | (31,345)             | —                    | (422,841)         | —                 |
| Payment to refunded grant anticipation notes escrow agent      | —                   | —                    | (112,128)            | —                 | —                 |
| Premium on debt issued   | 41,449              | 12,839               | 117,390              | 58,933            | 149,554           |
| Total Other Financing Sources (Uses)                           | <u>(126,376)</u>    | <u>(437,826)</u>     | <u>(253,646)</u>     | <u>(447,378)</u>  | <u>(530,762)</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                             | <u>\$ 1,496,754</u> | <u>\$ 624,756</u>    | <u>\$ 329,538</u>    | <u>\$ 100,110</u> | <u>\$ 244,622</u> |
| <b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b> | 2.20%               | 2.50%                | 2.90%                | 2.70%             | 3.00%             |

- (1) This schedule reports using the modified accrual basis of accounting.
- (2) In fiscal year 2010, amounts were restated as a result of implementing GASB Statement No. 54.
- (3) Fiscal year 2012 other revenues was restated as a result of an agency fund being reclassified to a special revenue fund.
- (4) Historical data has not been restated for footnote items (4) - (5) in Schedule 3.
- (5) Fiscal year 2017 intergovernmental revenue was restated due to correction of error for the General Fund.
- (6) Fiscal year 2018 earnings on investments has been restated due to correction of error for the Land Endowments Fund.

| Fiscal Year       |                     |                      |                   |                      |
|-------------------|---------------------|----------------------|-------------------|----------------------|
| 2014              | 2013                | 2012, as<br>restated | 2011              | 2010, as<br>restated |
| \$ 904,261        | \$ 782,420          | \$ 821,072           | \$ 862,040        | \$ 1,106,250         |
| (1,397,332)       | (1,256,408)         | (1,323,778)          | (1,574,406)       | (1,872,212)          |
| 900               | 1,636               | 1,815                | 3,712             | 3,088                |
| 113,914           | 15,158              | 8,166                | 4,583             | 187,836              |
| 29,130            | 51,550              | 9,541                | 11,113            | 32,628               |
| —                 | 194,295             | 259,460              | 180,000           | 425,420              |
| —                 | —                   | —                    | 150,110           | 998,795              |
| —                 | —                   | —                    | 158,585           | —                    |
| —                 | 837,340             | 455,900              | —                 | —                    |
| 305,675           | 62,630              | —                    | —                 | —                    |
| —                 | —                   | 43,825               | —                 | —                    |
| —                 | (954,372)           | (560,228)            | —                 | —                    |
| (310,059)         | (42,096)            | —                    | —                 | —                    |
| —                 | —                   | —                    | —                 | —                    |
| 6,770             | 136,210             | 90,753               | 42,291            | 77,709               |
| (346,741)         | (171,637)           | (193,474)            | (161,972)         | 959,514              |
| <u>\$ 270,243</u> | <u>\$ 1,444,517</u> | <u>\$ 1,148,538</u>  | <u>\$ 698,937</u> | <u>\$ 142,367</u>    |
| 3.20%             | 3.10%               | 3.10%                | 3.00%             | 2.30%                |

STATE OF ARIZONA  
SCHEDULE 5  
**NET TAXABLE SALES BY CLASSIFICATION (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

|                           | Fiscal Year           |                       |                       |                       |                       |                       |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                           | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
| <b>CLASSIFICATION (5)</b> |                       |                       |                       |                       |                       |                       |
| Transporting (2)          | \$ 31,542             | \$ 31,022             | \$ 39,944             | \$ 56,139             | \$ 57,588             | \$ 54,981             |
| Mining, oil and gas       | 164,066               | 154,510               | 140,648               | 154,947               | 111,808               | 116,678               |
| Mining severance          | 690,060               | 982,475               | 735,086               | 607,840               | 994,478               | 1,047,580             |
| Utilities                 | 10,315,450            | 10,337,793            | 9,920,286             | 10,031,989            | 9,856,234             | 9,923,490             |
| Communications            | 1,917,973             | 2,067,005             | 2,000,877             | 2,306,786             | 2,565,400             | 2,965,233             |
| Private car and pipelines | 33,457                | 30,131                | 22,117                | 2,577                 | 6,498                 | 5,616                 |
| Publishing                | 56,071                | 84,595                | 87,179                | 105,270               | 106,357               | 101,751               |
| Job printing              | 241,963               | 219,210               | 237,887               | 236,324               | 259,672               | 321,225               |
| Restaurants and bars      | 15,232,888            | 14,347,556            | 13,571,567            | 12,715,254            | 12,053,486            | 11,085,652            |
| Amusements                | 1,482,455             | 1,445,107             | 1,323,661             | 1,342,700             | 1,252,514             | 1,096,945             |
| Commercial lease (3)      | —                     | (4)                   | 50                    | 2                     | 6                     | 2                     |
| Personal property rentals | 4,762,330             | 4,276,040             | 3,947,160             | 3,689,976             | 3,453,882             | 3,355,048             |
| Contracting               | 13,610,523            | 11,801,258            | 10,252,613            | 9,601,228             | 10,653,405            | 11,269,503            |
| Retail                    | 71,664,595            | 67,429,685            | 63,922,406            | 61,614,309            | 58,463,542            | 55,257,510            |
| MRRA amount (7)           | 177,361               | 167,434               | 155,624               | 160,125               | 26,816                | —                     |
| Hotel/motel               | 3,646,904             | 3,342,980             | 3,058,663             | 2,819,143             | 2,675,510             | 2,334,373             |
| Rental occupancy tax (6)  | (1)                   | —                     | —                     | (503)                 | —                     | —                     |
| Use tax                   | 7,316,160             | 6,590,501             | 6,069,074             | 5,703,365             | 5,659,094             | 4,749,508             |
| Use tax-utilities         | 945                   | 2,512                 | 34,764                | 38,945                | 48,070                | 62,511                |
| Membership camping (6)    | —                     | —                     | —                     | —                     | —                     | —                     |
| <b>Total</b>              | <b>\$ 131,344,742</b> | <b>\$ 123,309,810</b> | <b>\$ 115,519,606</b> | <b>\$ 111,186,416</b> | <b>\$ 108,244,360</b> | <b>\$ 103,747,606</b> |
| Direct sales tax rate (4) | 5.60%                 | 5.60%                 | 5.60%                 | 5.60%                 | 5.60%                 | 5.60%                 |

- (1) Net taxable sales are based upon tax receipts.
- (2) The transporting/towing and railroads/aircraft business classifications have been combined into one category and renamed "transporting."
- (3) Commercial lease rate dropped to 0% effective July 1, 1997.
- (4) A significant portion of the revenue base was subject to a sales tax rate of 5.6% for fiscal years 2010 and 2014 through 2019. The sales tax rate was 6.6% for fiscal years 2011 through 2013. For fiscal years 2010 through 2019, the tax rate for non-metal mining, oil and gas was 3.125% and the mining severance was 2.5%. For fiscal years 2010 through 2017 the jet fuel and jet fuel use tax was \$.0305 per gallon. As of fiscal year 2018 jet fuel and jet fuel tax amount per gallon were no longer being reported by the Arizona Department of Revenue as the taxes collected are designated for the Arizona Department of Transportation's State Aviation Fund. The hotel/motel tax rate was 5.5% for fiscal years 2010 and 2014 through 2019. The hotel/motel tax rate was 6.5% for fiscal years 2011 through 2013. Per the Arizona Constitution, Article 9, Section 22, the Legislature can raise tax rates with an affirmative vote of two-thirds of the members of each house. The 1.00% rate increase approved under Proposition 100 on May 18, 2010 increased the state transaction privilege and use rate by one percentage point beginning June 1, 2010 and ending May 31, 2013, which is reflected in this table.
- (5) The names of the ten largest revenue payers are not available. Therefore, the categories are intended to provide alternative information regarding the sources of the State's revenue.
- (6) Effective November 1, 2006, membership camping and rental occupancy were repealed.
- (7) MRRA - Maintenance, Repair, Replacement or Alteration projects.

Source: Arizona Department of Revenue Annual Reports for fiscal years 2019 and prior.

Fiscal Year

|    | 2013       | 2012          | 2011          | 2010          |
|----|------------|---------------|---------------|---------------|
| \$ | 41,324     | \$ 52,137     | \$ 41,555     | \$ 41,990     |
|    | 115,775    | 105,614       | 96,514        | 102,900       |
|    | 1,193,176  | 1,623,111     | 1,609,451     | 1,164,231     |
|    | 9,900,238  | 9,474,521     | 9,394,361     | 9,354,244     |
|    | 3,061,730  | 3,190,962     | 2,853,538     | 3,618,208     |
|    | 6,250      | 1,186         | 1,908         | 1,640         |
|    | 84,673     | 92,505        | 98,343        | 103,681       |
|    | 235,349    | 252,603       | 266,564       | 236,985       |
|    | 10,544,419 | 9,996,825     | 9,311,826     | 9,020,795     |
|    | 1,051,581  | 1,037,059     | 994,092       | 1,051,919     |
|    | 2          | 1             | 2             | 141           |
|    | 3,254,822  | 3,257,588     | 3,056,386     | 3,127,828     |
|    | 10,092,876 | 9,543,335     | 8,983,261     | 9,311,612     |
|    | 51,276,108 | 48,178,714    | 45,898,838    | 42,913,933    |
|    | —          | —             | —             | —             |
|    | 2,221,059  | 2,156,864     | 2,039,283     | 1,949,718     |
|    | —          | (3)           | 43            | (62)          |
|    | 5,186,464  | 5,302,844     | 4,610,921     | 5,464,504     |
|    | 10,283     | 10,022        | 10,040        | (35,594)      |
|    | —          | —             | 1             | 10            |
| \$ | 98,276,129 | \$ 94,275,888 | \$ 89,266,927 | \$ 87,428,683 |
|    | 6.60%      | 6.60%         | 6.60%         | 5.60%         |

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STATE OF ARIZONA  
SCHEDULE 6  
**SALES TAX REVENUE PAYERS BY CLASSIFICATION**  
CURRENT YEAR AND NINE YEARS AGO  
(Expressed in Thousands)

| <b>CLASSIFICATION</b>                 | Fiscal Year 2019    |                     | Fiscal Year 2010    |                     |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                       | Tax Collections     | Percentage of Total | Tax Collections     | Percentage of Total |
| Transporting                          | \$ 1,577            | 0.02%               | \$ 2,099            | 0.04%               |
| Non-metal mining, oil and gas         | 5,127               | 0.07                | 3,214               | 0.07                |
| Mining severance                      | 17,252              | 0.24                | 29,099              | 0.60                |
| Timbering severance – Ponderosa (1)   | —                   | —                   | 2                   | —                   |
| Utilities                             | 515,772             | 7.04                | 467,626             | 9.63                |
| Communications                        | 95,899              | 1.31                | 180,885             | 3.72                |
| Private car and pipelines             | 1,673               | 0.02                | 82                  | —                   |
| Publishing                            | 2,804               | 0.04                | 5,183               | 0.11                |
| Job Printing                          | 12,098              | 0.17                | 11,846              | 0.24                |
| Restaurants and bars                  | 761,644             | 10.40               | 450,980             | 9.28                |
| Amusements                            | 74,123              | 1.01                | 52,590              | 1.08                |
| Commercial lease                      | —                   | —                   | 7                   | —                   |
| Personal property rentals             | 238,116             | 3.25                | 156,364             | 3.22                |
| Contracting                           | 680,526             | 9.29                | 465,418             | 9.58                |
| Retail                                | 3,583,230           | 48.90               | 2,145,311           | 44.17               |
| MRRRA amount (3)                      | 8,868               | 0.12                | —                   | —                   |
| Hotel/motel                           | 200,580             | 2.74                | 107,222             | 2.21                |
| Rental occupancy tax (1)              | —                   | —                   | 2                   | —                   |
| Use tax utilities                     | 47                  | —                   | (1,780)             | (0.04)              |
| Use tax                               | 362,027             | 4.94                | 271,764             | 5.59                |
| License fees                          | 558                 | 0.01                | 726                 | 0.01                |
| Jet fuel tax (4)                      | (15)                | —                   | 4,461               | 0.09                |
| Jet fuel use tax (4)                  | (25)                | —                   | 828                 | 0.02                |
| Non sufficient funds                  | 336                 | —                   | (1)                 | —                   |
| Telecommunications service assistance | —                   | —                   | (189)               | —                   |
| Mandatory EFT fees                    | 2,919               | 0.04                | —                   | —                   |
| Education tax (2)                     | 760,874             | 10.39               | 504,391             | 10.38               |
| <b>Total</b>                          | <b>\$ 7,326,010</b> | <b>100.00%</b>      | <b>\$ 4,858,130</b> | <b>100.00%</b>      |

(1) Effective November 1, 2006 these rates were repealed.

(2) The education tax is .6% of net taxable sales for most classifications. The ones that do not collect the education tax are non-metal mining, oil and gas, mining and timbering severances, hotel/motel, rental occupancy, and jet fuel taxes. The Arizona Department of Revenue's annual report does not include the amount of education tax collected from each classification; rather it reports the total collected from all classifications. The education tax became effective June 1, 2001.

(3) MRRRA - Maintenance, Repair, Replacement or Alteration projects.

(4) Effective August 1, 2017, the taxes collected are designated for the Arizona Department of Transportation's State Aviation Fund.

Source: Arizona Department of Revenue Annual Reports for fiscal years 2019 and 2010.

STATE OF ARIZONA  
SCHEDULE 7  
**PERSONAL INCOME BY INDUSTRY (3)**  
FOR THE LAST TEN CALENDAR YEARS  
(Expressed in Thousands)

| <b>CLASSIFICATION</b>                        | Calendar Year Ended December 31 |                       |                       |                       |                       |                       |
|--|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2018                            | 2017                  | 2016                  | 2015                  | 2014                  | 2013                  |
| Farm earnings                                | \$ 1,208,644                    | \$ 1,353,246          | \$ 1,509,628          | \$ 1,355,849          | \$ 1,060,100          | \$ 1,287,943          |
| Forestry and fishing                         | 570,009                         | 547,399               | 526,912               | 504,604               | 450,122               | 410,413               |
| Mining                                       | 1,872,949                       | 1,626,957             | 1,378,325             | 1,463,533             | 1,567,360             | 1,535,771             |
| Utilities                                    | 1,956,084                       | 1,910,584             | 1,810,662             | 1,663,008             | 1,659,154             | 1,575,092             |
| Construction                                 | 13,538,962                      | 12,160,338            | 10,694,496            | 9,870,934             | 9,419,581             | 8,936,081             |
| Manufacturing                                | 16,479,731                      | 15,199,324            | 14,537,552            | 14,269,223            | 13,808,974            | 13,491,102            |
| Wholesale trade                              | 9,947,444                       | 9,700,806             | 9,136,966             | 8,883,456             | 8,547,894             | 8,379,655             |
| Retail trade                                 | 14,749,771                      | 14,248,784            | 13,661,831            | 13,466,702            | 13,146,907            | 12,141,782            |
| Transportation and warehousing               | 7,443,873                       | 6,698,996             | 6,359,051             | 6,014,260             | 5,559,475             | 5,144,768             |
| Information                                  | 5,083,408                       | 4,630,716             | 4,598,604             | 4,339,989             | 4,132,456             | 3,618,183             |
| Finance and insurance                        | 17,217,659                      | 16,027,285            | 14,379,906            | 13,168,173            | 12,133,895            | 11,729,712            |
| Real estate, rental, and leasing             | 5,903,237                       | 5,571,788             | 5,754,264             | 5,192,554             | 4,487,239             | 3,978,669             |
| Professional and technical services          | 17,082,711                      | 15,996,222            | 15,062,487            | 14,510,417            | 13,841,425            | 13,297,525            |
| Managing companies/enterprises               | 3,215,267                       | 3,555,393             | 3,295,463             | 3,225,830             | 3,187,130             | 2,936,240             |
| Administrative and waste services            | 13,601,262                      | 12,738,576            | 11,853,435            | 11,528,705            | 10,978,476            | 10,355,952            |
| Educational services                         | 3,273,670                       | 3,275,653             | 3,289,915             | 3,236,759             | 3,115,225             | 2,949,383             |
| Health care and social assistance            | 26,846,877                      | 25,326,977            | 23,827,865            | 22,512,208            | 21,447,106            | 20,769,650            |
| Arts, entertainment, and recreation          | 2,962,582                       | 2,805,015             | 2,610,824             | 2,371,749             | 2,400,656             | 2,112,394             |
| Accommodation and food services              | 8,815,741                       | 8,281,604             | 7,552,849             | 7,113,573             | 6,560,676             | 6,521,538             |
| Other services, except public administration | 7,684,985                       | 7,191,846             | 6,955,288             | 6,745,288             | 6,570,188             | 6,080,178             |
| Government and government enterprises        | 33,779,164                      | 32,425,915            | 31,307,725            | 30,735,570            | 29,853,609            | 29,595,243            |
| Other (1)                                    | 104,678,886                     | 98,339,594            | 92,373,601            | 88,960,378            | 83,482,383            | 76,008,313            |
| <b>Total</b>                                 | <b>\$ 317,912,916</b>           | <b>\$ 299,613,018</b> | <b>\$ 282,477,649</b> | <b>\$ 271,132,762</b> | <b>\$ 257,410,031</b> | <b>\$ 242,855,587</b> |
| Average effective rate (2)                   | 1.58%                           | 1.52%                 | 1.46%                 | 1.46%                 | 1.46%                 | 1.43%                 |

(1) Includes dividends, interest, rental income, personal current transfer receipts, adjustment for residence, and deductions for government social insurance.

(2) The total direct rate for personal income is not available. Average effective rate equals tax collections for the fiscal year, ending the following June 30, divided by personal income.

(3) Personal income estimates for years 2009 through 2017 were revised to reflect revisions made by the U.S. Bureau of Economic Analysis.

Source: U.S. Bureau of Economic Analysis and Arizona Department of Revenue Annual Report.



Calendar Year Ended December 31

|    | 2012               | 2011                  | 2010                  | 2009                  |
|----|--------------------|-----------------------|-----------------------|-----------------------|
| \$ | 879,963            | \$ 1,164,879          | \$ 669,030            | \$ 488,896            |
|    | 413,431            | 402,679               | 396,628               | 375,683               |
|    | 1,502,892          | 1,280,116             | 1,078,519             | 1,153,066             |
|    | 1,529,337          | 1,573,611             | 1,511,977             | 1,545,727             |
|    | 8,118,792          | 8,108,091             | 8,016,693             | 8,749,456             |
|    | 13,380,267         | 12,460,753            | 12,068,384            | 12,020,959            |
|    | 8,559,568          | 7,991,859             | 7,659,150             | 7,751,468             |
|    | 12,146,323         | 11,656,655            | 11,072,563            | 10,800,566            |
|    | 5,131,165          | 4,878,063             | 4,571,147             | 4,491,638             |
|    | 3,127,135          | 2,942,316             | 2,947,558             | 3,194,780             |
|    | 10,810,316         | 9,956,813             | 9,602,994             | 9,427,533             |
|    | 2,554,638          | 1,983,914             | 1,613,131             | 1,696,302             |
|    | 12,960,670         | 12,551,489            | 11,780,747            | 11,874,073            |
|    | 2,609,040          | 2,338,045             | 2,256,188             | 2,415,511             |
|    | 9,563,967          | 9,145,822             | 8,835,016             | 8,976,824             |
|    | 2,998,261          | 2,775,797             | 2,617,427             | 2,341,086             |
|    | 20,196,102         | 19,644,652            | 18,869,260            | 18,018,004            |
|    | 1,878,111          | 1,491,117             | 1,418,812             | 1,394,976             |
|    | 6,217,391          | 5,749,296             | 5,451,478             | 5,446,447             |
|    | 6,005,102          | 5,503,582             | 5,240,526             | 4,927,586             |
|    | 28,887,169         | 28,692,183            | 28,598,016            | 28,466,755            |
|    | 77,376,454         | 74,073,570            | 69,248,397            | 66,417,971            |
| \$ | <u>236,846,094</u> | <u>\$ 226,365,302</u> | <u>\$ 215,523,641</u> | <u>\$ 211,975,307</u> |
|    | 1.44%              | 1.37%                 | 1.33%                 | 1.14%                 |

STATE OF ARIZONA  
SCHEDULE 8  
**PERSONAL INCOME TAX RATES**  
FOR THE LAST TEN CALENDAR YEARS  
(Expressed in Thousands)

Calendar Year Ended December 31

|  | 2018         | 2017         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|--------------|--------------|
| <b><u>AVERAGE EFFECTIVE RATE (3)</u></b>                               |              |              |              |              |              |
| Personal Income Tax Revenue (1)  | \$ 5,010,333 | \$ 4,545,242 | \$ 4,131,621 | \$ 3,968,883 | \$ 3,761,764 |
| Personal Income (2)  | 317,912,916  | 299,613,018  | 282,477,649  | 271,132,762  | 257,410,031  |
| Average Effective Rate (3)   | 1.58%        | 1.53%        | 1.47%        | 1.47%        | 1.46%        |
| <b><u>TAX RATES ON THE PORTION OF TAXABLE INCOME IN RANGES (4)</u></b> |              |              |              |              |              |
| \$0 - \$10   | 2.59%        | 2.59%        | 2.59%        | 2.59%        | 2.59%        |
| \$10 - \$25  | 2.88%        | 2.88%        | 2.88%        | 2.88%        | 2.88%        |
| \$25 - \$50  | 3.36%        | 3.36%        | 3.36%        | 3.36%        | 3.36%        |
| \$50 - \$150   | 4.24%        | 4.24%        | 4.24%        | 4.24%        | 4.24%        |
| \$150 and over   | 4.54%        | 4.54%        | 4.54%        | 4.54%        | 4.54%        |

- (1) Personal income tax revenue includes income tax collections and refunds, on a cash basis, for the fiscal year ending the following June 30.
- (2) Personal income is reported on a calendar basis. Years 2009 through 2017 have been revised to reflect revisions made by the U.S. Bureau of Economic Analysis.
- (3) The total direct rate for personal income is not available. Average effective rate equals tax collections for the fiscal year, ending the following June 30, divided by personal income.
- (4) Amounts shown are for single and married filing separate returns. For all other filing status returns, double the amounts for the income tax ranges. Per the Arizona Constitution, Article 9, Section 22, the Legislature can raise tax rates with a vote of two-thirds of the members of each house.

Source: Arizona Department of Revenue Annual Reports/Tax Tables and the U.S. Bureau of Economic Analysis.

STATE OF ARIZONA  
SCHEDULE 9  
**PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL**  
FOR THE TAXABLE YEARS 2016 AND 2009 (1)  
(Expressed in Thousands, Except Number of Filers)

Taxable Year Ended December 31, 2016

|   | Number of Filers | Percentage of Total | Liability (2) | Percentage of Total |
|---|------------------|---------------------|---------------|---------------------|
| <b><u>FEDERAL ADJUSTED GROSS INCOME LEVEL (3)</u></b> |                  |                     |               |                     |
| \$50 and under  | 1,957,773        | 64.97%              | 497,182       | 12.16%              |
| \$50 - \$100  | 621,456          | 20.62%              | 812,752       | 19.87%              |
| \$100 - \$500   | 414,597          | 13.76%              | 1,763,121     | 43.11%              |
| \$500 and over  | 19,557           | 0.65%               | 1,016,507     | 24.86%              |
| Total   | 3,013,383        | 100.00%             | \$ 4,089,562  | 100.00%             |

- (1) The taxable year 2016 is the most recent year for which data is available, and combines the number of filers of the Arizona Forms 140, 140A, 140NR (nonresident), and 140PY (part year resident) Individual Income tax returns.
- (2) Liability, as reported on Arizona Forms 140, 140A, 140NR (nonresident), and 140PY (part year resident) Individual Income tax returns for tax year 2016, filed from January 2017 forward (or 2009, filed from January 2010 forward).
- (3) The names of the ten largest revenue payers are not available. Therefore, the categories are intended to provide alternative information regarding the sources of the State's revenue.

Source: Arizona Department of Revenue Annual Reports.

Calendar Year Ended December 31

|    | 2013        |    | 2012        |    | 2011        |    | 2010        |    | 2009        |
|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| \$ | 3,463,266   | \$ | 3,398,902   | \$ | 3,099,177   | \$ | 2,870,565   | \$ | 2,423,215   |
|    | 242,855,587 |    | 236,846,094 |    | 226,365,302 |    | 215,523,641 |    | 211,975,307 |
|    | 1.43%       |    | 1.44%       |    | 1.37%       |    | 1.34%       |    | 1.15%       |
|    | 2.59%       |    | 2.59%       |    | 2.59%       |    | 2.59%       |    | 2.59%       |
|    | 2.88%       |    | 2.88%       |    | 2.88%       |    | 2.88%       |    | 2.88%       |
|    | 3.36%       |    | 3.36%       |    | 3.36%       |    | 3.36%       |    | 3.36%       |
|    | 4.24%       |    | 4.24%       |    | 4.24%       |    | 4.24%       |    | 4.24%       |
|    | 4.54%       |    | 4.54%       |    | 4.54%       |    | 4.54%       |    | 4.54%       |

Taxable Year Ended December 31, 2009

| Number of Filers | Percentage of Total | Liability (2) | Percentage of Total |
|------------------|---------------------|---------------|---------------------|
| 1,739,297        | 68.43%              | \$ 395,695    | 15.47%              |
| 525,351          | 20.67%              | 643,653       | 25.17%              |
| 267,017          | 10.51%              | 1,014,846     | 39.69%              |
| 9,837            | 0.39%               | 503,105       | 19.67%              |
| 2,541,502        | 100.00%             | \$ 2,557,299  | 100.00%             |

STATE OF ARIZONA  
SCHEDULE 10  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands, Except Amount of Debt per Capita)

|                                   | Fiscal Year         |                     |                     |                     |                      |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
|                                   | 2019                | 2018                | 2017                | 2016                | 2015                 |
| <b>GOVERNMENTAL ACTIVITIES:</b>   |                     |                     |                     |                     |                      |
| Revenue bonds                     | \$ 2,366,595        | \$ 2,371,765        | \$ 2,640,330        | \$ 2,899,875        | \$ 3,141,190         |
| Grant anticipation notes          | 223,885             | 177,420             | 129,475             | 147,320             | 194,670              |
| Certificates of participation     | 1,393,865           | 1,585,995           | 1,804,395           | 1,891,460           | 2,030,805            |
| Capital leases (3)                | 152,153             | 189,581             | 215,084             | 334,909             | 408,784              |
| Installment purchase contracts    | —                   | —                   | —                   | 176                 | 349                  |
| Notes payable                     | —                   | —                   | 22,179              | 22,179              | 22,179               |
| Premiums and discounts on debt    | 444,111             | 453,713             | 516,456             | 492,349             | 492,048              |
| Deferred amount on refundings (2) | —                   | —                   | —                   | —                   | —                    |
| Total Governmental Activities     | <u>4,580,609</u>    | <u>4,778,474</u>    | <u>5,327,919</u>    | <u>5,788,268</u>    | <u>6,290,025</u>     |
| <b>BUSINESS-TYPE ACTIVITIES:</b>  |                     |                     |                     |                     |                      |
| Revenue bonds                     | 3,296,480           | 3,109,245           | 3,010,525           | 2,701,665           | 2,675,430            |
| Certificates of participation     | 451,831             | 502,636             | 557,506             | 600,556             | 637,986              |
| Capital leases                    | 124,952             | 131,134             | 134,399             | 141,117             | 168,960              |
| Installment purchase contracts    | 62                  | 769                 | 1,460               | 2,114               | 2,805                |
| Notes payable                     | 13,999              | —                   | —                   | —                   | —                    |
| Premiums and discounts on debt    | 361,083             | 342,647             | 325,412             | 268,474             | 231,178              |
| Deferred amount on refundings (2) | —                   | —                   | —                   | —                   | —                    |
| Total Business-type Activities    | <u>4,248,407</u>    | <u>4,086,431</u>    | <u>4,029,302</u>    | <u>3,713,926</u>    | <u>3,716,359</u>     |
| Total Primary Government          | <u>\$ 8,829,016</u> | <u>\$ 8,864,905</u> | <u>\$ 9,357,221</u> | <u>\$ 9,502,194</u> | <u>\$ 10,006,384</u> |
| Debt as a Percentage of           |                     |                     |                     |                     |                      |
| Personal Income (1)               | 2.8%                | 3.0%                | 3.3%                | 3.5%                | 3.9%                 |
| Amount of Debt per Capita (1)     | \$ 1,231            | \$ 1,258            | \$ 1,347            | \$ 1,391            | \$ 1,486             |

Note: Details regarding the State's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule 22 for personal income and population data. These ratios are calculated using personal income and population data for the calendar year that ends during that fiscal year. For example, fiscal year 2019 contains data for the calendar year ending December 31, 2018.
- (2) Implementation of GASB Statement No. 65 in fiscal year 2014 required the amortization of deferred amount on refundings to be reported as deferred outflow of resources.
- (3) For fiscal year 2014, capital leases related to private prisons were restated due to a correction of an error.

| Fiscal Year          |                      |                      |                      |                     |
|----------------------|----------------------|----------------------|----------------------|---------------------|
| 2014, as<br>restated | 2013                 | 2012                 | 2011                 | 2010                |
| \$ 3,406,195         | \$ 3,606,720         | \$ 3,593,420         | \$ 3,529,115         | \$ 3,522,605        |
| 247,710              | 296,240              | 335,230              | 392,495              | 304,480             |
| 2,200,675            | 2,360,595            | 2,495,825            | 2,611,255            | 2,571,125           |
| 423,513              | 360,316              | 391,184              | 400,540              | 412,919             |
| —                    | —                    | 177                  | 245                  | 901                 |
| 89,865               | 105,817              | 55,666               | 59,891               | 60,712              |
| 427,865              | 474,747              | 396,465              | 342,602              | 334,721             |
| —                    | (19,945)             | (813)                | (1,221)              | (5,197)             |
| <u>6,795,823</u>     | <u>7,184,490</u>     | <u>7,267,154</u>     | <u>7,334,922</u>     | <u>7,202,266</u>    |
| 2,302,035            | 2,237,710            | 1,942,755            | 1,742,125            | 1,692,825           |
| 676,345              | 714,735              | 756,980              | 812,706              | 840,719             |
| 132,957              | 135,519              | 163,637              | 167,841              | 171,448             |
| 4,098                | 5,758                | 8,397                | 10,511               | 13,043              |
| —                    | —                    | 12,643               | 292                  | 360                 |
| 130,315              | 123,051              | 87,993               | 41,393               | 39,705              |
| —                    | (46,096)             | (33,391)             | (20,875)             | (23,100)            |
| <u>3,245,750</u>     | <u>3,170,677</u>     | <u>2,939,014</u>     | <u>2,753,993</u>     | <u>2,735,000</u>    |
| <u>\$ 10,041,573</u> | <u>\$ 10,355,167</u> | <u>\$ 10,206,168</u> | <u>\$ 10,088,915</u> | <u>\$ 9,937,266</u> |
| 4.1%                 | 4.4%                 | 4.5%                 | 4.7%                 | 4.7%                |
| \$ 1,513             | \$ 1,579             | \$ 1,577             | \$ 1,574             | \$ 1,567            |

STATE OF ARIZONA  
SCHEDULE 11  
**LEGAL DEBT MARGIN INFORMATION**  
**ARIZONA STATE UNIVERSITY**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

| Fiscal Year (1) | Projected Total Expenditures | Projected Debt Service Limit (8% of Expenditures) (2) | Amount of Projected Debt Service Applicable to Limit | Legal Debt Margin | Total Projected Debt Service as a Percentage of Debt Service Limit |
|-----------------|------------------------------|---|--|-------------------|--|
| 2019            | \$ 2,680,000                 | \$ 214,400  | \$ 120,600   | \$ 93,800         | 4.50%  |
| 2018            | 2,520,000                    | 201,600   | 113,400  | 88,200            | 4.50   |
| 2017            | 2,311,364                    | 184,909   | 101,700  | 83,209            | 4.40   |
| 2016            | 2,152,083                    | 172,167   | 103,300  | 68,867            | 4.80   |
| 2015            | 2,044,231                    | 163,538   | 106,300  | 57,238            | 5.20   |
| 2014            | 1,844,828                    | 147,586   | 107,000  | 40,586            | 5.80   |
| 2013            | 1,710,909                    | 136,873   | 94,100   | 42,773            | 5.50   |
| 2012            | 1,612,000                    | 128,960   | 80,600   | 48,360            | 5.00   |
| 2011            | 1,606,250                    | 128,500   | 77,100   | 51,400            | 4.80   |
| 2010            | 1,894,737                    | 151,579   | 108,000  | 43,579            | 5.70   |

- (1) For fiscal years 2010 through 2019, projections are based upon the University's fiscal years 2012-2014, 2013-2015, 2014-2016, 2015-2017, 2016-2018, 2017-2019, 2018-2020, 2019-2021, 2020-2022, and 2021-2023 capital improvement plans, respectively.
- (2) Per ARS §15-1683, the projected debt service on bonds and certificates of participation outstanding and proposed to be issued, as shown in the University's most recent capital improvement plan reported to the Arizona Board of Regents, may not exceed, in any fiscal year shown in such capital improvement plan, more than eight percent of the University's total projected expenditures and mandatory transfers.

STATE OF ARIZONA  
SCHEDULE 12  
**LEGAL DEBT MARGIN INFORMATION**  
**UNIVERSITY OF ARIZONA**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

| Fiscal Year (1) | Projected Total Expenditures | Projected Debt Service Limit (8% of Expenditures) (2) | Amount of Projected Debt Service Applicable to Limit | Legal Debt Margin | Total Projected Debt Service as a Percentage of Debt Service Limit |
|-----------------|------------------------------|---|--|-------------------|--|
| 2019            | \$ 2,146,000                 | \$ 171,680  | \$ 107,300   | \$ 64,380         | 5.00%  |
| 2018            | 2,034,000                    | 162,720   | 101,700  | 61,020            | 5.00   |
| 2017            | 1,954,000                    | 156,320   | 97,700   | 58,620            | 5.00   |
| 2016            | 1,902,083                    | 152,167   | 91,300   | 60,867            | 4.80   |
| 2015            | 1,856,098                    | 148,488   | 76,100   | 72,388            | 4.10   |
| 2014            | 1,739,216                    | 139,137   | 88,700   | 50,437            | 5.10   |
| 2013            | 1,683,019                    | 134,642   | 89,200   | 45,442            | 5.30   |
| 2012            | 1,611,765                    | 128,941   | 82,200   | 46,741            | 5.10   |
| 2011            | 1,556,364                    | 124,509   | 85,600   | 38,909            | 5.50   |
| 2010            | 1,817,647                    | 145,412   | 92,700   | 52,712            | 5.10   |

- (1) For fiscal years 2010 through 2019, projections are based upon the University's fiscal years 2012-2014, 2013-2015, 2014-2016, 2015-2017, 2016-2018, 2017-2019, 2018-2020, 2019-2021, 2020-2022, and 2021-2023 capital improvement plans, respectively.
- (2) Per ARS §15-1683, the projected debt service on bonds and certificates of participation outstanding and proposed to be issued, as shown in the University's most recent capital improvement plan reported to the Arizona Board of Regents, may not exceed, in any fiscal year shown in such capital improvement plan, more than eight percent of the University's total projected expenditures and mandatory transfers.

STATE OF ARIZONA  
SCHEDULE 13  
**LEGAL DEBT MARGIN INFORMATION**  
**NORTHERN ARIZONA UNIVERSITY**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

| Fiscal Year (1) | Projected Total Expenditures | Projected Debt Service Limit (8% of Expenditures) (2) | Amount of Projected Debt Service Applicable to Limit | Legal Debt Margin | Total Projected Debt Service as a Percentage of Debt Service Limit |
|-----------------|------------------------------|---|--|-------------------|--|
| 2019            | \$ 586,000                   | \$ 46,880   | \$ 29,300  | \$ 17,580         | 5.00%  |
| 2018            | 591,304                      | 47,304  | 27,200   | 20,104            | 4.60   |
| 2017            | 572,340                      | 45,787  | 26,900   | 18,887            | 4.70   |
| 2016            | 534,694                      | 42,776  | 26,200   | 16,576            | 4.90   |
| 2015            | 514,673                      | 41,174  | 22,800   | 18,374            | 4.43   |
| 2014            | 485,265                      | 38,821  | 24,700   | 14,121            | 5.09   |
| 2013            | 453,039                      | 36,243  | 24,600   | 11,643            | 5.43   |
| 2012            | 427,586                      | 34,207  | 24,800   | 9,407             | 5.80   |
| 2011            | 405,109                      | 32,409  | 22,200   | 10,209            | 5.48   |
| 2010            | 423,601                      | 33,888  | 28,000   | 5,888             | 6.61   |

- (1) For fiscal years 2010 through 2019, projections are based upon the University's fiscal years 2012-2014, 2013-2015, 2014-2016, 2015-2017, 2016-2018, 2017-2019, 2018-2020, 2019-2021, 2020-2022, and 2021-2023 capital improvement plans, respectively.
- (2) Per ARS §15-1683, the projected debt service on bonds and certificates of participation outstanding and proposed to be issued, as shown in the University's most recent capital improvement plan reported to the Arizona Board of Regents, may not exceed, in any fiscal year shown in such capital improvement plan, more than eight percent of the University's total projected expenditures and mandatory transfers.

STATE OF ARIZONA  
SCHEDULE 14  
**PLEDGED-REVENUE COVERAGE**  
**ARIZONA TRANSPORTATION BOARD HIGHWAY REVENUE BONDS**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

| Fiscal Year | (1) (2) Pledged Revenue | Debt Service |           |            | Coverage |
|-------------|-------------------------|--------------|-----------|------------|----------|
|             |                         | Principal    | Interest  | Total      |          |
| 2019        | \$ 656,751              | \$ 78,670    | \$ 65,562 | \$ 144,232 | 4.55     |
| 2018        | 624,919                 | 76,125       | 68,104    | 144,229    | 4.33     |
| 2017        | 610,998                 | 74,855       | 68,419    | 143,274    | 4.26     |
| 2016        | 589,476                 | 70,195       | 74,248    | 144,443    | 4.08     |
| 2015        | 566,352                 | 61,660       | 75,937    | 137,597    | 4.12     |
| 2014        | 537,768                 | 58,485       | 80,495    | 138,980    | 3.87     |
| 2013        | 512,971                 | 60,540       | 78,198    | 138,738    | 3.70     |
| 2012        | 392,648                 | 67,885       | 71,113    | 138,998    | 2.82     |
| 2011        | 504,175                 | 71,770       | 83,960    | 155,730    | 3.24     |
| 2010        | 502,874                 | 68,140       | 87,661    | 155,801    | 3.23     |

- (1) The Highway Revenue Bonds are secured by a prior lien on and pledge of motor vehicle and related fuel fees and taxes.
- (2) Includes vehicle license tax revenues distributed directly to the State Highway Fund. Fiscal year 2010 is net of \$44 million and 2011 is net of \$45 million distribution to the State General Fund.

## STATE OF ARIZONA

## SCHEDULE 15

**PLEDGED-REVENUE COVERAGE****ARIZONA TRANSPORTATION BOARD TRANSPORTATION EXCISE TAX REVENUE BONDS**

FOR THE LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30, 2019

(Expressed in Thousands)

| Fiscal Year | (1)<br>Pledged Revenue | Debt Service |           |            | Coverage |
|-------------|------------------------|--------------|-----------|------------|----------|
|             |                        | Principal    | Interest  | Total      |          |
| 2019        | \$ 311,188             | \$ 104,685   | \$ 39,031 | \$ 143,716 | 2.17     |
| 2018        | 290,949                | 68,270       | 31,411    | 99,681     | 2.92     |
| 2017        | 274,553                | 67,495       | 33,257    | 100,752    | 2.73     |
| 2016        | 262,971                | 65,585       | 38,001    | 103,586    | 2.54     |
| 2015        | 254,871                | 70,940       | 32,652    | 103,592    | 2.46     |
| 2014        | 243,786                | 58,600       | 44,988    | 103,588    | 2.35     |
| 2013        | 227,800                | 55,870       | 47,721    | 103,591    | 2.20     |
| 2012        | 216,281                | 55,460       | 48,129    | 103,589    | 2.09     |
| 2011        | 206,545                | 45,970       | 42,496    | 88,466     | 2.33     |
| 2010        | 199,672                | 33,315       | 38,225    | 71,540     | 2.79     |

(1) The Bonds are secured by transportation excise taxes collected by the Arizona Department of Revenue on behalf of Maricopa County.

## STATE OF ARIZONA

## SCHEDULE 16

**PLEDGED-REVENUE COVERAGE****SCHOOL FACILITIES BOARD STATE SCHOOL IMPROVEMENT REVENUE BONDS**

FOR THE LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30, 2019

(Expressed in Thousands)

| Fiscal Year | (1)<br>Pledged Revenue | (2)<br>Debt Service |          |           | Coverage |
|-------------|------------------------|---------------------|----------|-----------|----------|
|             |                        | Principal           | Interest | Total     |          |
| 2019        | \$ 760,874             | \$ 61,775           | \$ 2,345 | \$ 64,120 | 11.87    |
| 2018        | 712,904                | 60,955              | 3,248    | 64,203    | 11.10    |
| 2017        | 670,788                | 60,290              | 3,923    | 64,213    | 10.45    |
| 2016        | 645,012                | 59,800              | 4,417    | 64,217    | 10.04    |
| 2015        | 626,401                | 57,920              | 6,274    | 64,194    | 9.76     |
| 2014        | 601,854                | 46,720              | 9,575    | 56,295    | 10.69    |
| 2013        | 567,824                | 43,680              | 13,487   | 57,167    | 9.93     |
| 2012        | 542,395                | 41,405              | 22,804   | 64,209    | 8.45     |
| 2011        | 514,346                | 39,215              | 25,088   | 64,303    | 8.00     |
| 2010        | 504,391                | 37,230              | 27,074   | 64,304    | 7.84     |

(1) Pledged revenues consist of education transaction privilege tax revenues. These revenues result from a .6% increase in the State transaction privilege and use tax rate that was approved by a statewide vote at the November 2000 election.

(2) Principal does not include sinking fund deposits of \$1,538 each year, beginning in fiscal year 2006 and ending in fiscal year 2018 that will be sufficient to retire bonds with a par amount of \$20,000 upon maturity, in fiscal year 2018.



## STATE OF ARIZONA

## SCHEDULE 17

**PLEDGED-REVENUE COVERAGE****SCHOOL FACILITIES BOARD STATE SCHOOL TRUST REVENUE BONDS (2)**

FOR THE LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30, 2019

(Expressed in Thousands)

| Fiscal<br>Year | (1)<br>Pledged<br>Revenue | Debt Service |          |        | Coverage |
|----------------|---------------------------|--------------|----------|--------|----------|
|                |                           | Principal    | Interest | Total  |          |
| 2019           | \$ —                      | \$ —         | \$ —     | \$ —   | —        |
| 2018           | 63,929                    | 22,190       | 1,110    | 23,300 | 2.74     |
| 2017           | 72,263                    | 21,130       | 2,166    | 23,296 | 3.10     |
| 2016           | 43,506                    | 20,180       | 3,115    | 23,295 | 1.87     |
| 2015           | 53,241                    | 19,380       | 3,911    | 23,291 | 2.29     |
| 2014           | 57,345                    | 19,275       | 4,971    | 24,246 | 2.37     |
| 2013           | 49,645                    | 18,315       | 5,933    | 24,248 | 2.05     |
| 2012           | 39,155                    | 17,400       | 6,846    | 24,246 | 1.61     |
| 2011           | 42,191                    | 16,535       | 7,714    | 24,249 | 1.74     |
| 2010           | 38,147                    | 15,710       | 8,539    | 24,249 | 1.57     |

(1) Pledged revenues consist of expendable revenue from the State School Trust. This revenue includes the State Treasurer's formula distribution of earnings on permanent fund investments as specified in the Arizona Constitution. Additionally, the State Land Commissioner distributes interest received from financed sales of trust lands and revenue received from land trust leases, except that, under current statutes, the amount of State School Trust Revenues available to pay debt service on all State School Trust Revenue Obligations shall not exceed \$72,263. Expendable trust revenues in excess of \$72,263 must be deposited in the Classroom Site Fund.

(2) The School Facilities Board State School Trust Revenue Bonds were paid off in fiscal year 2018.

## STATE OF ARIZONA

## SCHEDULE 18

**PLEDGED-REVENUE COVERAGE****LOTTERY REVENUE BONDS**

FOR THE LAST NINE FISCAL YEARS (1)

FISCAL YEAR ENDED JUNE 30, 2019

(Expressed in Thousands)

| Fiscal<br>Year | (2)<br>Pledged<br>Revenue | Debt Service |           |           | Coverage |
|----------------|---------------------------|--------------|-----------|-----------|----------|
|                |                           | Principal    | Interest  | Total     |          |
| 2019           | \$ 225,981                | \$ 22,050    | \$ 15,453 | \$ 37,503 | 6.03     |
| 2018           | 207,505                   | 21,025       | 16,476    | 37,501    | 5.53     |
| 2017           | 193,255                   | 20,065       | 17,437    | 37,502    | 5.15     |
| 2016           | 200,769                   | 19,205       | 18,297    | 37,502    | 5.35     |
| 2015           | 172,108                   | 18,305       | 19,194    | 37,499    | 4.59     |
| 2014           | 174,374                   | 17,445       | 20,055    | 37,500    | 4.65     |
| 2013           | 174,373                   | 16,790       | 20,710    | 37,500    | 4.65     |
| 2012           | 96,200                    | —            | 20,709    | 20,709    | 4.65     |
| 2011           | 96,200                    | —            | 21,630    | 21,630    | 4.45     |

(1) No debt service payments were due prior to fiscal year 2011.

(2) Pledged revenues consist of lottery revenue deposited to the Lottery Fund net of operating expenses of the lottery.

STATE OF ARIZONA  
SCHEDULE 19  
**PLEDGED REVENUE COVERAGE**  
**ARIZONA STATE UNIVERSITY REVENUE BONDS**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

| Fiscal Year | (1)<br>Pledged Revenue | Debt Service |           |  |            |       | Coverage |
|-------------|------------------------|--------------|-----------|--|------------|-------|----------|
|             |                        | Principal    | Interest  | Net Payments (Receipts) On Swap Agreements | Total      |       |          |
| 2019        | \$ 1,781,282           | \$ 43,940    | \$ 67,070 | \$ 1,525                                   | \$ 112,535 | 15.83 |          |
| 2018        | 1,647,622              | 36,065       | 59,178    | 1,901                                      | 97,144     | 16.96 |          |
| 2017        | 1,555,687              | 30,185       | 57,740    | 2,472                                      | 90,397     | 17.21 |          |
| 2016        | 1,450,651              | 40,155       | 47,148    | 2,991                                      | 90,294     | 16.07 |          |
| 2015        | 1,300,624              | 45,650       | 50,246    | 3,393                                      | 99,289     | 13.10 |          |
| 2014        | 1,161,306              | 44,770       | 43,623    | 3,507                                      | 91,900     | 12.64 |          |
| 2013        | 1,047,661              | 33,965       | 41,477    | 3,631                                      | 79,073     | 13.25 |          |
| 2012        | 977,828                | 31,215       | 39,560    | 3,612                                      | 74,387     | 13.15 |          |
| 2011        | 876,770                | 28,595       | 35,051    | 3,791                                      | 67,437     | 13.00 |          |
| 2010        | 782,727                | 26,975       | 33,003    | 3,716                                      | 63,694     | 12.29 |          |

(1) Pledged revenues include student tuition and fees, auxiliary enterprises revenue, investment income, and indirect cost recovery revenue.

STATE OF ARIZONA  
SCHEDULE 20  
**PLEDGED-REVENUE COVERAGE**  
**UNIVERSITY OF ARIZONA REVENUE BONDS**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

| Fiscal Year | (1), (2)<br>Gross Revenues | (1)<br>Direct Operating Expenses | Net Revenue Available for Debt Service | Debt Service |           |           | Coverage |
|-------------|----------------------------|----------------------------------|--|--------------|-----------|-----------|----------|
|             |                            |                                  |  | Principal    | Interest  | Total     |          |
| 2019        | \$ 1,837,801               | \$ 1,670,427                     | \$ 167,374                             | \$ 34,925    | \$ 57,305 | \$ 92,230 | 1.81     |
| 2018        | 1,752,904                  | 1,618,246                        | 134,658                                | 34,725       | 51,893    | 86,618    | 1.55     |
| 2017        | 1,721,399                  | 1,490,565                        | 230,834                                | 33,080       | 49,394    | 82,474    | 2.80     |
| 2016        | 1,684,171                  | 1,451,735                        | 232,436                                | 25,205       | 45,534    | 70,739    | 3.29     |
| 2015        | 1,567,859                  | 1,374,458                        | 193,401                                | 21,575       | 37,732    | 59,307    | 3.26     |
| 2014        | 1,400,095                  | 1,261,247                        | 138,848                                | 22,600       | 38,250    | 60,850    | 2.28     |
| 2013        | 1,356,478                  | 1,199,559                        | 156,919                                | 21,895       | 34,556    | 56,451    | 2.78     |
| 2012        | 1,226,227                  | 1,126,649                        | 99,578                                 | 17,375       | 31,480    | 48,855    | 2.04     |
| 2011        | 1,215,062                  | 1,056,408                        | 158,654                                | 24,720       | 28,571    | 53,291    | 2.98     |
| 2010        | 1,128,091                  | 962,469                          | 165,622                                | 23,860       | 24,593    | 48,453    | 3.42     |

(1) Gross Revenues and Direct Operating Expenses include current operating unrestricted funds only since these are the funds that are pledged for debt service payments under the System Revenue Bond Indentures. Also excluded from expenses is interest, depreciation, and amortization.

(2) Payment of principal and interest on revenue bonds are secured by a pledge of student tuition and fees, auxiliary enterprise revenue, sales and service revenue, and other operating revenues, such as indirect cost recovery and certain investment income.

STATE OF ARIZONA  
SCHEDULE 21  
**PLEDGED-REVENUE COVERAGE**  
**NORTHERN ARIZONA UNIVERSITY REVENUE BONDS**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019  
(Expressed in Thousands)

| Fiscal Year | (1), (2), (3)<br>Gross<br>Revenues | Debt Service |           |           | Coverage |
|-------------|------------------------------------|--------------|-----------|-----------|----------|
|             |                                    | Principal    | Interest  | Total     |          |
| 2019        | \$ 363,737                         | \$ 14,510    | \$ 22,197 | \$ 36,707 | 9.91     |
| 2018        | 355,778                            | 12,175       | 22,677    | 34,852    | 10.21    |
| 2017        | 345,708                            | 11,790       | 22,831    | 34,621    | 9.99     |
| 2016        | 323,986                            | 6,500        | 23,149    | 29,649    | 10.93    |
| 2015        | 303,860                            | 6,500        | 20,310    | 26,810    | 11.33    |
| 2014        | 283,468                            | 6,615        | 17,305    | 23,920    | 11.85    |
| 2013        | 263,733                            | 6,610        | 15,474    | 22,084    | 11.94    |
| 2012        | 246,098                            | 5,835        | 15,028    | 20,863    | 11.80    |
| 2011        | 220,538                            | 24,310       | 14,712    | 39,022    | 5.65     |
| 2010        | 198,197                            | 6,545        | 10,912    | 17,457    | 11.35    |

- (1) Payment of principal and interest on revenue bonds are secured by a pledge of student tuition and fees and certain auxiliary enterprise revenue, investment income and indirect cost recovery revenue.  
(2) Fiscal year 2011 includes debt defeasance of \$18.7 million.  
(3) Fiscal year 2013 gross revenue was revised by NAU in fiscal year 2014.

STATE OF ARIZONA  
SCHEDULE 22  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
FOR THE LAST TEN CALENDAR YEARS

| Calendar<br>Year Ended<br>December 31 | Population (1,3) | Personal<br>Income (3)<br>(in thousands) | Per Capita<br>Personal (2)<br>Income | Unemployment<br>Rate |
|---------------------------------------|------------------|--|--------------------------------------|----------------------|
| 2018                                  | 7,171,646        | \$ 317,912,916                           | \$ 44,329                            | 4.9                  |
| 2017                                  | 7,048,876        | 299,613,018                              | 42,505                               | 4.6                  |
| 2016                                  | 6,945,452        | 282,477,649                              | 40,671                               | 4.9                  |
| 2015                                  | 6,833,596        | 271,132,762                              | 39,676                               | 5.4                  |
| 2014                                  | 6,733,840        | 257,410,031                              | 38,226                               | 6.1                  |
| 2013                                  | 6,634,999        | 242,855,587                              | 36,602                               | 7.0                  |
| 2012                                  | 6,556,629        | 236,846,094                              | 36,123                               | 7.7                  |
| 2011                                  | 6,473,497        | 226,365,302                              | 34,968                               | 8.5                  |
| 2010                                  | 6,407,774        | 215,523,641                              | 33,635                               | 9.6                  |
| 2009                                  | 6,343,154        | 211,975,307                              | 33,418                               | 10.6                 |

- (1) These are midyear population estimates of the U.S. Bureau of the Census.  
(2) Per capita personal income is total personal income divided by total midyear population estimates of the U.S. Bureau of the Census.  
(3) Population and personal income estimates were revised to reflect revisions made by the U.S. Bureau of Economic Analysis.

Sources: U.S. Bureau of Economic Analysis (for population, personal income, and per capita personal income figures).  
U.S. Bureau of the Census (also for population).  
Office of Employment and Population Statistics at Arizona Department of Administration (for unemployment rate).

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STATE OF ARIZONA  
SCHEDULE 23  
**PRINCIPAL EMPLOYERS**  
CURRENT YEAR AND NINE YEARS AGO

| Employer                 | Calendar Year Ended December 31, 2018 (1) |      |                                      | Calendar Year Ended December 31, 2009 |      |                                      |
|--------------------------|---|------|--------------------------------------|---------------------------------------|------|--------------------------------------|
|                          | Full-Time Count of Employees              | Rank | Percentage of Total State Employment | Full-Time Equivalent Employees        | Rank | Percentage of Total State Employment |
| State of Arizona         | 37,655                                    | 1    | 1.10%                                | 52,420                                | 1    | 1.67%                                |
| Banner Health            | 36,213                                    | 2    | 1.05                                 | 27,431                                | 3    | 0.87                                 |
| Wal-Mart Stores, Inc.    | 33,814                                    | 3    | 0.98                                 | 31,280                                | 2    | 1.00                                 |
| Wells Fargo & Co.        | 15,062                                    | 4    | 0.44                                 | 14,000                                | 5    | 0.45                                 |
| City of Phoenix          | 13,894                                    | 5    | 0.40                                 | 16,375                                | 4    | 0.52                                 |
| Arizona State University | 13,480                                    | 6    | 0.39                                 | 12,043                                | 8    | 0.38                                 |
| Raytheon Missile Systems | 12,000                                    | 7    | 0.35                                 | 11,500                                | 9    | 0.37                                 |
| HonorHealth              | 11,308                                    | 8    | 0.33                                 | —                                     | —    | —                                    |
| Dignity Health           | 11,206                                    | 9    | 0.33                                 | —                                     | —    | —                                    |
| University of Arizona    | 10,659                                    | 10   | 0.31                                 | —                                     | —    | —                                    |
| Apollo Group Inc.        | —   | —    | —                                    | 12,299                                | 7    | 0.39                                 |
| Honeywell International  | —   | —    | —                                    | 10,145                                | 10   | 0.32                                 |
| Maricopa County          | —   | —    | —                                    | 12,996                                | 6    | 0.41                                 |
| <b>Total</b>             | <b>195,291</b>                            |      | <b>5.68%</b>                         | <b>200,489</b>                        |      | <b>6.38%</b>                         |

(1) Beginning with Calendar Year December 31, 2017, the Phoenix Business Journal has requested total full-time and part-time employee counts from employers (the part-time employee counts are not reported in this schedule). Previously, the full-time equivalent totals were requested.

Source: Phoenix Business Journal, Book of Lists 2018-2019 and the State of Arizona CAFR 2010.

STATE OF ARIZONA  
SCHEDULE 24  
**STATE EMPLOYEES BY FUNCTION (1)**  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 2019

|   | Fiscal Year     |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2019            | 2018            | 2017            | 2016            | 2015            | 2014            |
| <b>FULL-TIME EQUIVALENT EMPLOYEES</b>       |                 |                 |                 |                 |                 |                 |
| General government:                         |                 |                 |                 |                 |                 |                 |
| Lottery                                     | 98.8            | 98.8            | 98.8            | 98.8            | 98.8            | 98.8            |
| Arizona State Retirement System             | 245.9           | 250.9           | 250.9           | 250.9           | 246.9           | 246.9           |
| Department of Revenue                       | 880.8           | 880.8           | 880.8           | 880.8           | 880.8           | 861.8           |
| All other                                   | 2,325.4         | 2,321.4         | 2,280.4         | 2,331.6         | 2,308.6         | 2,229.6         |
| Health and welfare:                         |                 |                 |                 |                 |                 |                 |
| Department of Economic Security             | 4,323.8         | 4,289.4         | 4,218.0         | 4,147.7         | 3,882.6         | 5,654.1         |
| Department of Child Safety                  | 3,193.1         | 3,193.1         | 3,057.1         | 3,057.1         | 3,045.1         | —               |
| Arizona Health Care Cost Containment System | 2,339.3         | 2,326.3         | 2,326.3         | 2,214.3         | 2,208.3         | 2,217.3         |
| Department of Health Services               | 1,100.0         | 1,065.5         | 1,036.5         | 1,176.7         | 1,176.7         | 1,176.7         |
| All other                                   | 947.6           | 959.6           | 961.6           | 961.6           | 949.6           | 946.6           |
| Inspection and regulation                   | 1,534.2         | 1,563.7         | 1,651.4         | 1,656.4         | 1,650.4         | 1,643.9         |
| Education:                                  |                 |                 |                 |                 |                 |                 |
| Universities                                | 17,680.4        | 17,239.3        | 16,721.0        | 15,635.7        | 15,635.7        | 15,607.7        |
| All other                                   | 889.9           | 844.9           | 843.9           | 843.9           | 840.9           | 838.9           |
| Protection and safety:                      |                 |                 |                 |                 |                 |                 |
| Department of Corrections                   | 9,556.0         | 9,541.0         | 9,540.0         | 9,534.0         | 9,534.0         | 9,384.0         |
| Department of Juvenile Corrections          | 738.5           | 738.5           | 738.5           | 738.5           | 738.5           | 738.5           |
| Department of Public Safety                 | 1,966.7         | 1,945.7         | 1,908.7         | 1,907.7         | 1,907.7         | 1,904.7         |
| All other                                   | 99.1            | 98.6            | 98.6            | 98.6            | 97.6            | 95.6            |
| Department of Transportation                | 4,552.0         | 4,552.0         | 4,552.0         | 4,548.0         | 4,548.0         | 4,548.0         |
| Natural resources                           | 795.2           | 795.2           | 733.5           | 733.5           | 730.5           | 716.5           |
| <b>Total</b>                                | <b>53,266.7</b> | <b>52,704.7</b> | <b>51,898.0</b> | <b>50,815.8</b> | <b>50,480.7</b> | <b>48,909.6</b> |

- (1) Full-time equivalent employees are categorized by the function of government that their respective agency generally serves. Information is not available to distinguish between governmental, business-type, or fiduciary activities.
- (2) The change in fiscal year 2015 full-time equivalent employees was primarily due to the result of a division within the Department of Economic Security being established as the Department of Child Safety.

Source: The Executive Budget (Detail). Includes only those positions funded by appropriated funds approved in the Executive Budget.

Fiscal Year

| 2013     | 2012     | 2011     | 2010     |
|----------|----------|----------|----------|
| 97.8     | 104.0    | 104.0    | 104.0    |
| 233.9    | 236.0    | 236.0    | 236.0    |
| 860.3    | 935.0    | 935.0    | 863.0    |
| 2,214.4  | 2,427.6  | 2,646.5  | 2,746.5  |
| 5,453.5  | 3,726.0  | 3,726.0  | 4,201.0  |
| —        | —        | —        | —        |
| 2,217.3  | 1,407.3  | 1,423.0  | 1,484.0  |
| 1,176.7  | 1,513.3  | 1,513.3  | 1,538.6  |
| 946.6    | 1,098.5  | 954.5    | 966.5    |
| 1,649.8  | 1,801.2  | 1,807.7  | 1,820.7  |
| 15,478.7 | 16,964.2 | 15,754.2 | 15,664.5 |
| 834.4    | 886.5    | 896.0    | 972.4    |
| 10,118.2 | 10,015.2 | 10,015.2 | 9,755.9  |
| 738.5    | 1,001.7  | 1,001.7  | 1,050.7  |
| 1,903.7  | 2,139.8  | 2,081.8  | 2,099.8  |
| 90.1     | 112.6    | 117.9    | 118.4    |
| 4,548.0  | 4,548.0  | 4,548.0  | 4,548.0  |
| 716.5    | 930.2    | 937.2    | 956.7    |
| 49,278.4 | 49,847.1 | 48,698.0 | 49,126.7 |

STATE OF ARIZONA  
SCHEDULE 25  
**OPERATING INDICATORS BY FUNCTION**  
FOR THE LAST TEN FISCAL YEARS (1)  
FISCAL YEAR ENDED JUNE 30, 2019

|   | Fiscal Year |            |            |            |            |            |            |
|---|-------------|------------|------------|------------|------------|------------|------------|
|   | 2019        | 2018       | 2017       | 2016       | 2015       | 2014       | 2013       |
| <b><u>FUNCTIONS/PROGRAMS</u></b>  |             |            |            |            |            |            |            |
| General government:   |             |            |            |            |            |            |            |
| Number of tax returns received (in millions)                                    | 6.4         | 6.4        | 6.0        | 5.9        | 5.7        | 5.7        | 5.5        |
| Health and welfare:   |             |            |            |            |            |            |            |
| Arizona Health Care Cost Containment System membership (2)                      | 1,872,169   | 1,849,093  | 1,922,724  | 1,849,578  | 1,709,550  | 1,508,690  | 1,318,650  |
| Average monthly number of recipients of temporary assistance for needy families | N/A         | 16,195     | 18,762     | 22,171     | 27,272     | 32,888     | 39,050     |
| Average monthly number of persons receiving food stamp benefits                 | N/A         | 875,241    | 946,184    | 980,536    | 1,027,845  | 1,070,674  | 1,116,068  |
| Inspection and regulation:  |             |            |            |            |            |            |            |
| Nonfatal occupational injuries and illnesses:                                   |             |            |            |            |            |            |            |
| Total recordable cases (in thousands) (3)                                       | 69.6        | 67.2       | 64.4       | 65.0       | 65.4       | 70.6       | 66.5       |
| Incident rate per 100 full-time workers (3)                                     | 3.1         | 3.0        | 3.1        | 3.1        | 3.2        | 3.5        | 3.4        |
| Education:  |             |            |            |            |            |            |            |
| Public school enrollment, grades K-12 (4)                                       | 1,120,146   | 1,093,867  | 1,110,425  | 1,105,592  | 1,098,701  | 1,084,276  | 1,077,703  |
| Protection and safety:  |             |            |            |            |            |            |            |
| Number of miles patrolled by the Highway Patrol                                 | 20,262,923  | 19,976,488 | 18,771,511 | 19,843,962 | 19,280,016 | 19,222,811 | 18,914,572 |
| State prison adult inmate population  | 42,312      | 42,113     | 42,200     | 42,902     | 42,611     | 41,773     | 40,273     |
| Transportation:   |             |            |            |            |            |            |            |
| Number of registered vehicles (5)   | 8,821,690   | 8,518,715  | 8,247,514  | 7,970,946  | 7,694,309  | 7,453,046  | 7,180,797  |
| Number of driver licenses issued (6)  | 5,369,964   | 5,285,723  | 5,165,719  | 5,083,085  | 4,979,520  | 1,188,903  | 1,159,695  |
| Natural resources:  |             |            |            |            |            |            |            |
| Game and Fish Department's license and tag sales (7)                            | N/A         | 530,500    | 519,555    | 524,781    | 726,285    | 822,923    | 848,617    |
| Universities:   |             |            |            |            |            |            |            |
| University full-time equivalent students (8)                                    | 176,594     | 170,861    | 165,536    | 158,681    | 148,819    | 141,264    | 136,884    |
| Unemployment compensation:  |             |            |            |            |            |            |            |
| Number of initial unemployment claims filed                                     | 197,855     | 214,590    | 223,084    | 223,141    | 229,770    | 257,951    | 261,418    |
| Industrial Commission special fund:   |             |            |            |            |            |            |            |
| No-insurance awards issued  | 950         | 1,030      | 1,112      | 1,982      | 1,599      | 1,303      | 1,618      |
| Number of vocational rehabilitation awards issued                               | 38          | 65         | 65         | 111        | 125        | 170        | 136        |
| Lottery:  |             |            |            |            |            |            |            |
| Total lottery sales (in millions)   | \$ 1,076.3  | \$ 981.2   | \$ 852.0   | \$ 870.9   | \$ 750.0   | \$ 723.9   | \$ 692.9   |
| Other business-type activities:   |             |            |            |            |            |            |            |
| Arizona Health Care Cost Containment System's Healthcare Group membership (9)   | —           | —          | —          | —          | —          | —          | 6,370      |

N/A = Not available

- (1) Some figures may represent time periods other than a fiscal year (such as an academic or calendar year), as indicated in the notes below.
- (2) Approximate number of members enrolled as of June 1. Excludes membership in the Healthcare Group, which is listed separately as other business-type activities, beginning in fiscal year 2002.
- (3) Numbers represent total recordable cases and incident rates for the calendar year ended December 31. The fiscal years above contain data for the calendar year that ends during that fiscal year. For example, fiscal year 2019 contains data for the calendar year ending December 31, 2018. One hundred full-time workers represent 200,000 hours worked (100 times 40 hours per week times 50 weeks per year).
- (4) These enrollment counts represent a head count of all active enrollments on October 1st of each school year. The fiscal years above contain data for the academic year that occurs during that fiscal year. For example, fiscal year 2019 contains data from the October 1, 2018 enrollment figures.
- (5) Count represents the total number of vehicles registered as of the end of the fiscal year.
- (6) Through fiscal year 2014, count represents the number of driver licenses issued during that fiscal year, beginning July 1 and ending June 30. Beginning fiscal year 2015, count represents the total number of driver licenses.
- (7) Numbers represent sales for licenses, stamps, and tags for the calendar year ended December 31. The fiscal years above contain data for the calendar year that ends during that fiscal year. For example, fiscal year 2019 contains data for the calendar year ending December 31, 2018. Beginning fiscal year 2016, total number of tag sales was not available.
- (8) Enrollment figures represent the number of full-time equivalent students for the fall semester. The fiscal years above contain data for the fall semester that occurs during that fiscal year. For example, fiscal year 2019 contains data for the fall 2018 semester. These figures are generated by calculating one full-time equivalent student for each 15 student credit hours produced in lower-division undergraduate courses, each 12 student credit hours produced in upper-division undergraduate courses, and each 10 student credit hours produced in graduate courses.
- (9) Approximate number of members enrolled as of June 1. Healthcare Group ceased operations on December 31, 2013.

Sources: The State Departments of Transportation, Public Safety, Corrections, Education, Game and Fish, Economic Security, Revenue, the Industrial Commission of Arizona, Arizona Lottery, Arizona Health Care Cost Containment System, Arizona Board of Regents, and the U.S. Department of Labor.



| Fiscal Year |            |            |
|-------------|------------|------------|
| 2012        | 2011       | 2010       |
| 5.4         | 5.4        | 5.2        |
| 1,314,210   | 1,392,810  | 1,392,420  |
| 39,194      | 44,842     | 82,127     |
| 1,123,068   | 1,049,522  | 986,413    |
| 67.9        | 66.4       | 75.2       |
| 3.5         | 3.5        | 3.7        |
| 1,066,740   | 1,062,200  | 1,068,987  |
| 19,465,944  | 19,953,766 | 21,275,292 |
| 39,877      | 40,181     | 40,477     |
| 6,823,906   | 6,839,659  | 6,740,536  |
| 1,184,630   | 1,196,675  | 1,241,977  |
| 815,488     | 826,385    | 874,442    |
| 134,051     | 129,653    | 122,734    |
| 288,097     | 311,472    | 363,189    |
| 1,365       | 882        | 1,781      |
| 125         | 132        | 128        |
| \$ 646.7    | \$ 583.5   | \$ 551.5   |
| 7,080       | 8,260      | 10,760     |

STATE OF ARIZONA  
 SCHEDULE 26  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 FOR THE LAST TEN FISCAL YEARS  
 FISCAL YEAR ENDED JUNE 30, 2019

| <b><u>FUNCTIONS/PROGRAMS</u></b>            | Fiscal Year |           |           |           |           |           |           |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 2019        | 2018      | 2017      | 2016      | 2015      | 2014      | 2013      |
| Protection and safety:                      |             |           |           |           |           |           |           |
| Number of adult prison facilities (2)       | 10          | 10        | 10        | 10        | 10        | 10        | 10        |
| Transportation:                             |             |           |           |           |           |           |           |
| Public road mileage (center lane miles) (1) | 6,822       | 6,775     | 6,780     | 6,822     | 6,800     | 6,800     | 6,751     |
| Number of bridges (1)                       | 4,860       | 4,855     | 4,810     | 4,858     | 4,798     | 4,787     | 4,754     |
| Natural resources:                          |             |           |           |           |           |           |           |
| State Trust acres                           | 9,207,430   | 9,215,392 | 9,215,795 | 9,216,213 | 9,217,704 | 9,223,617 | 9,223,873 |
| Universities:                               |             |           |           |           |           |           |           |
| Number of facilities (3)                    | 1,238       | 1,251     | 1,267     | 1,268     | 1,258     | 1,212     | 1,705     |
| Gross square feet (in thousands) (3)        | 48,693      | 48,248    | 47,437    | 44,665    | 46,054    | 44,658    | 41,141    |

Note: No capital asset indicators are available for the general government, health and welfare, inspection and regulation, education, and other business-type activity functions.

- (1) These are the number of center lane miles and bridges that the Arizona Department of Transportation accounts for under the modified approach, which is discussed in the Required Supplementary Information portion of this report.
- (2) The Arizona Department of Corrections also contracts with private prison facilities to provide custody and treatment.
- (3) In addition to academic/support facilities, auxiliary enterprise facilities are also reported. These would include essentially self-supporting entities, such as residence halls and parking structures.

Sources: The State Departments of Transportation, Land, Corrections, and the Universities.

| Fiscal Year |           |           |
|-------------|-----------|-----------|
| 2012        | 2011      | 2010      |
| 10          | 10        | 10        |
| 6,751       | 6,722     | 6,789     |
| 4,754       | 4,741     | 4,700     |
| 9,302,256   | 9,252,495 | 9,258,071 |
| 1,711       | 1,740     | 1,737     |
| 39,933      | 37,967    | 37,589    |

## ACKNOWLEDGMENTS

The Comprehensive Annual Financial Report was prepared by the Department of Administration, General Accounting Office, Financial Reporting Section:

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Special acknowledgment goes to:

All fiscal and accounting personnel throughout the Arizona State government, whose dedicated efforts and cooperation contributed to the compilation of financial information that appears in the report.

# State of Arizona

Single Audit Report

Year Ended June 30, 2019



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Office of the 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.

## The Joint Legislative Audit Committee

Representative **Anthony T. Kern**, Chair  
Representative **John Allen**  
Representative **Timothy M. Dunn**  
Representative **Mitzi Epstein**  
Representative **Jennifer Pawlik**  
Representative **Rusty Bowers** (ex officio)

Senator **Rick Gray**, Vice Chair  
Senator **Lupe Contreras**  
Senator **Andrea Dalessandro**  
Senator **David C. Farnsworth**  
Senator **David Livingston**  
Senator **Karen Fann** (ex officio)

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# TABLE OF CONTENTS

## Auditors section

**Independent auditors' report** on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* 1

**Independent auditors' report** on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance 3

**Schedule of findings and questioned costs** 7

Summary of auditors' results 7

Financial statement findings 9

Federal award findings and questioned costs 19

## State section

Schedule of expenditures of federal awards 23

Notes to schedule of expenditures of federal awards 58

## Appendix

State of Arizona agency codes 62

## State response

Corrective action plan 63

Summary schedule of prior audit findings 70

## Universities' responses

Corrective action plan 81

Summary schedule of prior audit findings 84

## Report issued separately

Comprehensive Annual Financial Report



MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL  
LINDSEY A. PERRY

JOSEPH D. MOORE  
DEPUTY AUDITOR GENERAL

**Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards***

The Honorable Doug Ducey, Governor  
State of Arizona

The Honorable Karen Fann, President  
Arizona State Senate

The Honorable Russell "Rusty" Bowers, Speaker  
Arizona House of Representatives

The Honorable Robert M. Brutinel, Chief Justice  
Arizona Supreme Court

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the State of Arizona as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated March 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the Arizona Department of Transportation, the Arizona Health Care Cost Containment System, the Arizona State Lottery, the Arizona State Retirement System, the Public Safety Personnel Retirement System, the Corrections Officer Retirement Plan, the Elected Officials' Retirement Plan, the Early Childhood Development and Health Board, the Arizona Correctional Industries, and certain aggregate discretely presented component units, as described in our report on the State's financial statements. Of the aggregate discretely component units, the other auditors did not audit in accordance with *Government Auditing Standards* the financial statements of the Arizona Power Authority and the Universities-Affiliated Component Units, except for those of the ASU Preparatory Academy, Inc., and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those discretely presented component units. For those State agencies and discretely presented component units the other auditors audited in accordance with *Government Auditing Standards*, this report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

### **Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.



Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we and the other auditors did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the State's basic financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-02 and 2019-03 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-01, 2019-04, and 2019-06 through 2019-10 to be significant deficiencies.

## **Compliance and other matters**

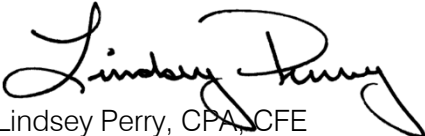
As part of obtaining reasonable assurance about whether the State's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and that is described in the accompanying schedule of findings and questioned costs as item 2019-05.

## **State of Arizona response to findings**

The State's responses to the findings identified in our audit are presented in their respective corrective action plans at the end of this report. The State is responsible for preparing a corrective action plan to address each finding. The State's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

## **Purpose of this report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Lindsey Perry, CPA, CFE  
Auditor General

March 30, 2020



MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL  
LINDSEY A. PERRY

JOSEPH D. MOORE  
DEPUTY AUDITOR GENERAL

**Independent auditors' report on compliance for each major federal program;  
report on internal control over compliance; and report on schedule of  
expenditures of federal awards required by the Uniform Guidance**

The Honorable Doug Ducey, Governor  
State of Arizona

The Honorable Karen Fann, President  
Arizona State Senate

The Honorable Russel "Rusty" Bowers, Speaker  
Arizona House of Representatives

The Honorable Robert M. Brutinel, Chief Justice  
Arizona Supreme Court

**Report on compliance for each major federal program**

We have audited the State of Arizona's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019, except for the Medical Assistance Program (CFDA 93.778, part of Medicaid Cluster) and the Children's Health Insurance Program (CFDA 93.767) administered by the Arizona Health Care Cost Containment System, and the Highway Planning and Construction Cluster (CFDA 20.205/20.219) administered by the Arizona Department of Transportation. Those major federal programs were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the reports of the other auditors. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The State's basic financial statements include the operations of the ASU Preparatory Academy, Inc., which was reported as a discretely presented component unit. This component unit expended \$3,024,428 in federal awards that are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2019. Our audit, described below, did not include the operations of the ASU Preparatory Academy, Inc., because the entity engaged another auditor to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Management's responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' responsibility***

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the reports of the other auditors provide a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State's compliance.

### ***Basis for qualified opinion on Adoption Assistance***

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the Adoption Assistance (CFDA 93.659) program's cash management as described in item 2019-104. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

### ***Qualified opinion on Adoption Assistance***

In our opinion, except for the noncompliance described in the basis for qualified opinion paragraph, the State complied, in all material respects, with the type of compliance requirement referred to above that could have a direct and material effect on Adoption Assistance (CFDA 93.659) for the year ended June 30, 2019.

### ***Unmodified opinion on each of the other major federal programs***

In our opinion, based on our audit and the reports of the other auditors, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

### ***Other matters***

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and that are described in the accompanying schedule of findings and questioned costs as items 2019-101, 2019-102, and 2019-103. Our opinion on each major federal program is not modified with respect to these matters.

### ***Report on internal control over compliance***

The State's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-102, and 2019-104 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-103 to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

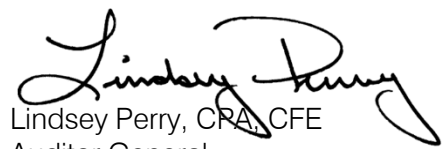
### **State of Arizona's response to findings**

The State's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The State is responsible for preparing a corrective action plan to address each finding. The State's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

### **Report on schedule of expenditures of federal awards required by the Uniform Guidance**

We have audited the financial statements of the State's governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated March 30, 2020, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the State's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Lindsey Perry, CPA, CFE  
Auditor General

March 30, 2020



# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Summary of auditors' results

### Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles Unmodified

#### Internal control over financial reporting

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

### Federal awards

#### Internal control over major programs

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

#### Type of auditors' report issued on compliance for major programs

Unmodified for all major programs except for Adoption Assistance (CFDA 93.659), which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes

#### Identification of major programs

| CFDA number          | Name of federal program or cluster  |
|----------------------|---|
| 10.551/10.561        | SNAP Cluster  |
| 10.553/10.555        | Child Nutrition Cluster   |
| 10.556/10.559        |   |
| 10.565/10.568/10.569 | Food Distribution Cluster   |
| 10.557               | WIC Special Supplemental Nutrition Program for Women, Infants, and Children |
| 15.605/15.611/15.626 | Fish and Wildlife Cluster   |
| 17.225               | Unemployment Insurance  |

|                      |  |
|----------------------|--|
| 20.205/20.219        | Highway Planning and Construction Cluster                          |
| 84.010               | Title I Grants to Local Educational Agencies                       |
| 84.048               | Career and Technical Education—Basic Grants to States              |
| 84.126               | Rehabilitation Services Vocational Rehabilitation Grants to States |
| 93.558               | TANF Cluster   |
| 93.575/93.596        | CCDF Cluster   |
| 93.775/93.777/93.778 | Medicaid Cluster   |
| 93.268               | Immunization Cooperative Agreements                                |
| 93.568               | Low-Income Home Energy Assistance                                  |
| 93.658               | Foster Care Title IV-E   |
| 93.659               | Adoption Assistance  |
| 93.667               | Social Services Block Grant  |
| 93.767               | Children's Health Insurance Program                                |
| 93.917               | HIV Care Formula Grants  |

**Dollar threshold used to distinguish between Type A and Type B programs** **\$30,000,000**

**Auditee qualified as low-risk auditee?** **No**

**Other matters**

**Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511(b)?** **Yes**

# Financial statement findings

2019-01

## Managing risk

**Condition and context**—We reviewed the risk-assessment process at 4 State agencies including the Departments of Administration (ADOA), Economic Security (DES), Child Safety (DCS), and Revenue (DOR) and found that the agencies' processes for managing and documenting their risks did not include an overall risk-assessment process that included identifying, analyzing, and responding to the agency-wide information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT data and systems. Also, the agencies' processes did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls and evaluating and determining the business functions and IT systems that would need to be restored quickly if the agencies were impacted by disasters or other system interruptions.

**Criteria**—Effectively managing risk at State agencies includes each agency establishing an entity-wide risk-assessment process that involves members of its administration and IT management to determine the risks the agency faces as it seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and service objectives. The process should provide the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which the agency might be subjected. To help ensure the agency's objectives can be met, an annual risk assessment should consider IT risks. For each identified risk, the agency should analyze the identified risk and develop a plan to respond within the context of the agency's defined objectives and risk tolerances. The process of managing risks should also address the risk of unauthorized access and use, modification, or loss of sensitive information and the risk of losing the continuity of business operations in the event of a disaster or system interruption.

**Effect**—Without correcting these deficiencies, the State agencies' administration and IT management may put the agencies' operations and IT systems and data at unintended and unnecessary risk.

**Cause**—Because the State's risk-assessment process is decentralized and managed at each agency, the agencies are in various stages of developing or implementing policies and procedures for assessing and managing risk and have not fully implemented agency-wide risk-assessment processes that address IT security. Additionally, DCS fully relies on the DES to perform the risk assessment over its IT system and network, and DCS does not coordinate efforts to ensure its system is properly evaluated.

**Recommendations**—State agencies should identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that could impact business functions and IT systems and data. They should also plan for where to allocate resources and where to implement critical controls. To help ensure they have effective agency-wide policies and procedures to achieve these objectives, the State agencies should follow guidance the Arizona Strategic Enterprise Technology Office established, which is based on the IT security framework of the National Institute of Standards and Technology. Responsible administrative officials and management over finance, IT, and other agency functions should be asked for input in the agencies' process for managing risk. State agencies should conduct the following as part of their process for managing risk:

- Perform an annual agency-wide IT risk-assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data,



system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security. (DES, DCS, DOR)

- Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the agency holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations. (ADOA, DES, DCS)
- Evaluate and determine the critical organization functions and IT systems that would need to be restored quickly given the potential impact disasters or other IT system interruptions could have on the organization's operations, such as public assistance and safety, payroll, and accounting, and determine how to prioritize and plan for recovery. (ADOA, DOR)

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year finding 2018-01.

## 2019-02

### Information technology (IT) controls—access, configuration and change management, security, and contingency planning

**Condition and context**—We reviewed the access, configuration management, information technology security, and contingency-planning controls at 4 State agencies including the Departments of Administration (ADOA), Economic Security (DES), Child Safety (DCS), and Revenue (DOR) and found that 3 of the 4 agencies' control procedures were not sufficiently designed, documented, and implemented to respond to risks associated with their IT systems and data. DCS relies on DES for access, configuration management, and security and relies wholly on DES for contingency planning because its systems and data are housed on DES' network. The agencies lacked adequate procedures over the following:

- **Restricting access to their IT systems and data**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access. (ADOA, DES, DOR)
- **Configuring systems securely and managing system changes**—Procedures did not ensure all IT system changes were adequately managed and configuration settings maintained. (DES)
- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss. (ADOA, DES, DOR)
- **Developing and documenting, testing, and updating a contingency plan**—Plans lacked key elements related to restoring operations in the event of a disaster or other system interruption, did not require the contingency plan to be tested, and were not updated, as necessary. (ADOA, DES, DOR)

**Criteria**—State agencies should have effective internal controls to protect their IT systems and help ensure the integrity and accuracy of the data they maintain.

- **Logical and physical access controls**—Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, key systems and data access is monitored and reviewed, and physical access to its system infrastructure is protected. (ADOA, DES, DOR)
- **Well-defined, documented configuration management process**—Ensures the IT system configurations are documented and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system's security or operation. Separating responsibilities is an important

control for system changes; the same person who has authority to make system changes should not put the change into production. If those responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved. (DES)

- **IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to their IT systems and data. (ADOA, DES, DOR)
- **Comprehensive, documented, and tested contingency plan**—Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption. (ADOA, DES, DOR)

**Effect**—There is an increased risk that the State agencies may not adequately protect their IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data. It also increases the agencies' risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

**Cause**—Because the State is decentralized and IT systems and data are managed at each agency, the State agencies are in various stages of developing and implementing policies and procedures for access, configuration management, security, and contingency planning and, because of a lack of resources, have not fully implemented them.

**Recommendations**—To help ensure the State agencies have effective policies and procedures over their IT systems and data, agencies should follow guidance the Arizona Strategic Enterprise Technology Office established, which is based on the IT security framework of the National Institute of Standards and Technology. To help achieve these control objectives, the agencies should develop, document, and implement control procedures as applicable in each IT control area described below:

#### **Access**

- Assign and periodically review employee user access ensuring appropriateness and compatibility with job responsibilities. (ADOA, DES, DOR)
- Remove terminated employees' access to IT systems and data. (ADOA, DES, DOR)
- Review all other account access to ensure it remains appropriate and necessary. (ADOA, DES, DOR)
- Evaluate the use and appropriateness of accounts shared by 2 or more users and manage the credentials for such accounts. (DES, DOR)
- Enhance authentication requirements for IT systems. (DES, DOR)
- Review data center physical access periodically to determine appropriateness. (ADOA)

#### **Configuration and change management**

- Maintain configurations for all system services, assets, and infrastructure; manage configuration changes; and monitor the system for unauthorized or unintended configuration changes. (DES)

#### **Security**

- Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges. (ADOA, DOR)
- Prepare and implement a security incident response plan clearly stating how to report and handle such incidents. (DES)
- Develop, document, and follow a process for awarding and subsequent monitoring of IT vendor contracts. (ADOA, DES)

## Contingency planning

- Update the contingency plan and ensure it includes all critical elements to restore critical operations, including being prepared to move critical operations to a separate alternative site if necessary. (ADOA)
- Develop and implement a contingency plan and ensure it includes all required elements to restore critical operations, including being prepared to move critical operations to a separate alternative site if necessary. (DOR)
- Test the contingency plan. (DES, DOR)
- Train staff responsible for implementing the contingency plan. (ADOA, DOR)

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year findings 2018-02 and 2018-03.

## 2019-03

**The State's process for reporting cash and investments was not adequate to prevent misstatements in the State's financial statements, which increases the risk that those relying on the reported financial information could be misled**

**Condition and context**—The State Treasurer's Office (STO) and Arizona Department of Administration's (ADOA) process to reconcile cash and investments between the STO's investment management system and the State's accounting system did not always accurately identify differences between the systems. Therefore, their process did not ensure appropriate adjusting journal entries were made in the State's financial system to correct any imbalances so that all cash and investments activity was properly reflected in the State's financial statements.

**Criteria**—ADOA is required to maintain complete, accurate, and current financial records of the State's cash and investments in order to prepare the State's financial statements in accordance with generally accepted accounting principles. (Arizona Revised Statutes §35-131(B)) To help ensure ADOA's records of cash and investments are accurate, the STO and ADOA should reconcile their systems and investigate and resolve any imbalances and errors in a timely manner.

**Effect**—Those relying on financial information in the State's financial statements may have been misled because the State misstated the Land Endowment Fund's earnings on investments and ending investment balance in its final 2018 and draft 2019 financial statements. These amounts were understated by \$85 million in the State's 2018 financial statements and overstated by \$45 million in the State's 2019 draft financial statements. The State adjusted its 2019 financial statements for these material misstatements.

**Cause**—The STO did not have proper controls to ensure adjusting journal entries that it recommended to ADOA for compilation of the State's financial statements were appropriate, correct, and reviewed for propriety. In addition, there was a lack of communication between the STO and ADOA during the reconciliation process.

**Recommendation**—To ensure that the State's cash and investments recorded on the STO's investment management system and the State's accounting system are fully reconciled and the State's financial statements are accurately presented, the STO and ADOA must work together to improve their process and develop written procedures that ensure:

- A joint reconciliation is performed on a regular basis with both the STO and ADOA and differences noted during the reconciliation process are investigated and resolved in a timely manner.
- Someone at STO with knowledge of both systems and who is independent of the journal entries preparation performs a detailed review of the monthly and year-end journal entries for propriety.
- Year-end journal entries the STO recommends for fair presentation of the State's financial statements are reviewed and approved by ADOA to verify their accuracy.

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

## 2019-04

### The Department of Revenue did not ensure it collected all income taxes that are due to the State

**Condition and context**—The Department of Revenue (DOR) failed to reconcile State income taxes to ensure all amounts due from taxpayers were collected and accurately reported in the State's financial statements. This finding has been reported since fiscal year 2006.

**Criteria**—DOR is the State agency that has the sole responsibility for collecting and reporting all the State's income taxes and should have adequate procedures and systems in place to do so.

**Effect**—There is an increased risk that the State may not collect all income taxes that are due. Also, the State risks reporting inaccurate income tax revenue in its financial statements.

**Cause**—DOR's tax administration system lacked the functionality to perform automatic system checks and reconciliations, and DOR did not have the resources to perform manual compensating review procedures.

**Recommendations**—To help ensure DOR collects all State income taxes that are due from taxpayers and accurately reports this revenue in the State's financial statements, it should either fix its system's limitations so that the system automatically checks and reconciles income taxes or immediately implement other processes to reconcile income taxes.

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year finding 2018-05.

## 2019-05

### The Department of Revenue has not published \$17 million of unclaimed individual income tax overpayments, dating back as far as 2007, as abandoned property on its website for taxpayers to search and claim

**Condition and context**—The Department of Revenue (DOR) did not include \$17 million of individual income tax overpayments in its unclaimed property system that is used to publish abandoned property on its website for taxpayers to search and claim. These overpayments, from 46,265 taxpayer accounts, ranged from \$50 to \$269,917 and date back as far as fiscal year 2007. Taxpayers have approximately 35 years to file a claim for abandoned property. (A.R.S. §44-317(E)) The State included these abandoned overpayments as a liability in its financial statements.

**Criteria**—DOR must publish information about all abandoned property of at least \$50 on its website, including information about unclaimed individual income tax overpayments. (A.R.S. §44-309)

**Effect**—Abandoned individual income tax overpayments may not be readily available for individual taxpayers to search and claim.

**Cause**—DOR’s tax administration system lacked the functionality to automatically transfer individual income tax overpayments from that system to its unclaimed property system and DOR did not have sufficient resources to do so manually.

**Recommendations**—To ensure taxpayers can search and claim individual income tax overpayments, DOR should develop and implement a process to publish abandoned overpayments of at least \$50 on its website. The process should include policies and procedures to ensure the overpayments are properly accounted for in the unclaimed property system and tax administration system.

The State’s responsible officials’ views and planned corrective action are in its corrective action plan included at the end of this report.

## 2019-06

**The Arizona Department of Administration and PSPRS did not adequately communicate and work together to ensure the accuracy of CORP’s ADC employee data provided to actuaries, which increases the risk that those relying on the pension liability reported in the State’s financial statements could be misled and future employer contributions will be inadequate to cover future benefit payments**

**Condition and context**—The Arizona Department of Administration (ADOA) and the Public Safety Personnel Retirement System (PSPRS) did not adequately communicate and work together to ensure the accuracy of employee personnel data maintained by PSPRS for its members in the Corrections Officer Retirement Plan (CORP) for the Arizona Department of Corrections (ADC), resulting in inaccuracies of data maintained by PSPRS and provided to its actuaries. Inaccuracies of employee personnel data, such as salary, hire date, birthdate, and years of credited service, used by the actuaries increases the risk that they could incorrectly estimate the pension liability and the employer required contribution rate needed to cover CORP’s ADC members’ future benefit payments.

**Criteria**—PSPRS administers the CORP for ADC members and uses its records of CORP’s ADC active employee personnel data to provide to its actuaries so they can calculate the estimated total pension liability and other pension amounts reported in the State’s financial statements and to determine employer contribution rates. The State’s payroll system includes the records of this personnel data for CORP members who are actively employed with ADC. Therefore, it is critical that ADOA and PSPRS communicate and work together to ensure the employee personnel data the actuaries are given is accurate.

**Effect**—There is an elevated risk that the estimated pension liability reported in the State’s financial statements could be significantly misstated and mislead those relying on the information. There is also an increased risk that CORP’s employer contribution rates could be inadequate to cover future benefit payments. Although for the most recent 2018 actuarial report, PSPRS provided inaccurate data for some of CORP’s ADC active members, the discrepancies were not enough to cause any significant errors in the actuaries’ calculations.

**Cause**—ADOA and PSPRS did not have policies and procedures in place to reconcile CORP's active employee personnel data for ADC between its payroll system and PSPRS' records.

**Recommendation**—To help ensure that the State's pension amounts presented in its financial statements are accurate and do not mislead those relying on the information and CORP's ADC employer contributions are adequate to cover future benefit payments, ADOA and PSPRS should:

- Annually reconcile CORP's ADC active employee personnel data between the State's payroll records and PSPRS' records and investigate and resolve any errors prior to PSPRS providing the information to its actuaries.
- Determine the most appropriate time to perform this reconciliation in order for PSPRS to ensure it provides accurate information to its actuaries.
- Retain a copy of the reconciliation.

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

## 2019-07

### University of Arizona—Managing risk

**Condition and context**—The University of Arizona's (UA) process for managing and documenting its risks did not include an overall risk assessment process that included identifying, analyzing, and responding to the university-wide information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT data and systems. Also, it did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls.

**Criteria**—Effectively managing risk at the UA includes an entity-wide risk assessment process that involves members of the UA's administration and IT management to determine the risks the UA faces as it seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and service objectives. The process should provide the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which the UA might be subjected. To help ensure the UA's objectives can be met, an annual risk assessment should consider IT risks. For each identified risk, the UA should analyze the identified risk and develop a plan to respond within the context of the UA's defined objectives and risk tolerances. The process of managing risks should also address the risk of unauthorized access and use, modification, or loss of sensitive information.

**Effect**—Without correcting these deficiencies, the UA's administration and IT management may put the UA operations and IT systems and data at unintended and unnecessary risk.

**Cause**—The UA has started to conduct a risk assessment process on its significant enterprise systems that includes implementation of its existing data-classification policy. However, time and resource limitations have not allowed the UA to fully implement prior-year recommendations to effectively manage IT risk.

**Recommendations**—The UA should identify, analyze, and reduce risks to help prevent undesirable incidents and outcomes that could impact IT systems and data. It also should plan for where to allocate resources and where to implement critical controls. To help ensure it has effective entity-wide policies and procedures to achieve these objectives, the UA should follow guidance from a credible industry source,

such as the National Institute of Standards and Technology. Responsible administrative officials and management over finance, IT, and other entity functions should be asked for input in the UA's process for managing risk. The UA should conduct the following as part of its process for managing risk:

- Perform an annual entity-wide IT risk-assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.
- Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the UA holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.

The UA's responsible officials' views and planned corrective action are in its corrective action plan included in the Universities Responses section at the end of this report. This finding was also reported in the UA's separately issued report on internal control and on compliance for the year ended June 30, 2019, as finding 2019-01.

This finding is similar to prior-year finding 2018-09.

## 2019-08

### University of Arizona's Information technology (IT) controls—security and contingency planning

**Condition and context**—The University of Arizona's (UA) control procedures were not sufficiently designed, documented, and implemented to respond to risks associated with its IT systems and data. The UA lacked adequate procedures over the following:

- **Securing systems and data**—Policies and procedures did not require the logging and monitoring of elevated user activities within the UA's enterprise systems.
- **Developing and documenting a comprehensive contingency plan**—Plan lacked restoration processes for 2 of the 4 significant enterprise systems, and a copy of the plan was not readily available outside the IT systems.

**Criteria**—The UA should have effective internal controls to protect its IT systems and help ensure the integrity and accuracy of the data it maintains.

- **IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.
- **Comprehensive, documented, and tested contingency plan**—Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption.

**Effect**—Without correcting these deficiencies, there is an increased risk that the UA may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data. It also increases the UA's risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

**Cause**—The UA created work group has not completed its development of logging and monitoring policies and procedures. Further, due to time and resource constraints, the UA completed disaster recovery plans for only 2 of its 4 significant enterprise systems.

**Recommendations**—To help ensure the UA has effective policies and procedures over its IT systems and data, the UA should follow guidance from a credible industry source such as the National Institute of Standards and Technology. To help achieve these control objectives, the UA should develop, document, and implement control procedures in each IT control area described below:

### Security

- Perform proactive key user and system activity logging and log monitoring, particularly for users with administrative access privileges.

### Contingency planning

- Develop and implement a contingency plan for the remaining 2 significant UA enterprise systems.
- Test the contingency plan.
- Train staff responsible for implementing the contingency plan.
- Maintain a readily accessible copy of the plan.

The UA's responsible officials' views and planned corrective action are in its corrective action plan included in the Universities' Responses section at the end of this report. This finding was also reported in the UA's separately issued report on internal control and on compliance for the year ended June 30, 2019, as finding 2019-02.

This finding is similar to prior-year findings 2018-10.

## Other auditors' findings

### 2019-09

The other auditors who audited the Public Safety Personnel Retirement System (PSPRS) reported the following internal control deficiency over PSPRS' financial statement compilation process for activity that is reported within the Pension and Other Employee Benefit Trust Funds in the State's financial statements. PSPRS' and the State's 2019 financial statements were adjusted for all material misstatements noted.

**Condition and context**—Management did not have adequate internal control procedures in place over the financial statement reporting process using the basis of accounting required by generally accepted accounting principles (GAAP). A number of month-end and year-end close-out items were identified during the audit of the financial statements. While management and staff have an understanding of general ledger controls and plan compliance requirements, sufficient internal controls were not designed and operating to properly prevent misstatements in the financial statements.

During our review of the PSPRS financial statements, we noted the following:

- PSPRS's financial reporting database does not have a consolidated general ledger module.
- PSPRS's financial reporting database does not allow for accounting periods to be closed and locked from transactions and journal entries.
- PSPRS's financial reporting database does not allow for bank reconciliations to be accurately completed and reviewed in a timely, efficient manner.
- Cash and short-term investments totaling approximately \$1,180,984 were reported as other receivables in the financial statements.



- Several asset and liability balances were not reviewed at year-end to ensure that the proper balance or accrual reflected current fiscal year activity; assets totaled approximately \$5,250,907 and liabilities totaled approximately \$1,310,654.
- Employer contributions were overstated, and employee contributions were understated by approximately \$3,925,791 for contribution made by the employer on the employee's behalf.
- Net appreciation in fair value and investment expenses were overstated by approximately \$3,125,553.

**Criteria**—Management is responsible for designing, implementing, and maintaining internal controls that include controls over the general ledger and complete and accurate financial statements.

**Effect**—PSPRS's internal controls over financial reporting at the financial statement level were not designed and operating to ensure that a misstatement would be prevented or detected and corrected in a timely manner.

**Cause**—PSPRS experienced significant turnover in key positions, changed financial-reporting databases in the prior year, and lacked documented policies and procedures for month-end and year-end closing.

**Recommendations**—PSPRS should design and implement effective internal control procedures to ensure the financial statements are free from misstatements and consistent with accounting policies. Additionally, PSPRS should allocate the necessary staffing and information technology resources to implement and maintain controls and procedures for month-end and year-end closing.

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

## 2019-10

The other auditors who audited the Arizona Department of Transportation reported the following internal control deficiency over cash receipting and reconciliation for the Revenue and Fuel Tax Administration Department that processes highway user revenue monies and fuel taxes that are reported within the Other Governmental Funds in the State's financial statements.

**Condition and context**—Each employee within the Revenue and Fuel Tax Administration Department (RFTA) has access to cash/checks prior to deposit and has the ability to add/edit bank statement information within the MAX system. The MAX system is used to reconcile bank data to the receipts data.

**Criteria**—Internal controls should be in place to provide reasonable assurance that the duties of cash receipting are segregated from the reconciliation process.

**Effect**—The lack of controls in place over the cash receipting and reconciliation process increases the risk of the misappropriation of cash occurring and not being prevented or detected.

**Cause**—RFTA has not properly implemented procedures within RFTA to ensure the proper segregation of duties. Management is in the process of implementing controls and procedures.

**Recommendations**—We recommend that RFTA implement policies and proper internal control procedures to ensure that the duties of cash receipting are segregated from the reconciliation process.

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

## Federal award findings and questioned costs

### 2019-101

|                                 |                                 |
|---------------------------------|---------------------------------|
| <b>CFDA numbers and names:</b>  | Various                         |
| <b>Award numbers and years:</b> | Various                         |
| <b>Federal agencies:</b>        | Various                         |
| <b>Compliance requirement:</b>  | Allowable costs/cost principles |
| <b>Questioned costs:</b>        | Unknown                         |

**Condition and context**—The State did not comply with various federal programs' allowable costs/cost principles requirement with respect to the following legislatively mandated and directed transfers that involved transferring monies from State funds that contained federal program monies:

- Transferred monies from the State's Risk Management Revolving Fund to be spent on Department of Child Safety litigation expenses. (Laws 2019, Chapter 276, §17)
- Transferred monies from the State's Risk Management Revolving Fund to the Department of Public Safety to be spent on general government services it normally provides. (Laws 2019, Chapter 276, §78)
- Transferred monies from the Motor Vehicle Pool Revolving Fund for the purpose of providing support and maintenance of State agencies. (Laws 2019, Chapter 276, §140)
- Transferred monies from various State funds to the State's Automation Projects Fund for the purpose of managing information technology projects. (Laws 2019, Chapter 276, §141)
- Directed transfers from various funds for services the Office of the Governor performed. (Interagency Service Agreement GVA-19-070118-01)

When the State transferred and spent the monies, which included federal monies, to pay for the legislatively mandated and directed uses, there was no basis to show the relative benefits for each specific federal program's objectives. The Arizona Department of Administration (ADOA) has evaluated the funds, which contained federal monies that were included in the transferred amounts and is working with the applicable federal agencies to determine the amount of questioned costs and whether monies need to be repaid.

**Criteria**—Expenditures charged to federal programs should be based on the relative benefits received by the specific program. (2 U.S. Code of Federal Regulations (CFR) §200.405(a)) Further, federal expenditures cannot be used for the general cost of government such as police services, litigation, and information technology services. (2 CFR §200.444(a))

**Effect**—We were unable to determine the amount of questioned costs that resulted from this finding or to identify all the federal programs this finding affected because ADOA has not finalized its calculation for the federal portion of these transfers that occurred during fiscal year 2019. The State estimates it may have to return at least \$25,000 to federal grantors. Once calculated, this amount will be subject to the U.S. Department of Health and Human Services' review and approval and subsequent repayment. This finding could potentially affect all federal programs State agencies administered that had legislatively mandated or directed transfers but does not impact the 3 State universities' federal programs.

**Cause**—During the legislative session when the State's Legislature determines and approves its mandated transfers through many and various bills that must be voted on and approved by the full House and Senate, it is not always possible for ADOA or other State agencies to intervene to recommend bill revisions to avoid transferring monies from sources with federal program monies.

**Recommendation**—To help ensure the State complies with federal programs’ allowable costs/cost principles requirements and will not have to return federal monies to the federal grantors, ADOA should:

- Continue to monitor bills being considered in the Legislature and work with the Legislature to recommend bill revisions to avoid transferring monies from sources that include federal program monies.
- Continue to work with the U.S. Department of Health and Human Services for remittance of any unallowable costs identified.

The State’s responsible officials’ views and planned corrective action are in its corrective action plan included at the end of this report.

The finding is similar to prior-year finding 2018-101.

## 2019-102

|                                 |  |
|---------------------------------|--|
| <b>Cluster Name</b>             | <b>CCDF Cluster</b>  |
| <b>CFDA numbers and names:</b>  | 93.575 <b>Child Care and Development Block Grant</b><br>93.596 <b>Child Care Mandatory and Matching Funds of the Child Care Development Fund</b> |
| <b>Award numbers and years:</b> | G1701AZCCDF, 2017; G1801AZCCDF, 2018; and G-1901AZCCDD, G-1901AZCCDM, and G-1901AZCCDF, 2019   |
| <b>Federal agency:</b>          | <b>U.S. Department of Health and Human Services</b>  |
| <b>Compliance requirement:</b>  | Eligibility  |
| <b>Questioned costs:</b>        | \$3,807  |

**Condition and context**—We found 1 recipient who may not have been eligible to receive childcare assistance totaling \$3,807. Specifically, for 1 of 40 case records tested, the Department of Economic Security’s Child Care Administration (Administration) could not provide the case record supporting its eligibility determination for the recipient. We could not determine if additional case records were missing.

**Criteria**—The Administration must retain all records needed to substantiate compliance with program requirements, such as eligibility determinations. Also, the Administration must establish and maintain effective internal control over its federal awards that provides reasonable assurance that it is managing them in compliance with all applicable laws, regulations, and award terms. (45 CFR §§98.90(d)(1) and 75.303)

**Effect**—The Administration may provide childcare benefits to applicants who are not eligible to receive them and may be required to repay federal monies to the grantor.

**Cause**—The Administration did not follow its policies and procedures to retain the case record.

**Recommendation**—To help ensure the Administration makes accurate benefit payments to only eligible recipients, it should ensure that facts regarding eligibility determinations are properly documented, supported, and retained in each recipient’s case record.

The State’s responsible officials’ views and planned corrective action are in its corrective action plan included at the end of this report.

## 2019-103

|                                 |  |
|---------------------------------|--|
| <b>CFDA number and name:</b>    | 84.010 <b>Title I Grants to Local Educational Agencies</b> |
| <b>Award numbers and years:</b> | S010A160003, 2016; S010A170003, 2017; S010A180003, 2018    |
| <b>Federal agency:</b>          | <b>U.S. Department of Education</b>                        |
| <b>Compliance requirement:</b>  | Special Tests and Provisions                               |
| <b>Questioned costs:</b>        | Not applicable   |

**Condition and context**—The Arizona Department of Education (ADE) did not ensure that local educational agencies (LEAs) retained proper documentation to support student withdrawal data ADE used to calculate the graduation rate for the State’s annual report card.

**Criteria**—The Department is required to make a State annual report card publicly available that includes graduation rate data for public secondary school students. ADE may exclude from the graduation rate calculation certain withdrawn students, such as students who have transferred to other schools, if the LEA retains proper written documentation. (Elementary and Secondary Education Act of 1965, Section 1111(h)(1))

**Effect**—ADE may report inaccurate graduation rates for Arizona to the U.S. Department of Education or may report inaccurate graduation rates for the State or individual school districts or charter schools in their annual report cards, which are available on ADE’s website. This would be misleading to the public and government officials who may make decisions based on the data. Additionally, other stakeholders may use the graduation rate data for their purposes or publications. For example, our Office reports school district graduation rates in our annual *Arizona School District Spending* report.

**Cause**—The Department did not follow its policies and procedures that required it to audit the student withdrawal data the LEAs submitted to ensure that LEAs retained proper documentation.

**Recommendation**—To help ensure the Department accurately reports graduation rates to the public, Arizona public schools, our Office, and other government officials on the State’s annual report card, it should follow its policies and procedures requiring LEA audits to include verifying documentation supporting student withdrawal data.

The State’s responsible officials’ views and planned corrective action are in its corrective action plan included at the end of this report.

## 2019-104

|                                 |   |
|---------------------------------|---|
| <b>CFDA number and name:</b>    | 93.659 <b>Adoption Assistance</b>                   |
| <b>Award numbers and years:</b> | 1801AZADPT, 2018; 1901AZADPT, 2019                  |
| <b>Federal agency:</b>          | <b>U.S. Department of Health and Human Services</b> |
| <b>Compliance requirement:</b>  | Cash management                                     |
| <b>Questioned costs:</b>        | None  |

**Condition and context**—The Department of Child Safety (DCS) requested reimbursements from the grantor earlier than the State’s agreement with the U.S. Department of Treasury allowed. Specifically, for 17 reimbursements tested, DCS submitted 1 request for federal monies to pay vendors and service providers 2 days early and 7 requests for payroll and other operating costs 1 to 12 days early.

**Criteria**—Federal regulations require DCS to request federal monies for the program in accordance with the funding technique patterns outlined in the Treasury-State Agreement (Agreement) that designate when the State may request federal monies.<sup>1</sup> (31 CFR §205, Subpart A) Additionally, DCS must establish and maintain effective internal controls over the federal award that provides reasonable assurance it is managing the program in compliance with laws, regulations, and award terms. (45 CFR §75.303)

**Effect**—DCS earned \$15,797 of interest on idle federal monies because it improperly requested monies before the designated day under the Agreement. After the Arizona Department of Administration determined the interest earned and notified DCS of this issue, DCS remitted the amount to the federal government. This finding could potentially affect other federal programs DCS administers that the Agreement covered.

**Cause**—DCS' policies and procedures for requesting federal reimbursement were not properly designed to comply with the Agreement, which resulted in DCS not following the proper funding methodologies.

**Recommendation**—To help ensure that DCS does not risk federal monies remaining idle or improperly earning interest and having to repay interest earned, DCS should:

- Evaluate and modify its policies and procedures, as appropriate, for requesting federal reimbursement to ensure that the requests are made based on the authorized day specific to each approved funding technique.
- Work with the federal grantor to determine if the approved funding techniques are appropriate to meet DCS' cash management needs and communicate any agreed-upon changes in funding techniques to the Arizona Department of Administration so that they can be addressed in the Agreement.

The State's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

The finding is similar to prior-year finding 2018-108.

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<sup>1</sup>For payments to vendors and service providers, DCS should request monies 2 days after it makes payments. For payment of payroll and other operating costs, DCS should request monies only on the Wednesday before it pays its employees. Requested reimbursements for payroll and other operating costs should be an estimated amount based on DCS' approved cost-allocation plan, including any adjustments to true-up previous requests for the differences between the estimated and actual allocated expenditures.

# STATE SECTION

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number                         | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor                  | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures         | Provided to Subrecipients |
|---|--|---------------------------------------|---|--------------------|----------------------|---------------------------|
| <b>DEPARTMENT OF AGRICULTURE</b>                |  |                                       |   |                    |                      |                           |
| <b>SNAP Cluster</b>                             |  |                                       |   |                    |                      |                           |
| 10.551  | Supplemental Nutrition Assistance Program  |                                       |   | DEA                | \$ 1,158,127,062     |                           |
| 10.561  | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |                                       |   | DEA                | 59,686,628           | \$ 4,024,154              |
| 10.561  | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |                                       |   | HSA                | 6,630,183            | 3,486,432                 |
| 10.561  | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |                                       |   | UAA                | 5,351,811            | 94,070                    |
|   | 10.561 Subtotal  |                                       |   |                    | <u>71,668,622</u>    | <u>7,604,656</u>          |
|   | SNAP Cluster Subtotal  |                                       |   |                    | <u>1,229,795,684</u> | <u>7,604,656</u>          |
| <b>Child Nutrition Cluster</b>                  |  |                                       |   |                    |                      |                           |
| 10.553  | School Breakfast Program   |                                       |   | DCA                | 49,250               |                           |
| 10.553  | School Breakfast Program   |                                       |   | DJA                | 141,459              |                           |
| 10.553  | School Breakfast Program   |                                       |   | EDA                | 96,609,905           | 96,609,905                |
| 10.553  | School Breakfast Program   |                                       |   | SDA                | 35,776               |                           |
|   | 10.553 Subtotal  |                                       |   |                    | <u>96,836,390</u>    | <u>96,609,905</u>         |
| 10.555  | National School Lunch Program  |                                       |   | DCA                | 30,988               |                           |
| 10.555  | National School Lunch Program  |                                       |   | DJA                | 328,618              |                           |
| 10.555  | National School Lunch Program  |                                       |   | EDA                | 312,339,866          | 312,334,627               |
| 10.555  | National School Lunch Program  |                                       |   | SDA                | 89,011               |                           |
|   | 10.555 Subtotal  |                                       |   |                    | <u>312,788,483</u>   | <u>312,334,627</u>        |
| 10.556  | Special Milk Program for Children  |                                       |   | EDA                | 49,458               | 49,458                    |
| 10.559  | Summer Food Service Program for Children   |                                       |   | EDA                | 3,392,952            | 3,275,593                 |
|   | Child Nutrition Cluster Subtotal   |                                       |   |                    | <u>413,067,283</u>   | <u>412,269,583</u>        |
| <b>Food Distribution Cluster</b>                |  |                                       |   |                    |                      |                           |
| 10.565  | Commodity Supplemental Food Program  |                                       |   | DEA                | 1,596,632            | 1,475,402                 |
| 10.568  | Emergency Food Assistance Program (Administrative Costs)                               |                                       |   | DEA                | 3,101,544            | 2,867,713                 |
| 10.569  | Emergency Food Assistance Program (Food Commodities)                                   |                                       |   | DEA                | 37,645,742           |                           |
|   | Food Distribution Cluster Subtotal   |                                       |   |                    | <u>42,343,918</u>    | <u>4,343,115</u>          |
| <b>Other Department of Agriculture Programs</b> |  |                                       |   |                    |                      |                           |
| 10.025  | Plant and Animal Disease, Pest Control, and Animal Care                                |                                       |   | AHA                | 1,921,175            |                           |
| 10.025  | Plant and Animal Disease, Pest Control, and Animal Care                                |                                       |   | CRA                | 822,876              |                           |
| 10.025  | Plant and Animal Disease, Pest Control, and Animal Care                                |                                       |   | UAA                | 169,673              |                           |
|   | 10.025 Subtotal  |                                       |   |                    | <u>2,913,724</u>     |                           |
| 10.028  | Wildlife Services  |                                       |   | GFA                | 982                  |                           |
| 10.093  | Voluntary Public Access and Habitat Incentive Program                                  |                                       |   | GFA                | 663,703              | 502,195                   |
| 10.163  | Market Protection and Promotion  |                                       |   | AHA                | 49,558               |                           |
| 10.170  | Specialty Crop Block Grant Program—Farm Bill   |                                       |   | AHA                | 542,350              | 245,362                   |
| 10.171  | Organic Certification Cost Share Programs  |                                       |   | AHA                | 74,241               | 67,491                    |
| 10.178  | Emergency Food Assistance Program (Trade Mitigation)                                   |                                       |   | DEA                | 304,000              | 304,000                   |
| 10.215  | Sustainable Agriculture Research and Education   | Utah State University                 | 200592-376                              | UAA                | 46,869               | 18,830                    |
| 10.217  | Higher Education—Institution Challenge Grants Program                                  |                                       |   | NAA                | 18,750               |                           |
| 10.217  | Higher Education—Institution Challenge Grants Program                                  |                                       |   | UAA                | 69,390               | 30,356                    |
|   | 10.217 Subtotal  |                                       |   |                    | <u>88,140</u>        | <u>30,356</u>             |
| 10.310  | Agriculture and Food Research Initiative (AFRI)  |                                       |   | UAA                | 6,648                |                           |
| 10.310  | Agriculture and Food Research Initiative (AFRI)  | New Mexico State University           | Q01909                                  | UAA                | 62,206               | 41,831                    |
| 10.310  | Agriculture and Food Research Initiative (AFRI)  | University of Vermont                 | 29034SUB52911/173257                    | UAA                | 22,793               | 9,347                     |
| 10.310  | Agriculture and Food Research Initiative (AFRI)  | University of Wisconsin System        | 0000001777/2015-68007-23213             | UAA                | 45,000               |                           |
|   | 10.310 Subtotal  |                                       |   |                    | <u>136,647</u>       | <u>51,178</u>             |
| 10.311  | Beginning Farmer and Rancher Development Program                                       |                                       |   | UAA                | 89,608               | 26,849                    |
| 10.329  | Crop Protection and Pest Management Competitive Grants Program                         |                                       |   | UAA                | 202,868              |                           |
| 10.443  | Outreach and Assistance for Socially Disadvantaged Veteran Farmers and Ranchers        | Apex Applied Technology, Incorporated | AO172501X443G029                        | UAA                | 2,327                |                           |
| 10.443  | Outreach and Assistance for Socially Disadvantaged Veteran Farmers and Ranchers        | University of Nevada: Reno            | UNR 18-33                               | UAA                | 20,297               |                           |
|   | 10.443 Subtotal  |                                       |   |                    | <u>22,624</u>        |                           |
| 10.460  | Risk Management Education Partnerships   |                                       |   | UAA                | 87,535               |                           |
| 10.475  | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection          |                                       |   | AHA                | 617,139              |                           |
| 10.479  | Food Safety Cooperative Agreements   |                                       |   | HSA                | 225,390              |                           |
| 10.500  | Cooperative Extension Service  |                                       |   | UAA                | 2,986,196            | 54,797                    |
| 10.500  | Cooperative Extension Service  | Kansas State University               | S17135/, S18140, S19058                 | UAA                | 41,570               |                           |
| 10.500  | Cooperative Extension Service  | University of Minnesota               | LTR DTD 111618                          | UAA                | 984                  |                           |
|   | 10.500 Subtotal  |                                       |   |                    | <u>3,028,750</u>     | <u>54,797</u>             |
| 10.514  | Expanded Food and Nutrition Education Program  |                                       |   | UAA                | 20,458               |                           |
| 10.515  | Renewable Resources Extension Act and National Focus Fund Projects                     |                                       |   | UAA                | 274                  |                           |
| 10.521  | Children, Youth and Families At-Risk   |                                       |   | UAA                | 5,028                |                           |
| 10.547  | Professional Standards for School Nutrition Employees                                  |                                       |   | EDA                | 12,466               |                           |
| 10.557  | WIC Special Supplemental Nutrition Program for Women, Infants, and Children            |                                       |   | HSA                | 91,100,067           | 22,626,747                |
| 10.558  | Child and Adult Care Food Program  |                                       |   | EDA                | 55,276,550           | 54,730,559                |
| 10.560  | State Administrative Expenses for Child Nutrition                                      |                                       |   | EDA                | 6,907,010            |                           |
| 10.572  | WIC Farmers' Market Nutrition Program (FMNP)   |                                       |   | HSA                | 136,246              |                           |
| 10.574  | Team Nutrition Grants  |                                       |   | EDA                | 140,667              | 111,500                   |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number                             | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor                       | Pass-Through Grantor Identifying Number   | Grantee (Appendix) | Expenditures         | Provided to Subrecipients |
|---|--|--|---|--------------------|----------------------|---------------------------|
| 10.576  | Senior Farmers Market Nutrition Program  |  |   | HSA                | 51,678               |                           |
| 10.578  | WIC Grants to States (WGS)   |  |   | HSA                | 803,167              | 168,616                   |
| 10.579  | Child Nutrition Discretionary Grants Limited Availability                              |  |   | EDA                | 370,755              | 370,755                   |
| 10.582  | Fresh Fruit and Vegetable Program  |  |   | EDA                | 3,487,237            | 3,485,362                 |
| 10.664  | Cooperative Forestry Assistance  |  |   | FOA                | 3,270,440            | 1,045,523                 |
| 10.664  | Cooperative Forestry Assistance  |  |   | UAA                | 9,164                |                           |
|   | 10.664 Subtotal  |  |   |                    | <u>3,279,604</u>     | <u>1,045,523</u>          |
| 10.674  | Wood Utilization Assistance  |  |   | FOA                | 66,466               |                           |
| 10.676  | Forest Legacy Program  |  |   | FOA                | 13,138               |                           |
| 10.683  | National Fish and Wildlife Foundation  |  |   | GFA                | 195,675              |                           |
| 10.762  | Solid Waste Management Grants  |  |   | NAA                | 87,949               |                           |
| 10.902  | Soil and Water Conservation  |  |   | FOA                | 151,242              |                           |
| 10.902  | Soil and Water Conservation  |  |   | UAA                | 9,702                |                           |
|   | 10.902 Subtotal  |  |   |                    | <u>160,944</u>       | <u>-</u>                  |
| 10.912  | Environmental Quality Incentives Program   |  |   | FOA                | 6,473                |                           |
| 10.960  | Technical Agricultural Assistance  |  |   | UAA                | 71,236               | 64,760                    |
| 10.14-CR-11031600-54                                | Arizona Rangeland Education, Outreach and Monitoring                                   |  |   | UAA                | 45,537               |                           |
| 10.14-CS-11030407-032                               |  |  |   | GFA                | 5,684                |                           |
| 10.16-CS-11031200-018                               |  |  |   | GFA                | 27,244               |                           |
| 10.17-CR-11031600-044                               | Arizona Rangeland Monitoring and Vegetation GIS Data System (VGS) Enhancement          |  |   | UAA                | 192,879              |                           |
| 10.17-CS-11030700-014                               |  |  |   | GFA                | 36,901               |                           |
| 10.17-CS-11030700-015                               |  |  |   | GFA                | 153,340              |                           |
| 10.17-CS-11030901-027                               |  |  |   | GFA                | 6,830                |                           |
| 10.17-CS-11031200-034                               |  |  |   | GFA                | 149,171              |                           |
| 10.17-CS-11031200-041                               |  |  |   | GFA                | 9,257                |                           |
| 10.18-CR-11031600-066                               | Arizona Rangeland Education, Outreach, and Monitoring                                  |  |   | UAA                | 80,550               |                           |
| 10.18-CS-11030500-019                               | Coronado Range Monitoring  |  |   | UAA                | 34,917               |                           |
| 10.18-CS-11030700-015                               |  |  |   | GFA                | 19,896               |                           |
| 10.18-CS-11031200-015                               |  |  |   | GFA                | 38,079               |                           |
| 10.18-CS-11031200-016                               |  |  |   | GFA                | 38,306               |                           |
| 10.19JV11221638007                                  | North American Forest and Inventory Tree Ring Data                                     |  |   | UAA                | 5,271                |                           |
| 10.AG-6395-B-14-0001                                | NAHLN BPA  |  |   | UAA                | 101                  |                           |
| 10.OAO-HSINP-18-3                                   | 2018 USDA "STEAM" Summer Residential Program at UA-Yuma (Pilot Project)                |  |   | UAA                | 3,912                |                           |
|   | Total Department of Agriculture  |  |   |                    | <u>1,857,341,976</u> | <u>508,122,234</u>        |
| <b><u>DEPARTMENT OF COMMERCE</u></b>                |  |  |   |                    |                      |                           |
| <b><u>Economic Development Cluster</u></b>          |  |  |   |                    |                      |                           |
| 11.307  | Economic Adjustment Assistance   |  |   | ASA                | 36,119               |                           |
| 11.307  | Economic Adjustment Assistance   |  |   | NAA                | 17,371               |                           |
|   | 11.307 Subtotal  |  |   |                    | <u>53,490</u>        | <u>-</u>                  |
|   | Economic Development Cluster Subtotal  |  |   |                    | <u>53,490</u>        | <u>-</u>                  |
| <b><u>Other Department of Commerce Programs</u></b> |  |  |   |                    |                      |                           |
| 11.008  | NOAA Mission-Related Education Awards  | Watershed Management Group                 | NA16SEC0080003  | UAA                | 36,321               |                           |
| 11.303  | Economic Development Technical Assistance  |  |   | NAA                | 100,080              |                           |
| 11.437  | Pacific Fisheries Data Program   | Pacific States Marine Fisheries Commission | LTR DTD 051519  | UAA                | 44,884               |                           |
| 11.549  | State and Local Implementation Grant Program   |  |   | ADA                | 305,650              |                           |
| 11.611  | Manufacturing Extension Partnership  |  |   | CAA                | 1,090,732            |                           |
|   | Total Department of Commerce   |  |   |                    | <u>1,631,157</u>     | <u>-</u>                  |
| <b><u>DEPARTMENT OF DEFENSE</u></b>                 |  |  |   |                    |                      |                           |
| 12.113  | State Memorandum of Agreement Program for the Reimbursement of Technical Services      |  |   | EVA                | 870,628              |                           |
| 12.300  | Basic and Applied Scientific Research  |  |   | GFA                | 924,039              |                           |
| 12.300  | Basic and Applied Scientific Research  |  |   | UAA                | 9,100                |                           |
|   | 12.300 Subtotal  |  |   |                    | <u>933,139</u>       | <u>-</u>                  |
| 12.357  | ROTC Language and Culture Training Grants  | Institute of International Education       | 2603-ASU-8-GO-051-P06, PGO1801-ASU-01   | ASA                | 438,786              |                           |
| 12.357  | ROTC Language and Culture Training Grants  | Institute of International Education       | 2603UAZ28   | UAA                | 405,439              |                           |
|   | 12.357 Subtotal  |  |   |                    | <u>844,225</u>       | <u>-</u>                  |
| 12.401  | National Guard Military Operations and Maintenance (O&M) Projects                      |  |   | ADA                | 88,742               |                           |
| 12.401  | National Guard Military Operations and Maintenance (O&M) Projects                      |  |   | GFA                | 52,612               |                           |
| 12.401  | National Guard Military Operations and Maintenance (O&M) Projects                      |  |   | MAA                | 40,964,629           |                           |
|   | 12.401 Subtotal  |  |   |                    | <u>41,105,983</u>    | <u>-</u>                  |
| 12.550  | The Language Flagship Grants to Institutions of Higher Education                       | Institute of International Education       | 2340-ASU-13, 0054-ASU-1-CHN-280-PO1, 0054-ASU-1, 0054-ASU-1-SSC-280-PO2, 0054-ASU-1-SSC-280-PO3 | ASA                | 285,974              |                           |
| 12.550  | The Language Flagship Grants to Institutions of Higher Education                       | Institute of International Education       | 0054-UAZ-9-ARA-280-PO1, 0054UAZ9SSA280PO3, 0054UAZ9SSA280PO4                                    | UAA                | 403,879              |                           |
|   | 12.550 Subtotal  |  |   |                    | <u>689,853</u>       | <u>-</u>                  |
| 12.610  | Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies |  |   | ASA                | 296,624              |                           |



State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number  | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor  | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures                    | Provided to Subrecipients |
|--|--|---|---|--------------------|---------------------------------|---------------------------|
| 12.610   | Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies<br>12.610 Subtotal                  |   |   | FOA                | 486<br><u>297,110</u>           | <br><u>-</u>              |
| 12.620   | Troops to Teachers Grant Program   |   |   | EDA                | 72,529                          |                           |
| 12.630   | Basic, Applied, and Advanced Research in Science and Engineering   |   |   | GFA                | 33,549                          |                           |
| 12.632   | Legacy Resource Management Program   |   |   | GFA                | 325,199                         |                           |
| 12.800   | Air Force Defense Research Sciences Program  |   |   | ASA                | 59,539                          |                           |
| 12.900   | Language Grant Program   | National Foreign Language Center  | H98230-18-1-0053                        | ASA                | 69,501                          |                           |
| 12.900   | Language Grant Program<br>12.900 Subtotal  |   |   | ASA                | 69,749<br><u>139,250</u>        | <br><u>-</u>              |
| 12.901   | Mathematical Sciences Grants   | Purdue University   | 4104-86682                              | ASA                | 119,443                         |                           |
| 12.902   | Information Security Grant Program   |   |   | UAA                | 9,625                           |                           |
| 12.910   | Research and Technology Development  |   |   | GFA                | 109,589                         |                           |
| 12.CRT   | US Army Corp of Engineers  |   |   | NAA                | 329,128                         | 78,187                    |
| W912HQ18C0086  | Business Enterprise Program/FT Huachuca  |   |   | DEA                | 6,122,634                       |                           |
| 12.W9124A-16-D-0001  | Renewal- Veterans Digital Curation Program   | Environmental Research Group, LLC (ERG)                                       | F-STL.0015.ArchSE.00811DAR              | ASA                | 10,046                          |                           |
|  | Total Department of Defense  |   |   |                    | <u>52,071,469</u>               | <u>78,187</u>             |
| <b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>                |  |   |   |                    |                                 |                           |
| <b><u>Section 8 Project-Based Cluster</u></b>                            |  |   |   |                    |                                 |                           |
| 14.195   | Section 8 Housing Assistance Payments Program<br>Section 8 Project—Based Cluster Subtotal                                  |   |   | HDA                | 57,327,978<br><u>57,327,978</u> | <br><u>-</u>              |
| <b><u>CDBG – Entitlement Grants Cluster</u></b>                          |  |   |   |                    |                                 |                           |
| 14.218   | Community Development Block Grants/Entitlement Grants<br><br>CDBG – Entitlement Grants Cluster Subtotal                    | Pima County Department of Community Development and Neighborhood Conservation | CT-CD-17-313                            | UAA                | 41,949<br><u>41,949</u>         | <br><u>-</u>              |
| <b><u>Housing Voucher Cluster</u></b>                                    |  |   |   |                    |                                 |                           |
| 14.871   | Section 8 Housing Choice Vouchers<br>Housing Voucher Cluster Subtotal  |   |   | HDA                | 1,218,660<br><u>1,218,660</u>   | 690<br><u>690</u>         |
| <b><u>Other Department of Housing and Urban Development Programs</u></b> |  |   |   |                    |                                 |                           |
| 14.171   | Manufactured Home Dispute Resolution   |   |   | HDA                | 68,545                          |                           |
| 14.228   | Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii                                    |   |   | HDA                | 9,908,977                       | 9,704,262                 |
| 14.231   | Emergency Solutions Grant Program  |   |   | DEA                | 1,717,877                       | 1,565,372                 |
| 14.239   | Home Investment Partnerships Program   |   |   | HDA                | 6,571,370                       | 6,061,309                 |
| 14.241   | Housing Opportunities for Persons with AIDS  |   |   | HDA                | 220,650                         | 212,192                   |
| 14.267   | Continuum of Care Program  |   |   | HDA                | 4,714,285                       | 4,373,911                 |
| 14.275   | Housing Trust Fund   |   |   | HDA                | 131,061                         |                           |
| 14.326   | Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities |   |   | HDA                | 133,292                         |                           |
| 14.401   | Fair Housing Assistance Program State and Local  |   |   | AGA                | 591,086                         |                           |
|  | Total Department of Housing and Urban Development  |   |   |                    | <u>82,645,730</u>               | <u>21,917,736</u>         |
| <b><u>DEPARTMENT OF THE INTERIOR</u></b>                                 |  |   |   |                    |                                 |                           |
| <b><u>Fish and Wildlife Cluster</u></b>                                  |  |   |   |                    |                                 |                           |
| 15.605   | Sport Fish Restoration   |   |   | GFA                | 7,219,528                       |                           |
| 15.611   | Wildlife Restoration and Basic Hunter Education  |   |   | GFA                | 18,898,102                      | 663,439                   |
| 15.626   | Enhanced Hunter Education and Safety<br>Fish and Wildlife Cluster Subtotal   |   |   | GFA                | 221,767<br><u>26,339,397</u>    | <br><u>663,439</u>        |
| <b><u>Other Department of the Interior Programs</u></b>                  |  |   |   |                    |                                 |                           |
| 15.156   | Tribal Climate Resilience  | Confederated Salish & Kootenai Tribes   | 04-501-3023                             | NAA                | 398,941                         |                           |
| 15.156   | Tribal Climate Resilience  | Quapaw Tribe of Oklahoma  | A18AP00187                              | NAA                | 6,982                           |                           |
| 15.156   | Tribal Climate Resilience<br>15.156 Subtotal   |   |   | NAA                | 1,078<br><u>407,001</u>         | <br><u>-</u>              |
| 15.159   | Cultural Resources Management  |   |   | ASA                | 17,120                          |                           |
| 15.159   | Cultural Resources Management<br>15.159 Subtotal   |   |   | UAA                | 34,100<br><u>51,220</u>         | <br><u>-</u>              |
| 15.224   | Cultural and Paleontological Resources Management  |   |   | ASA                | 42,834                          | 18,578                    |
| 15.224   | Cultural and Paleontological Resources Management<br>15.224 Subtotal   |   |   | PRA                | 20,623<br><u>63,457</u>         | <br><u>18,578</u>         |
| 15.228   | BLM Fuels Management and Community Fire Assistance Program Activities  |   |   | FOA                | 43,263                          | 38,958                    |
| 15.231   | Fish, Wildlife and Plant Conservation Resource Management  |   |   | GFA                | 345,281                         |                           |
| 15.231   | Fish, Wildlife and Plant Conservation Resource Management<br>15.231 Subtotal   |   |   | NAA                | 6,156<br><u>351,437</u>         | <br><u>-</u>              |
| 15.237   | Rangeland Resource Management  |   |   | UAA                | 32,562                          |                           |
| 15.238   | Challenge Cost Share   |   |   | GFA                | 2,657                           |                           |
| 15.511   | Cultural Resources Management  |   |   | ASA                | 56,455                          |                           |
| 15.517   | Fish and Wildlife Coordination Act   |   |   | GFA                | 669,007                         |                           |
| 15.530   | Water Conservation Field Services(WCFS)  |   |   | WCA                | 51,642                          |                           |
| 15.538   | Lower Colorado River Multi-Species Conservation  |   |   | GFA                | 391,859                         |                           |
| 15.608   | Fish and Wildlife Management Assistance  |   |   | GFA                | 249,279                         |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number      | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor             | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures      | Provided to Subrecipients |
|------------------------------|--|----------------------------------|---|--------------------|-------------------|---------------------------|
| 15.615                       | Cooperative Endangered Species Conservation Fund                                   |                                  |   | AHA                | 83,413            |                           |
| 15.615                       | Cooperative Endangered Species Conservation Fund                                   |                                  |   | GFA                | 144,175           |                           |
| 15.615                       | Cooperative Endangered Species Conservation Fund                                   |                                  |   | UAA                | 6,330             |                           |
|                              | 15.615 Subtotal  |                                  |   |                    | <u>233,918</u>    | <u>-</u>                  |
| 15.631                       | Partners for Fish and Wildlife   |                                  |   | GFA                | 145,507           | 140,507                   |
| 15.634                       | State Wildlife Grants  |                                  |   | GFA                | 1,336,197         | 20,000                    |
| 15.654                       | National Wildlife Refuge System Enhancements                                       |                                  |   | GFA                | 32,290            |                           |
| 15.657                       | Endangered Species Conservation—Recovery Implementation Funds                      |                                  |   | GFA                | 231,563           | 65,000                    |
| 15.663                       | National Fish and Wildlife Foundation  |                                  |   | GFA                | 107,851           |                           |
| 15.666                       | Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention    |                                  |   | GFA                | 22,514            |                           |
| 15.670                       | Adaptive Science   |                                  |   | GFA                | 85,590            |                           |
| 15.808                       | U.S. Geological Survey Research and Data Collection                                |                                  |   | ASA                | 9,241             |                           |
| 15.808                       | U.S. Geological Survey Research and Data Collection                                |                                  |   | GFA                | 337,050           |                           |
|                              | 15.808 Subtotal  |                                  |   |                    | <u>346,291</u>    | <u>-</u>                  |
| 15.820                       | National Climate Change and Wildlife Science Center                                |                                  |   | UAA                | 24,288            | 16,428                    |
| 15.904                       | Historic Preservation Fund Grants-In-Aid   |                                  |   | ASA                | 333,278           |                           |
| 15.904                       | Historic Preservation Fund Grants-In-Aid   |                                  |   | PFA                | 1,004,179         | 98,348                    |
|                              | 15.904 Subtotal  |                                  |   |                    | <u>1,337,457</u>  | <u>98,348</u>             |
| 15.916                       | Outdoor Recreation Acquisition, Development and Planning                           |                                  |   | PRA                | 235,202           | 56,770                    |
| 15.922                       | Native American Graves Protection and Repatriation Act                             |                                  |   | UAA                | 44,723            |                           |
| 15.944                       | Natural Resource Stewardship   |                                  |   | GFA                | 4,360             |                           |
| 15.945                       | Cooperative Research and Training Programs—Resources of the National Park System   |                                  |   | GFA                | 47,451            |                           |
| 15.945                       | Cooperative Research and Training Programs—Resources of the National Park System   |                                  |   | NAA                | 2,671             |                           |
| 15.945                       | Cooperative Research and Training Programs—Resources of the National Park System   |                                  |   | UAA                | 721,009           | 23,650                    |
|                              | 15.945 Subtotal  |                                  |   |                    | <u>771,131</u>    | <u>23,650</u>             |
| 15.980                       | National Ground-Water Monitoring Network   |                                  |   | WCA                | 85,015            |                           |
| 15.50730W0330                | Bureau of Reclamation Restricted Endowment   |                                  |   | ASA                | 6,672,715         |                           |
| 15.P17PX01887                | The Desert Laboratory Greenhouse Renovation Project                                |                                  |   | UAA                | 10,000            |                           |
|                              | Total Department of the Interior   |                                  |   |                    | <u>40,435,848</u> | <u>1,141,678</u>          |
| <b>DEPARTMENT OF JUSTICE</b> |  |                                  |   |                    |                   |                           |
| 16.017                       | Sexual Assault Services Formula Program  |                                  |   | GVA                | 420,192           | 397,420                   |
| 16.320                       | Services for Trafficking Victims   |                                  |   | ASA                | 58,340            | 12,000                    |
| 16.320                       | Services for Trafficking Victims   | City of Tucson, Arizona          | OVC20154069                             | UAA                | 27,420            |                           |
| 16.320                       | Services for Trafficking Victims   | CODAC Behavioral Health Services | Agreement Signed 3/25/16                | UAA                | 13,513            |                           |
|                              | 16.320 Subtotal  |                                  |   |                    | <u>99,273</u>     | <u>12,000</u>             |
| 16.526                       | OWV Technical Assistance Initiative  |                                  |   | NAA                | 532,441           | 25,980                    |
| 16.526                       | OWV Technical Assistance Initiative  | Johns Hopkins University         | 2003621245                              | ASA                | 42,171            |                           |
|                              | 16.526 Subtotal  |                                  |   |                    | <u>574,612</u>    | <u>25,980</u>             |
| 16.540                       | Juvenile Justice and Delinquency Prevention  |                                  |   | GVA                | 737,479           | 633,736                   |
| 16.543                       | Missing Children's Assistance  |                                  |   | PSA                | 15,000            |                           |
| 16.543                       | Missing Children's Assistance  | City of Phoenix                  | 2009-MC-CX-K013                         | AGA                | 15,000            |                           |
|                              | 16.543 Subtotal  |                                  |   |                    | <u>30,000</u>     | <u>-</u>                  |
| 16.550                       | State Justice Statistics Program for Statistical Analysis Centers                  |                                  |   | JCA                | 57,206            |                           |
| 16.554                       | National Criminal History Improvement Program (NCHIP)                              |                                  |   | JCA                | 768,029           | 739,690                   |
| 16.554                       | National Criminal History Improvement Program (NCHIP)                              |                                  |   | PSA                | 290,549           |                           |
|                              | 16.554 Subtotal  |                                  |   |                    | <u>1,058,578</u>  | <u>739,690</u>            |
| 16.560                       | National Institute of Justice Research, Evaluation, and Development Project Grants |                                  |   | EDA                | 538,001           |                           |
| 16.575                       | Crime Victim Assistance  |                                  |   | AGA                | 917,205           |                           |
| 16.575                       | Crime Victim Assistance  |                                  |   | CHA                | 685,408           |                           |
| 16.575                       | Crime Victim Assistance  |                                  |   | DCA                | 539,193           |                           |
| 16.575                       | Crime Victim Assistance  |                                  |   | DJA                | 53,431            |                           |
| 16.575                       | Crime Victim Assistance  |                                  |   | NAA                | 480,296           |                           |
| 16.575                       | Crime Victim Assistance  |                                  |   | PSA                | 35,733,539        | 35,288,250                |
| 16.575                       | Crime Victim Assistance  |                                  |   | SPA                | 38,924            |                           |
| 16.575                       | Crime Victim Assistance  |                                  |   | STA                | 60,333            |                           |
|                              | 16.575 Subtotal  |                                  |   |                    | <u>38,508,329</u> | <u>35,288,250</u>         |
| 16.576                       | Crime Victim Compensation  |                                  |   | JCA                | 1,435,860         | 1,389,109                 |
| 16.579                       | Edward Byrne Memorial Formula Grant Program  | City of Tucson, Arizona          | 18110                                   | UAA                | 97,640            |                           |
| 16.582                       | Crime Victim Assistance/Discretionary Grants                                       |                                  |   | JCA                | 8,643             |                           |
| 16.582                       | Crime Victim Assistance/Discretionary Grants                                       |                                  |   | NAA                | 184,317           |                           |
| 16.582                       | Crime Victim Assistance/Discretionary Grants                                       |                                  |   | PSA                | 84,824            | 84,824                    |
|                              | 16.582 Subtotal  |                                  |   |                    | <u>277,784</u>    | <u>84,824</u>             |
| 16.588                       | Violence Against Women Formula Grants  |                                  |   | GVA                | 1,922,927         | 1,636,103                 |
| 16.588                       | Violence Against Women Formula Grants  |                                  |   | NAA                | 142,701           |                           |
| 16.588                       | Violence Against Women Formula Grants  |                                  |   | PSA                | 234,090           |                           |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number           | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor              | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures      | Provided to Subrecipients |
|-----------------------------------|---|-----------------------------------|---|--------------------|-------------------|---------------------------|
| 16.588                            | Violence Against Women Formula Grants   |                                   |   | SPA                | 229,883           |                           |
|                                   | 16.588 Subtotal   |                                   |   |                    | <u>2,529,601</u>  | <u>1,636,103</u>          |
| 16.589                            | Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program |                                   |   | NAA                | 189,557           | 21,046                    |
| 16.590                            | Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program          |                                   |   | GVA                | 77,872            | 67,364                    |
| 16.593                            | Residential Substance Abuse Treatment for State Prisoners                                 |                                   |   | DCA                | 43,638            |                           |
| 16.593                            | Residential Substance Abuse Treatment for State Prisoners                                 |                                   |   | DJA                | 94,579            |                           |
| 16.593                            | Residential Substance Abuse Treatment for State Prisoners                                 |                                   |   | JCA                | 186,032           | 168,786                   |
|                                   | 16.593 Subtotal   |                                   |   |                    | <u>324,249</u>    | <u>168,786</u>            |
| 16.606                            | State Criminal Alien Assistance Program   |                                   |   | DCA                | 6,357,815         |                           |
| 16.609                            | Project Safe Neighborhoods  |                                   |   | ADA                | 7,354             |                           |
| 16.726                            | Juvenile Mentoring Program  | National 4-H Council              | 2016-JU-FX-0022, 2017-JU-FX-0016        | UAA                | 54,790            |                           |
| 16.734                            | Special Data Collections and Statistical Studies  |                                   |   | PSA                | 241,095           |                           |
| 16.738                            | Edward Byrne Memorial Justice Assistance Grant Program                                    |                                   |   | AGA                | 469,647           |                           |
| 16.738                            | Edward Byrne Memorial Justice Assistance Grant Program                                    |                                   |   | DCA                | 4,633             |                           |
| 16.738                            | Edward Byrne Memorial Justice Assistance Grant Program                                    |                                   |   | JCA                | 3,186,985         | 2,883,864                 |
| 16.738                            | Edward Byrne Memorial Justice Assistance Grant Program                                    |                                   |   | PSA                | 259,950           |                           |
| 16.738                            | Edward Byrne Memorial Justice Assistance Grant Program                                    |                                   |   | SPA                | 57,691            |                           |
| 16.738                            | Edward Byrne Memorial Justice Assistance Grant Program                                    | Tempe: Police Department          | C2018-36                                | ASA                | 132,957           |                           |
|                                   | 16.738 Subtotal   |                                   |   |                    | <u>4,111,863</u>  | <u>2,883,864</u>          |
| 16.741                            | DNA Backlog Reduction Program   |                                   |   | PSA                | 538,637           |                           |
| 16.742                            | Paul Coverdell Forensic Science Improvement Grant Program                                 |                                   |   | JCA                | 110,870           | 88,107                    |
| 16.742                            | Paul Coverdell Forensic Science Improvement Grant Program                                 |                                   |   | PSA                | 54,118            |                           |
|                                   | 16.742 Subtotal   |                                   |   |                    | <u>164,988</u>    | <u>88,107</u>             |
| 16.746                            | Capital Case Litigation Initiative  |                                   |   | UAA                | 79,499            |                           |
| 16.750                            | Support for Adam Walsh Act Implementation Grant Program                                   |                                   |   | PSA                | 9,121             |                           |
| 16.751                            | Edward Byrne Memorial Competitive Grant Program   | Phoenix Police Department         | 147177--0                               | ASA                | 150,538           |                           |
| 16.754                            | Harold Rogers Prescription Drug Monitoring Program  |                                   |   | JCA                | 3,614             |                           |
| 16.754                            | Harold Rogers Prescription Drug Monitoring Program  |                                   |   | PMA                | 128,272           |                           |
|                                   | 16.754 Subtotal   |                                   |   |                    | <u>131,886</u>    | <u>-</u>                  |
| 16.812                            | Second Chance Act Reentry Initiative  |                                   |   | ASA                | 254,474           |                           |
| 16.812                            | Second Chance Act Reentry Initiative  |                                   |   | DCA                | 200,791           |                           |
| 16.812                            | Second Chance Act Reentry Initiative  |                                   |   | SPA                | 143,063           |                           |
|                                   | 16.812 Subtotal   |                                   |   |                    | <u>598,328</u>    | <u>-</u>                  |
| 16.813                            | NICS Act Record Improvement Program   |                                   |   | JCA                | 320,561           |                           |
| 16.813                            | NICS Act Record Improvement Program   |                                   |   | PSA                | 89,002            |                           |
| 16.813                            | NICS Act Record Improvement Program   |                                   |   | SPA                | 264,797           |                           |
|                                   | 16.813 Subtotal   |                                   |   |                    | <u>674,360</u>    | <u>-</u>                  |
| 16.820                            | Postconviction Testing of DNA Evidence  |                                   |   | ASA                | 81,578            |                           |
| 16.820                            | Postconviction Testing of DNA Evidence  |                                   |   | JCA                | 52,525            | 37,834                    |
|                                   | 16.820 Subtotal   |                                   |   |                    | <u>134,103</u>    | <u>37,834</u>             |
| 16.826                            | Vision 21   |                                   |   | JCA                | 15,000            |                           |
| 16.833                            | National Sexual Assault Kit Initiative  |                                   |   | PSA                | 22,158            |                           |
| 16.838                            | Comprehensive Opioid Abuse Site-Based Program   |                                   |   | JCA                | 14,561            |                           |
| 16.2015-DE-BX-K002                | Body Worn Camera Training and Technical Assistance TTA Provider                           | CNA Institute for Public Research | 16-ASU-1-1376                           | ASA                | 433,624           |                           |
| 16.LTR DTD 060616                 | Joint Terrorism Task Force - Officer Overtime   |                                   |   | UAA                | 6,159             |                           |
| 16.Unknown                        | Second Chance Coalition Building Training   |                                   |   | ASA                | 32,944            |                           |
|                                   | Total Department of Justice   |                                   |   |                    | <u>60,735,056</u> | <u>43,474,113</u>         |
| <b>DEPARTMENT OF LABOR</b>        |   |                                   |   |                    |                   |                           |
| <b>Employment Service Cluster</b> |   |                                   |   |                    |                   |                           |
| 17.207                            | Employment Service/Wagner-Peyser Funded Activities  |                                   |   | DEA                | 11,687,721        |                           |
| 17.207                            | Employment Service/Wagner-Peyser Funded Activities  |                                   |   | EOA                | 494,589           |                           |
| 17.207                            | Employment Service/Wagner-Peyser Funded Activities  |                                   |   | GVA                | 1,092,757         |                           |
| 17.207                            | Employment Service/Wagner-Peyser Funded Activities  |                                   |   | VSA                | 405,322           |                           |
|                                   | 17.207 Subtotal   |                                   |   |                    | <u>13,680,389</u> | <u>-</u>                  |
| 17.801                            | Disabled Veterans' Outreach Program (DVOP)  |                                   |   | DEA                | 2,864,098         |                           |
| 17.804                            | Local Veterans' Employment Representative Program   |                                   |   | DEA                | 1,539,117         |                           |
|                                   | Employment Service Cluster Subtotal   |                                   |   |                    | <u>18,083,604</u> | <u>-</u>                  |
| <b>WIOA Cluster</b>               |   |                                   |   |                    |                   |                           |
| 17.258                            | WIOA Adult Program  |                                   |   | DCA                | 112,974           |                           |
| 17.258                            | WIOA Adult Program  |                                   |   | DEA                | 11,600,084        | 11,600,084                |
| 17.258                            | WIOA Adult Program  |                                   |   | GVA                | 2,643,528         | 1,971,061                 |
|                                   | 17.258 Subtotal   |                                   |   |                    | <u>14,356,586</u> | <u>13,571,145</u>         |
| 17.259                            | WIOA Youth Activities   |                                   |   | DEA                | 17,441,720        | 17,255,342                |
| 17.259                            | WIOA Youth Activities   |                                   |   | EOA                | 577,135           |                           |
|                                   | 17.259 Subtotal   |                                   |   |                    | <u>18,018,855</u> | <u>17,255,342</u>         |
| 17.278                            | WIOA Dislocated Worker Formula Grants   |                                   |   | DEA                | 23,813,916        | 20,247,067                |
| 17.278                            | WIOA Dislocated Worker Formula Grants   |                                   |   | PEA                | 192,147           | 13,579                    |
|                                   | 17.278 Subtotal   |                                   |   |                    | <u>24,006,063</u> | <u>20,260,646</u>         |
|                                   | WIOA Cluster Subtotal   |                                   |   |                    | <u>56,381,504</u> | <u>51,087,133</u>         |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number                          | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor                              | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|--|---|---|--|--------------------|--------------------|---------------------------|
| <b>Other Department of Labor Programs</b>        |   |   |  |                    |                    |                           |
| 17.002   | Labor Force Statistics  |   |  | EOA                | 921,056            |                           |
| 17.005   | Compensation and Working Conditions   |   |  | ICA                | 114,710            |                           |
| 17.225   | Unemployment Insurance  |   |  | DEA                | 267,339,499        |                           |
| 17.225   | Unemployment Insurance  |   |  | EOA                | 24,010             |                           |
|  | 17.225 Subtotal   |   |  |                    | <u>267,363,509</u> | <u>-</u>                  |
| 17.235   | Senior Community Service Employment Program   |   |  | DEA                | 1,056,920          | 1,020,017                 |
| 17.245   | Trade Adjustment Assistance   |   |  | DEA                | 973,889            |                           |
| 17.271   | Work Opportunity Tax Credit Program (WOTC)  |   |  | DEA                | 261,822            |                           |
| 17.273   | Temporary Labor Certification for Foreign Workers   |   |  | DEA                | 285,341            |                           |
| 17.277   | WIOA National Dislocated Worker Grants/ WIA National Emergency Grants   |   |  | DEA                | 505,915            |                           |
| 17.281   | WIOA Dislocated Worker National Reserve Technical Assistance and Training   |   |  | DEA                | 198                |                           |
| 17.503   | Occupational Safety and Health State Program  |   |  | ICA                | 1,775,781          |                           |
| 17.504   | Consultation Agreements   |   |  | ICA                | 772,619            |                           |
| 17.600   | Mine Health and Safety Grants   |   |  | MIA                | 305,134            |                           |
|  | Total Department of Labor   |   |  |                    | <u>348,802,002</u> | <u>52,107,150</u>         |
| <b>DEPARTMENT OF STATE</b>                       |   |   |  |                    |                    |                           |
| 19.009   | Academic Exchange Programs—Undergraduate Programs   |   |  | ASA                | 38,859             |                           |
| 19.009   | Academic Exchange Programs—Undergraduate Programs   | Institute for Training and Development            | SECAGD15CA1035   | UAA                | 13,410             |                           |
| 19.009   | Academic Exchange Programs—Undergraduate Programs   | International Research and Exchanges Board (IREX) | FY19-YALI-PM-ASU-04, FY18-YALI-PM-ASU-03, FY19-YALI-PM-ASU-04, FY18-YALI-PM-ASU-03 | ASA                | 194,958            |                           |
| 19.009   | Academic Exchange Programs—Undergraduate Programs   | University of Nebraska: Omaha                     | 45-2402-1030-301, 45-2402-1030-301   | ASA                | 151,808            |                           |
|  | 19.009 Subtotal   |   |  |                    | <u>399,035</u>     | <u>-</u>                  |
| 19.010   | Academic Exchange Programs—Hubert H. Humphrey Fellowship Program  | Institute of International Education              | IIE0138-ASU-01-10-2018, HHH1801_ASU_7.1.18, IIE0138 ASU 7.1.17                     | ASA                | 208,316            |                           |
| 19.011   | Academic Exchange Programs—Special Academic Exchange Programs   | American Institute of Maghrib Studies             | LTR DTD 110101   | UAA                | 50,548             |                           |
| 19.040   | Public Diplomacy Programs   |   |  | ASA                | 322,325            |                           |
| 19.040   | Public Diplomacy Programs   |   |  | UAA                | 11,748             |                           |
|  | 19.040 Subtotal   |   |  |                    | <u>334,073</u>     | <u>-</u>                  |
| 19.300   | Program for Study of Eastern Europe and the Independent States of the Former Soviet Union                             |   |  | ASA                | 285,586            |                           |
| 19.401   | Academic Exchange Programs—Scholars   | University of Montana                             | PG19-26935-01  | ASA                | 55,620             |                           |
| 19.408   | Academic Exchange Programs—Teachers   | International Research and Exchanges Board (IREX) | FY19-FDAI-ASU-01, FY18-ILEP-ASU-01, FY18-ILEP-ASU-01                               | ASA                | 194,192            |                           |
| 19.415   | Professional and Cultural Exchange Programs - Citizen Exchanges   | Institute of International Education              | SIIE1SUBR2017  | UAA                | 13,988             |                           |
| 19.421   | Academic Exchange Programs— English Language Programs   | FHI 360   | S-ECAGD-18-CA-0052   | ASA                | 34,057             |                           |
| 19.501   | Public Diplomacy Programs for Afghanistan and Pakistan  |   |  | ASA                | 375,791            |                           |
| 19.750   | Bureau of Western Hemisphere Affairs (WHA) Grant Programs (including Energy and Climate Partnership for the Americas) |   |  | ASA                | 609,218            | 98,500                    |
| 19.AID-306-TO-15-00062                           | PROMOTE: Afghan Women's Leadership in the Economy (AWLE)  | Development Alternatives, Inc.                    | 1002611-15S-004  | ASA                | 32,353             |                           |
| 19.SECAGD18CA1045M B                             | Study of the US Institute for Student Leaders on History and Government   | Institute for Training and Development            | LTR DTD 052319   | UAA                | 68,124             |                           |
| 19.SECAGD18CA1045M B                             | The Study of the United States Institutes for Student Leaders on U.S. History and Government                          | Institute for Training and Development            | LTR DTD 043018   | UAA                | 347,292            |                           |
|  | Total Department of State   |   |  |                    | <u>3,008,193</u>   | <u>98,500</u>             |
| <b>DEPARTMENT OF TRANSPORTATION</b>              |   |   |  |                    |                    |                           |
| <b>Highway Planning and Construction Cluster</b> |   |   |  |                    |                    |                           |
| 20.205   | Highway Planning and Construction   |   |  | ADA                | 153,885            |                           |
| 20.205   | Highway Planning and Construction   |   |  | DTA                | 588,400,423        | 65,307,450                |
| 20.205   | Highway Planning and Construction   |   |  | GFA                | 200,402            |                           |
| 20.205   | Highway Planning and Construction   |   |  | PSA                | 1,079,624          |                           |
|  | 20.205 Subtotal   |   |  |                    | <u>589,834,334</u> | <u>65,307,450</u>         |
| 20.219   | Recreational Trails Program   |   |  | DTA                | 1,644,113          |                           |
| 20.219   | Recreational Trails Program   |   |  | LDA                | 125,853            |                           |
| 20.219   | Recreational Trails Program   |   |  | PRA                | 1,683,438          | 915,302                   |
|  | 20.219 Subtotal   |   |  |                    | <u>3,453,404</u>   | <u>915,302</u>            |
|  | Highway Planning and Construction Cluster Subtotal  |   |  |                    | <u>593,287,738</u> | <u>66,222,752</u>         |
| <b>Transit Services Program Cluster</b>          |   |   |  |                    |                    |                           |
| 20.513   | Enhanced Mobility of Seniors and Individuals with Disabilities  |   |  | DTA                | 5,682,896          | 5,339,722                 |
| 20.513   | Enhanced Mobility of Seniors and Individuals with Disabilities  |   |  | NAA                | 43,537             |                           |
| 20.513   | Enhanced Mobility of Seniors and Individuals with Disabilities  |   |  | UAA                | 44,090             |                           |
| 20.513   | Enhanced Mobility of Seniors and Individuals with Disabilities  | City of Phoenix                                   | 146992, 149467-0   | NAA                | 68,199             |                           |
|  | 20.513 Subtotal   |   |  |                    | <u>5,838,722</u>   | <u>5,339,722</u>          |
|  | Transit Services Program Cluster Subtotal   |   |  |                    | <u>5,838,722</u>   | <u>5,339,722</u>          |
| <b>Highway Safety Cluster</b>                    |   |   |  |                    |                    |                           |
| 20.600   | State and Community Highway Safety  |   |  | GHA                | 4,597,346          | 3,227,691                 |
| 20.600   | State and Community Highway Safety  |   |  | LLA                | 145,984            |                           |
| 20.600   | State and Community Highway Safety  |   |  | NAA                | 28,139             |                           |
| 20.600   | State and Community Highway Safety  |   |  | PSA                | 367,243            |                           |
| 20.600   | State and Community Highway Safety  |   |  | SPA                | 24,955             |                           |
| 20.600   | State and Community Highway Safety  |   |  | UAA                | 12,477             |                           |
|  | 20.600 Subtotal   |   |  |                    | <u>5,176,144</u>   | <u>3,227,691</u>          |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number                                     | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor                 | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|---|---|--------------------------------------|---|--------------------|--------------|---------------------------|
| 20.616  | National Priority Safety Programs   |                                      |   | ASA                | 33,829       |                           |
| 20.616  | National Priority Safety Programs   |                                      |   | GHA                | 3,666,920    | 2,847,740                 |
| 20.616  | National Priority Safety Programs   |                                      |   | NAA                | 22,307       |                           |
| 20.616  | National Priority Safety Programs   |                                      |   | PSA                | 190,808      |                           |
| 20.616  | National Priority Safety Programs   |                                      |   | SPA                | 49,617       |                           |
| 20.616  | National Priority Safety Programs   |                                      |   | UAA                | 30,020       |                           |
|   | 20.616 Subtotal   |                                      |   |                    | 3,993,501    | 2,847,740                 |
|   | Highway Safety Cluster Subtotal   |                                      |   |                    | 9,169,645    | 6,075,431                 |
| <b><u>Other Department of Transportation Programs</u></b>   |   |                                      |   |                    |              |                           |
| 20.106  | Airport Improvement Program   |                                      |   | DTA                | 1,151,343    |                           |
| 20.200  | Highway Research and Development Program  |                                      |   | DTA                | 181,391      | 5,322                     |
| 20.215  | Highway Training and Education  |                                      |   | ASA                | 6,143        |                           |
| 20.215  | Highway Training and Education  |                                      |   | DTA                | 151,550      |                           |
|   | 20.215 Subtotal   |                                      |   |                    | 157,693      | -                         |
| 20.218  | Motor Carrier Safety Assistance   |                                      |   | DTA                | 319,200      |                           |
| 20.218  | Motor Carrier Safety Assistance   |                                      |   | PSA                | 8,453,333    |                           |
|   | 20.218 Subtotal   |                                      |   |                    | 8,772,533    | -                         |
| 20.237  | Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements                    |                                      |   | DTA                | 472,270      |                           |
| 20.237  | Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements                    |                                      |   | PSA                | 935,339      |                           |
|   | 20.237 Subtotal   |                                      |   |                    | 1,407,609    | -                         |
| 20.240  | Fuel Tax Evasion-Intergovernmental Enforcement Effort   |                                      |   | DTA                | 214,844      |                           |
| 20.505  | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research                     |                                      |   | DTA                | 3,574,910    | 3,524,016                 |
| 20.509  | Formula Grants for Rural Areas  |                                      |   | DTA                | 19,033,039   | 16,407,819                |
| 20.528  | Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program                 |                                      |   | DTA                | 285,913      |                           |
| 20.614  | National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements |                                      |   | DTA                | 100,478      |                           |
| 20.614  | National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements |                                      |   | GHA                | 461,907      |                           |
|   | 20.614 Subtotal   |                                      |   |                    | 562,385      | -                         |
| 20.700  | Pipeline Safety Program State Base Grant  |                                      |   | CCA                | 578,003      |                           |
| 20.703  | Interagency Hazardous Materials Public Sector Training and Planning Grants                                    |                                      |   | EVA                | 143,793      | 143,793                   |
| 20.703  | Interagency Hazardous Materials Public Sector Training and Planning Grants                                    |                                      |   | MAA                | 63,752       |                           |
|   | 20.703 Subtotal   |                                      |   |                    | 207,545      | 143,793                   |
| 20.933  | National Infrastructure Investments   |                                      |   | DTA                | 12,191,856   |                           |
|   | Total Department of Transportation  |                                      |   |                    | 656,615,169  | 97,718,855                |
| <b><u>DEPARTMENT OF THE TREASURY</u></b>                    |   |                                      |   |                    |              |                           |
| 21.2016054  | MOU b/t US Border Patrol & AZDPS.   |                                      |   | PSA                | 83,447       |                           |
| 21.PL113-76X1350  | NFMC_RND10  |                                      |   | HDA                | 5,700        | 5,700                     |
| 21.S-ECAGD-19-CA-0046                                       | Fulbright Pre-Departure Orientation 2019  | Institute of International Education | AGR 5/16/2019                           | ASA                | 109          |                           |
|   | Total Department of the Treasury  |                                      |   |                    | 89,256       | 5,700                     |
| <b><u>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u></b>       |   |                                      |   |                    |              |                           |
| 30.001  | Employment Discrimination Title VII of the Civil Rights Act of 1964   |                                      |   | AGA                | 448,910      |                           |
|   | Total Equal Employment Opportunity Commission   |                                      |   |                    | 448,910      | -                         |
| <b><u>GENERAL SERVICES ADMINISTRATION</u></b>               |   |                                      |   |                    |              |                           |
| 39.003  | Donation of Federal Surplus Personal Property   |                                      |   | ADA                | 62,565       |                           |
|   | Total General Services Administration   |                                      |   |                    | 62,565       | -                         |
| <b><u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b> |   |                                      |   |                    |              |                           |
| 43.001  | Science   |                                      |   | ASA                | 34,856       |                           |
| 43.001  | Science   | North Carolina State University      | 2016-3126-02                            | UAA                | 26,125       |                           |
| 43.001  | Science   | SETI Institute                       | SC-3177                                 | UAA                | 86,276       |                           |
|   | 43.001 Subtotal   |                                      |   |                    | 147,257      | -                         |
| 43.002  | Aeronautics   |                                      |   | ASA                | 2,316,891    | 1,077,008                 |
| 43. NNX16AC53A  | National Aeronautics and Space Administration   |                                      |   | NAA                | 596,039      | 190,479                   |
| 43.Unknown  | National Aeronautics and Space Administration   |                                      |   | NAA                | 146,908      |                           |
|   | Total National Aeronautics and Space Administration   |                                      |   |                    | 3,207,095    | 1,267,487                 |
| <b><u>NATIONAL ENDOWMENT FOR THE ARTS</u></b>               |   |                                      |   |                    |              |                           |
| 45.024  | Promotion of the Arts Grants to Organizations and Individuals   |                                      |   | UAA                | 35,935       |                           |
| 45.025  | Promotion of the Arts Partnership Agreements  |                                      |   | HUA                | 869,519      | 170,942                   |
| 45.Unknown  | NEA Challenge Grant Endowment   |                                      |   | UAA                | 66,584       |                           |
|   | Total National Endowment for the Arts   |                                      |   |                    | 972,038      | 170,942                   |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number                                      | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor              | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures      | Provided to Subrecipients |
|--|--|-----------------------------------|---|--------------------|-------------------|---------------------------|
| <b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u></b>          |  |                                   |   |                    |                   |                           |
| 45.129   | Promotion of the Humanities Federal/State Partnership  | Arizona Humanities Council        | 70762018, 70872019, 70882019            | NAA                | 5,204             |                           |
| 45.129   | Promotion of the Humanities Federal/State Partnership  | Arizona Humanities Council        | 70672018, 70682018, 70772018            | UAA                | 10,850            |                           |
|  | 45.129 Subtotal  |                                   |   |                    | <u>16,054</u>     | <u>-</u>                  |
| 45.130   | Promotion of the Humanities Challenge Grants   |                                   |   | UAA                | 200,470           |                           |
| 45.149   | Promotion of the Humanities Division of Preservation and Access  |                                   |   | STA                | 159,920           | 11,799                    |
| 45.149   | Promotion of the Humanities Division of Preservation and Access  |                                   |   | UAA                | 220,674           |                           |
|  | 45.149 Subtotal  |                                   |   |                    | <u>380,594</u>    | <u>11,799</u>             |
| 45.162   | Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development                                   |                                   |   | ASA                | 7,843             |                           |
| 45.163   | Promotion of the Humanities—Professional Development   |                                   |   | UAA                | 44,765            |                           |
| 45.169   | Promotion of the Humanities—Office of Digital Humanities   |                                   |   | ASA                | 67,098            |                           |
| 45.Unknown   | NEH/ASM Educational Endowment  |                                   |   | UAA                | 381,783           |                           |
|  | Total National Endowment for the Humanities  |                                   |   |                    | <u>1,098,607</u>  | <u>11,799</u>             |
| <b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>       |  |                                   |   |                    |                   |                           |
| 45.301   | Museums for America  |                                   |   | UAA                | 124,283           |                           |
| 45.310   | Grants to States   |                                   |   | ASA                | 12,547            |                           |
| 45.310   | Grants to States   |                                   |   | NAA                | 32,649            |                           |
| 45.310   | Grants to States   |                                   |   | STA                | 3,459,374         | 808,517                   |
|  | 45.310 Subtotal  |                                   |   |                    | <u>3,504,570</u>  | <u>808,517</u>            |
| 45.312   | National Leadership Grants   | Pacific Science Center Foundation | 2016-1002E                              | UAA                | 6,743             |                           |
| 45.GS00F010CA  | NLM Support for Knowledge River Library School Internship  | ICF International, LLC            | 18EGPO0129/GS-00F-010CA                 | UAA                | 43,058            |                           |
|  | Total Institute of Museum and Library Services   |                                   |   |                    | <u>3,678,654</u>  | <u>808,517</u>            |
| <b><u>NATIONAL SCIENCE FOUNDATION</u></b>                    |  |                                   |   |                    |                   |                           |
| 47.074   | Biological Sciences  |                                   |   | NAA                | 136,757           |                           |
| 47.076   | Education and Human Resources  |                                   |   | NAA                | 521,079           | 23,449                    |
| 47.076   | Education and Human Resources  | San Francisco State University    | S18-0002                                | NAA                | 57,688            |                           |
| 47.076   | Education and Human Resources  |                                   |   | UAA                | 318,096           |                           |
|  | 47.076 Subtotal  |                                   |   |                    | <u>896,863</u>    | <u>23,449</u>             |
| 47.079   | Office of International Science and Engineering  |                                   |   | NAA                | 22,278            |                           |
| 47.082   | ARRA—Trans-NSF Recovery Act Research Support   | ICF International, LLC            | 18EGPO0129/GS-00F-010CA                 | UAA                | 252,050           |                           |
|  | Total National Science Foundation  |                                   |   |                    | <u>1,307,948</u>  | <u>23,449</u>             |
| <b><u>SMALL BUSINESS ADMINISTRATION</u></b>                  |  |                                   |   |                    |                   |                           |
| 59.061   | State Trade Expansion  |                                   |   | CAA                | 393,684           |                           |
|  | Total Small Business Administration  |                                   |   |                    | <u>393,684</u>    | <u>-</u>                  |
| <b><u>DEPARTMENT OF VETERANS AFFAIRS</u></b>                 |  |                                   |   |                    |                   |                           |
| 64.024   | VA Homeless Providers Grant and Per Diem Program   |                                   |   | VSA                | 82,926            |                           |
| 64.124   | All-Volunteer Force Educational Assistance   |                                   |   | VSA                | 386,769           |                           |
| 64.LTR DTD 010517  | IPA for Terry Urbine   |                                   |   | UAA                | 2,240             |                           |
|  | Total Department of Veterans Affairs   |                                   |   |                    | <u>471,935</u>    | <u>-</u>                  |
| <b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>                |  |                                   |   |                    |                   |                           |
| <b><u>Clean Water State Revolving Fund Cluster</u></b>       |  |                                   |   |                    |                   |                           |
| 66.458   | Capitalization Grants for Clean Water State Revolving Funds  |                                   |   | FAA                | 4,793,978         | 4,399,013                 |
|  | Clean Water State Revolving Fund Cluster Subtotal  |                                   |   |                    | <u>4,793,978</u>  | <u>4,399,013</u>          |
| <b><u>Drinking Water State Revolving Fund Cluster</u></b>    |  |                                   |   |                    |                   |                           |
| 66.468   | Capitalization Grants for Drinking Water State Revolving Funds   |                                   |   | EVA                | 2,721,275         |                           |
| 66.468   | Capitalization Grants for Drinking Water State Revolving Funds   |                                   |   | FAA                | 10,001,280        | 6,309,734                 |
|  | 66.468 Subtotal  |                                   |   |                    | <u>12,722,555</u> | <u>6,309,734</u>          |
|  | Drinking Water State Revolving Fund Cluster Subtotal   |                                   |   |                    | <u>12,722,555</u> | <u>6,309,734</u>          |
| <b><u>Other Environmental Protection Agency Programs</u></b> |  |                                   |   |                    |                   |                           |
| 66.001   | Air Pollution Control Program Support  |                                   |   | EVA                | 392,390           | 390,392                   |
| 66.032   | State Indoor Radon Grants  |                                   |   | HSA                | 77,911            |                           |
| 66.034   | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act |                                   |   | EVA                | 312,051           | 76,680                    |
| 66.034   | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act |                                   |   | NAA                | 357,527           |                           |
|  | 66.034 Subtotal  |                                   |   |                    | <u>669,578</u>    | <u>76,680</u>             |
| 66.037   | Internships, Training and Workshops for the Office of Air and Radiation  |                                   |   | NAA                | 1,554,947         |                           |
| 66.419   | Water Pollution Control State, Interstate, and Tribal Program Support  |                                   |   | EVA                | 323,473           |                           |
| 66.440   | Urban Waters Small Grants  |                                   |   | ASA                | 1,180             |                           |
| 66.454   | Water Quality Management Planning  |                                   |   | EVA                | 79,374            | 79,374                    |
| 66.460   | Nonpoint Source Implementation Grants  |                                   |   | EVA                | 582,155           | 563,758                   |
| 66.460   | Nonpoint Source Implementation Grants  |                                   |   | GFA                | 105,111           |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number                       | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor                   | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures                    | Provided to Subrecipients              |
|---|--|--|---|--------------------|---------------------------------|--|
| 66.460  | Nonpoint Source Implementation Grants<br>66.460 Subtotal   |  |   | UAA                | 676<br><u>687,942</u>           | <u>563,758</u>                         |
| 66.509  | Science To Achieve Results (STAR) Research Program   |  |   | NAA                | 910                             |  |
| 66.509  | Science To Achieve Results (STAR) Research Program<br>66.509 Subtotal  | Yurok Tribe                            | 3017                                    | NAA                | 1,309<br><u>2,219</u>           | <u>-</u>                               |
| 66.605  | Performance Partnership Grants   |  |   | AHA                | 530,160                         |  |
| 66.605  | Performance Partnership Grants<br>66.605 Subtotal  |  |   | EVA                | 9,284,285<br><u>9,814,445</u>   | <u>734,917</u><br><u>734,917</u>       |
| 66.608  | Environmental Information Exchange Network Grant Program and Related Assistance  |  |   | EVA                | 121,375                         | 45,105                                 |
| 66.608  | Environmental Information Exchange Network Grant Program and Related Assistance<br>66.608 Subtotal                         |  |   | NAA                | 115,877<br><u>237,252</u>       | <u>45,105</u>                          |
| 66.708  | Pollution Prevention Grants Program  |  |   | EVA                | 36,343                          |  |
| 66.801  | Hazardous Waste Management State Program Support   |  |   | EVA                | 29,264                          |  |
| 66.802  | Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements                              |  |   | EVA                | 288,326                         |  |
| 66.804  | Underground Storage Tank Prevention, Detection and Compliance Program  |  |   | EVA                | 394,525                         |  |
| 66.805  | Leaking Underground Storage Tank Trust Fund Corrective Action Program  |  |   | EVA                | 784,197                         |  |
| 66.808  | Solid Waste Management Assistance Grants   |  |   | NAA                | 516,609                         |  |
| 66.813  | Alternative or Innovative Treatment Technology Research, Demonstration, Training, and Hazardous Substance Research Grants  |  |   | NAA                | 252,173                         |  |
| 66.817  | State and Tribal Response Program Grants   |  |   | EVA                | 632,397                         | 278,428                                |
| 66.931  | International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs                    | North American Development Bank (NADB) | TAA17-022                               | ASA                | 65,515                          |  |
| 66.931  | International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs<br>66.931 Subtotal | North American Development Bank (NADB) | TA17020X400T62701                       | UAA                | 26,866<br><u>92,381</u>         | <u>-</u>                               |
| 66.951  | Environmental Education Grants   |  |   | ASA                | 1,895                           | 1,250                                  |
| 66.Unknown                                    | Environmental Protection Agency  |  |   | NAA                | 217,529                         |  |
|   | Total Environmental Protection Agency  |  |   |                    | <u>34,602,883</u>               | <u>12,878,651</u>                      |
| <b>DEPARTMENT OF ENERGY</b>                   |  |  |   |                    |                                 |  |
| 81.041  | State Energy Program   |  |   | ADA                | 594,536                         |  |
| 81.042  | Weatherization Assistance for Low-Income Persons   |  |   | HDA                | 1,322,226                       | 1,194,397                              |
| 81.049  | Office of Science Financial Assistance Program   |  |   | NAA                | 274,420                         |  |
| 81.049  | Office of Science Financial Assistance Program<br>81.049 Subtotal  |  |   | UAA                | 1,124<br><u>275,544</u>         | <u>-</u>                               |
| 81.AFC-7-004406                               | National Renewable Energy Laboratory   |  |   | NAA                | 6,738                           |  |
| 81.AHQ-9-92092-07                             | National Renewable Energy Laboratory   |  |   | NAA                | 7,810                           |  |
| 81.CRT 4000164500                             | UT Battelle LLC  |  |   | NAA                | 46,040                          |  |
| 81.Unknown                                    | Department of Energy   | Utah Clean Energy                      | N/A                                     | NAA                | 956                             |  |
|   | Total Department of Energy   |  |   |                    | <u>2,253,850</u>                | <u>1,194,397</u>                       |
| <b>DEPARTMENT OF EDUCATION</b>                |  |  |   |                    |                                 |  |
| <b>Special Education Cluster (IDEA)</b>       |  |  |   |                    |                                 |  |
| 84.027  | Special Education—Grants to States   |  |   | DCA                | 92,182                          |  |
| 84.027  | Special Education—Grants to States   |  |   | DJA                | 128,609                         |  |
| 84.027  | Special Education—Grants to States   |  |   | EDA                | 196,956,908                     | 181,732,765                            |
| 84.027  | Special Education—Grants to States   |  |   | NAA                | 393,512                         |  |
| 84.027  | Special Education—Grants to States   |  |   | SDA                | 506,991                         |  |
| 84.027  | Special Education—Grants to States<br>84.027 Subtotal  | Navajo Nation                          | C010643, C011771                        | NAA                | 631,468<br><u>198,709,670</u>   | <u>181,732,765</u>                     |
| 84.173  | Special Education—Preschool Grants<br>Special Education Cluster (IDEA) Subtotal  |  |   | EDA                | 4,443,101<br><u>203,152,771</u> | <u>3,681,636</u><br><u>185,414,401</u> |
| <b>TRIO Cluster</b>                           |  |  |   |                    |                                 |  |
| 84.042  | TRIO—Student Support Services  |  |   | ASA                | 1,264,606                       |  |
| 84.042  | TRIO—Student Support Services  |  |   | NAA                | 347,636                         |  |
| 84.042  | TRIO—Student Support Services<br>84.042 Subtotal   |  |   | UAA                | 232,140<br><u>1,844,382</u>     | <u>-</u>                               |
| 84.044  | TRIO—Talent Search   |  |   | ASA                | 225,911                         |  |
| 84.044  | TRIO—Talent Search<br>84.044 Subtotal  |  |   | NAA                | 455,529<br><u>681,440</u>       | <u>-</u>                               |
| 84.047  | TRIO—Upward Bound  |  |   | ASA                | 334,151                         |  |
| 84.047  | TRIO—Upward Bound  |  |   | NAA                | 856,896                         |  |
| 84.047  | TRIO—Upward Bound<br>84.047 Subtotal   |  |   | UAA                | 306,389<br><u>1,497,436</u>     | <u>-</u>                               |
| 84.066  | TRIO—Educational Opportunity Centers<br>TRIO Cluster Subtotal  |  |   | NAA                | 387,354<br><u>4,410,612</u>     | <u>-</u>                               |
| <b>Other Department of Education Programs</b> |  |  |   |                    |                                 |  |
| 84.002  | Adult Education—Basic Grants to States   |  |   | EDA                | 10,667,081                      | 8,633,669                              |
| 84.010  | Title I Grants to Local Educational Agencies   |  |   | EDA                | 335,255,418                     | 331,964,314                            |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor                      | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|-------------------------|--|---|---|--------------------|--------------------|---------------------------|
| 84.010                  | Title I Grants to Local Educational Agencies   |   |   | SDA                | 400,320            |                           |
|                         | 84.010 Subtotal  |   |   |                    | <u>335,655,738</u> | <u>331,964,314</u>        |
| 84.011                  | Migrant Education State Grant Program  |   |   | EDA                | 5,654,103          | 5,130,155                 |
| 84.013                  | Title I State Agency Program for Neglected and Delinquent Children and Youth   |   |   | DCA                | 959,895            |                           |
| 84.013                  | Title I State Agency Program for Neglected and Delinquent Children and Youth   |   |   | DJA                | 280,969            |                           |
|                         | 84.013 Subtotal  |   |   |                    | <u>1,240,864</u>   | <u>-</u>                  |
| 84.015                  | National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program |   |   | UAA                | 494,918            |                           |
| 84.015                  | National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program | University of California, Berkeley        | 20180726                                | UAA                | 18,552             |                           |
|                         | 84.015 Subtotal  |   |   |                    | <u>513,470</u>     | <u>-</u>                  |
| 84.016                  | Undergraduate International Studies and Foreign Language Programs  |   |   | ASA                | 53,133             |                           |
| 84.016                  | Undergraduate International Studies and Foreign Language Programs  |   |   | UAA                | 48,014             |                           |
|                         | 84.016 Subtotal  |   |   |                    | <u>101,147</u>     | <u>-</u>                  |
| 84.021                  | Overseas Programs - Group Projects Abroad  |   |   | UAA                | 123,142            |                           |
| 84.031                  | Higher Education—Institutional Aid   | Arizona Western College                   | PO31C160019                             | UAA                | 109,506            |                           |
| 84.048                  | Career and Technical Education—Basic Grants to States  |   |   | DJA                | 92,418             |                           |
| 84.048                  | Career and Technical Education—Basic Grants to States  |   |   | EDA                | 25,849,486         | 23,047,253                |
| 84.048                  | Career and Technical Education—Basic Grants to States  |   |   | SDA                | 36,603             |                           |
| 84.048                  | Career and Technical Education—Basic Grants to States  |   |   | UAA                | 55,411             |                           |
|                         | 84.048 Subtotal  |   |   |                    | <u>26,033,918</u>  | <u>23,047,253</u>         |
| 84.126                  | Rehabilitation Services Vocational Rehabilitation Grants to States   |   |   | DEA                | 77,998,287         |                           |
| 84.126                  | Rehabilitation Services Vocational Rehabilitation Grants to States   |   |   | SDA                | 1,235              |                           |
|                         | 84.126 Subtotal  |   |   |                    | <u>77,999,522</u>  | <u>-</u>                  |
| 84.129                  | Rehabilitation Long-Term Training  |   |   | UAA                | 309,654            |                           |
| 84.144                  | Migrant Education Coordination Program   |   |   | EDA                | 44,104             |                           |
| 84.149                  | Migrant Education College Assistance Migrant Program   |   |   | ASA                | 395,696            |                           |
| 84.169                  | Independent Living—State Grants  |   |   | DEA                | 432,493            |                           |
| 84.177                  | Rehabilitation Services Independent Living Services for Older Individuals Who are Blind  |   |   | DEA                | 919,982            |                           |
| 84.181                  | Special Education—Grants for Infants and Families  |   |   | DEA                | 11,128,902         | 5,918,268                 |
| 84.181                  | Special Education—Grants for Infants and Families  |   |   | SDA                | 242,640            |                           |
|                         | 84.181 Subtotal  |   |   |                    | <u>11,371,542</u>  | <u>5,918,268</u>          |
| 84.184                  | School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities—National Programs)   |   |   | EDA                | 1,208              |                           |
| 84.187                  | Supported Employment Services for Individuals with the Most Significant Disabilities   |   |   | DEA                | 191,835            |                           |
| 84.196                  | Education for Homeless Children and Youth  |   |   | EDA                | 1,241,648          | 996,303                   |
| 84.206                  | Javits Gifted and Talented Students Education  |   |   | EDA                | 97,114             |                           |
| 84.206                  | Javits Gifted and Talented Students Education  | University of Hawaii                      | MA1370, MA1421                          | NAA                | 46,983             |                           |
|                         | 84.206 Subtotal  |   |   |                    | <u>144,097</u>     | <u>-</u>                  |
| 84.229                  | Language Resource Centers  |   |   | UAA                | 66,426             |                           |
| 84.233                  | Drug Free Schools and Communities  | Missouri Department of Elementary         | n/a                                     | NAA                | 611,630            | 171,805                   |
| 84.250                  | Rehabilitation Services American Indians with Disabilities   |   |   | NAA                | 830,564            |                           |
| 84.282                  | Charter Schools  |   |   | EDA                | 6,634,413          | 6,313,467                 |
| 84.287                  | Twenty-First Century Community Learning Centers  |   |   | EDA                | 20,204,819         | 19,080,180                |
| 84.295                  | Ready-To-Learn Television  | Corporation for Public Broadcasting (CPB) | 34605-EDU                               | ASA                | 29,516             |                           |
| 84.299                  | Indian Education—Special Programs for Indian Children  |   |   | NAA                | 346,177            |                           |
| 84.299                  | Indian Education—Special Programs for Indian Children  |   |   | UAA                | 357,849            |                           |
|                         | 84.299 Subtotal  |   |   |                    | <u>704,026</u>     | <u>-</u>                  |
| 84.323                  | Special Education—State Personnel Development  |   |   | EDA                | 770,479            | 538,728                   |
| 84.323                  | Special Education—State Personnel Development  |   |   | NAA                | 394,655            |                           |
| 84.323                  | Special Education—State Personnel Development  | Missouri Department of Elementary         |   | NAA                | 746,059            | 56,688                    |
|                         | 84.323 Subtotal  |   |   |                    | <u>1,911,193</u>   | <u>595,416</u>            |
| 84.325                  | Special Education—Personnel Development to Improve Services and Results for Children with Disabilities   |   |   | ASA                | 257,992            |                           |
| 84.325                  | Special Education—Personnel Development to Improve Services and Results for Children with Disabilities   |   |   | NAA                | 600,926            |                           |
| 84.325                  | Special Education—Personnel Development to Improve Services and Results for Children with Disabilities   |   |   | UAA                | 257,499            |                           |
| 84.325                  | Special Education—Personnel Development to Improve Services and Results for Children with Disabilities   | University of Florida                     | 16-01-ED                                | EDA                | 17,453             |                           |
|                         | 84.325 Subtotal  |   |   |                    | <u>1,133,870</u>   | <u>-</u>                  |
| 84.326                  | Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities  |   |   | SDA                | 159,195            |                           |
| 84.330                  | Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)  |   |   | EDA                | 111,176            |                           |
| 84.334                  | Gaining Early Awareness and Readiness for Undergraduate Programs   |   |   | ASA                | 54,906             |                           |
| 84.334                  | Gaining Early Awareness and Readiness for Undergraduate Programs   |   |   | NAA                | 3,541,792          | 2,246,090                 |
| 84.334                  | Gaining Early Awareness and Readiness for Undergraduate Programs   |   |   | UAA                | 61,661             |                           |
|                         | 84.334 Subtotal  |   |   |                    | <u>3,658,359</u>   | <u>2,246,090</u>          |



**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number                                    | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor                                | Pass-Through Grantor Identifying Number                         | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|--|--|---|---|--------------------|--------------------|---------------------------|
| 84.335   | Child Care Access Means Parents in School  |   |   | ASA                | 29,009             |                           |
| 84.336   | Teacher Quality Partnership Grants   |   |   | ASA                | 3,424,514          |                           |
| 84.358   | Rural Education  |   |   | EDA                | 1,397,423          | 1,397,319                 |
| 84.365   | English Language Acquisition State Grants  |   |   | ASA                | 430,462            | 27,176                    |
| 84.365   | English Language Acquisition State Grants  |   |   | EDA                | 12,657,114         | 12,140,722                |
| 84.365   | English Language Acquisition State Grants  |   |   | NAA                | 385,015            |                           |
|  | 84.365 Subtotal  |   |   |                    | <u>13,472,591</u>  | <u>12,167,898</u>         |
| 84.366   | Mathematics and Science Partnerships   |   |   | EDA                | 1,185,750          | 1,125,134                 |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    |   |   | ASA                | 127,765            | 105,098                   |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    |   |   | DCA                | 78,563             |                           |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    |   |   | DJA                | 32,623             |                           |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    |   |   | EDA                | 28,705,574         | 26,893,649                |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    |   |   | NAA                | 62,813             | 30,457                    |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    |   |   | SDA                | 18,325             |                           |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    |   |   | UAA                | 42,321             |                           |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    | National Board for Teaching Standards               | 1606216   | NAA                | 500                |                           |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    | National Institute for Excellence in Teaching - TAP | AGR 02/11/14  | ASA                | 595                |                           |
| 84.367   | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)    | National Writing Project                            | 09-AZ04-SEED2016, 09-AZ04-SEED2017-ILI, 09-AZ04-SEED2017-CRWPPD | ASA                | 1,699              |                           |
|  | 84.367 Subtotal  |   |   |                    | <u>29,070,778</u>  | <u>27,029,204</u>         |
| 84.368   | Competitive Grants for State Assessments (formerly Grants for Enhanced Assessment Instruments)     |   |   | EDA                | 985,973            |                           |
| 84.369   | Grants for State Assessments and Related Activities  |   |   | EDA                | 9,721,813          |                           |
| 84.418   | Promoting Readiness of Minors in Supplemental Security Income                                      |   |   | EDA                | 680,253            |                           |
| 84.418   | Promoting Readiness of Minors in Supplemental Security Income                                      |   |   | UAA                | 633,452            |                           |
| 84.418   | Promoting Readiness of Minors in Supplemental Security Income                                      | State of Utah                                       | 146240  | GVA                | 315,840            | 144,517                   |
|  | 84.418 Subtotal  |   |   |                    | <u>1,629,545</u>   | <u>144,517</u>            |
| 84.419   | Preschool Development Grants   |   |   | CDA                | 4,304,044          | 4,208,093                 |
| 84.419   | Preschool Development Grants   |   |   | EDA                | 17,211,348         | 15,591,754                |
|  | 84.419 Subtotal  |   |   |                    | <u>21,515,392</u>  | <u>19,799,847</u>         |
| 84.420   | Performance Partnership Pilots for Disconnected Youth  |   |   | ASA                | 257,626            | 48,419                    |
| 84.424   | Student Support and Academic Enrichment Program  |   |   | EDA                | 12,283,951         | 11,901,298                |
| 84.424   | Student Support and Academic Enrichment Program  |   |   | SDA                | 18,446             |                           |
|  | 84.424 Subtotal  |   |   |                    | <u>12,302,397</u>  | <u>11,901,298</u>         |
| 84.HB 2695   | Strengthening Geographic Literacy in Arizona Yr 2  |   |   | ASA                | 40,456             |                           |
| 84.Unknown   | Strengthening Geographic Literacy in Arizona   |   |   | ASA                | 35,842             |                           |
|  | Total Department of Education  |   |   |                    | <u>811,838,429</u> | <u>663,124,957</u>        |
| <b><u>MORRIS K. UDALL FOUNDATION</u></b>                   |  |   |   |                    |                    |                           |
| 85.LTR DTD 040319  | Udall Foundation Workplan 2019   |   |   | UAA                | 43,501             |                           |
| 85.MKU07066  | Udall Foundation Workplan 2018   |   |   | UAA                | 292,538            |                           |
| 85.NNI001  | Native Nations Institute for Leadership, Management, and Policy                                    |   |   | UAA                | 786,506            |                           |
|  | Total Morris K. Udall Foundation   |   |   |                    | <u>1,122,545</u>   | <u>-</u>                  |
| <b><u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u></b> |  |   |   |                    |                    |                           |
| 89.003   | National Historical Publications and Records Grants  |   |   | STA                | 25,319             | 15,000                    |
| 89.Unknown   | Learning to Dig  |   |   | UAA                | 4,000              |                           |
|  | Total National Archives and Records Administration   |   |   |                    | <u>29,319</u>      | <u>15,000</u>             |
| <b><u>ELECTION ASSISTANCE COMMISSION</u></b>               |  |   |   |                    |                    |                           |
| 90.401   | Help America Vote Act Requirements Payments  |   |   | STA                | 2,669,958          |                           |
|  | Total Election Assistance Commission   |   |   |                    | <u>2,669,958</u>   | <u>-</u>                  |
| <b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>      |  |   |   |                    |                    |                           |
| <b><u>Aging Cluster</u></b>                                |  |   |   |                    |                    |                           |
| 93.044   | Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers |   |   | DEA                | 11,248,634         | 11,131,706                |
| 93.045   | Special Programs for the Aging—Title III, Part C—Nutrition Services                                |   |   | DEA                | 14,242,360         | 13,052,579                |
| 93.053   | Nutrition Services Incentive Program   |   |   | DEA                | 1,869,884          | 1,869,884                 |
|  | Aging Cluster Subtotal   |   |   |                    | <u>27,360,878</u>  | <u>26,054,169</u>         |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number  | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor                      | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures          | Provided to Subrecipients |
|--|---|---|---|--------------------|-----------------------|---------------------------|
| <b>Health Center Program Cluster</b>                               |   |   |   |                    |                       |                           |
| 93.224   | Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) | Wesley Community Center                   | 201901                                  | ASA                | 1,987                 |                           |
|  | Health Center Program Cluster Subtotal  |   |   |                    | <u>1,987</u>          | <u>-</u>                  |
| <b>Maternal, Infant, and Early Childhood Home Visiting Cluster</b> |   |   |   |                    |                       |                           |
| 93.870   | Maternal, Infant and Early Childhood Home Visiting Grant Program  |   |   | CDA                | 1,274,502             | 1,274,502                 |
| 93.870   | Maternal, Infant and Early Childhood Home Visiting Grant Program  |   |   | HSA                | 4,192,068             | 2,244,556                 |
|  | 93.870 Subtotal   |   |   |                    | <u>5,466,570</u>      | <u>3,519,058</u>          |
|  | Maternal, Infant, and Early Childhood Home Visiting Cluster Subtotal  |   |   |                    | <u>5,466,570</u>      | <u>3,519,058</u>          |
| <b>TANF Cluster</b>  |   |   |   |                    |                       |                           |
| 93.558   | Temporary Assistance for Needy Families   |   |   | CHA                | 143,460,979           |                           |
| 93.558   | Temporary Assistance for Needy Families   |   |   | DEA                | 62,291,485            | 20,245,309                |
|  | 93.558 Subtotal   |   |   |                    | <u>205,752,464</u>    | <u>20,245,309</u>         |
|  | TANF Cluster Subtotal   |   |   |                    | <u>205,752,464</u>    | <u>20,245,309</u>         |
| <b>CCDF Cluster</b>  |   |   |   |                    |                       |                           |
| 93.575   | Child Care and Development Block Grant  |   |   | CDA                | 397,790               | 44,413                    |
| 93.575   | Child Care and Development Block Grant  |   |   | CHA                | 34,864,775            |                           |
| 93.575   | Child Care and Development Block Grant  |   |   | DEA                | 89,261,975            | 3,021,265                 |
| 93.575   | Child Care and Development Block Grant  |   |   | GVA                | 207,883               | 157,461                   |
|  | 93.575 Subtotal   |   |   |                    | <u>124,732,423</u>    | <u>3,223,139</u>          |
| 93.596   | Child Care Mandatory and Matching Funds of the Child Care and Development Fund  |   |   | DEA                | 23,959,177            |                           |
|  | CCDF Cluster Subtotal   |   |   |                    | <u>148,691,600</u>    | <u>3,223,139</u>          |
| <b>Medicaid Cluster</b>  |   |   |   |                    |                       |                           |
| 93.775   | State Medicaid Fraud Control Units  |   |   | AGA                | 2,938,560             |                           |
| 93.777   | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  |   |   | BNA                | 413,882               |                           |
| 93.777   | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  |   |   | HSA                | 4,388,145             |                           |
|  | 93.777 Subtotal   |   |   |                    | <u>4,802,027</u>      | <u>-</u>                  |
| 93.778   | Medical Assistance Program  |   |   | HCA                | 10,156,009,000        | 6,830,000                 |
| 93.778   | Medical Assistance Program  | Community Partnership of Southern Arizona | L0901                                   | UAA                | 22,050                |                           |
|  | 93.778 Subtotal   |   |   |                    | <u>10,156,031,050</u> | <u>6,830,000</u>          |
|  | Medicaid Cluster Subtotal   |   |   |                    | <u>10,163,771,637</u> | <u>6,830,000</u>          |
| <b>Other Department of Health and Human Services Programs</b>      |   |   |   |                    |                       |                           |
| 93.041   | Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation                 |   |   | DEA                | 93,113                | 63,701                    |
| 93.042   | Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals                           |   |   | DEA                | 437,310               | 409,459                   |
| 93.043   | Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services                                     |   |   | DEA                | 630,958               | 630,958                   |
| 93.048   | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects  |   |   | DEA                | 309,349               | 172,040                   |
| 93.052   | National Family Caregiver Support, Title III, Part E  |   |   | DEA                | 4,538,061             | 4,422,281                 |
| 93.069   | Public Health Emergency Preparedness  |   |   | HSA                | 44,633                |                           |
| 93.070   | Environmental Public Health and Emergency Response  |   |   | HSA                | 1,069,635             | 171,000                   |
| 93.071   | Medicare Enrollment Assistance Program  |   |   | DEA                | 420,741               | 420,451                   |
| 93.072   | Lifespan Respite Care Program   |   |   | DEA                | 129,752               | 129,752                   |
| 93.073   | Birth Defects and Developmental Disabilities - Prevention and Surveillance  |   |   | HSA                | 332,213               | 55,670                    |
| 93.074   | Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements                      |   |   | HSA                | 15,089,663            | 8,949,968                 |
| 93.074   | Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements                      |   |   | MAA                | 1,824                 |                           |
|  | 93.074 Subtotal   |   |   |                    | <u>15,091,487</u>     | <u>8,949,968</u>          |
| 93.079   | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance               |   |   | EDA                | 20,544                |                           |
| 93.079   | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance               |   |   | HSA                | 81,337                |                           |
|  | 93.079 Subtotal   |   |   |                    | <u>101,881</u>        | <u>-</u>                  |
| 93.092   | Affordable Care Act (ACA) Personal Responsibility Education Program   |   |   | HSA                | 1,051,214             | 892,548                   |
| 93.092   | Affordable Care Act (ACA) Personal Responsibility Education Program   |   |   | UAA                | 47,004                |                           |
|  | 93.092 Subtotal   |   |   |                    | <u>1,098,218</u>      | <u>892,548</u>            |
| 93.103   | Food and Drug Administration Research   |   |   | AHA                | 857,177               |                           |
| 93.103   | Food and Drug Administration Research   |   |   | HSA                | 186,148               |                           |
|  | 93.103 Subtotal   |   |   |                    | <u>1,043,325</u>      | <u>-</u>                  |
| 93.107   | Area Health Education Centers   |   |   | UAA                | 540,064               | 409,007                   |
| 93.110   | Maternal and Child Health Federal Consolidated Programs   |   |   | ASA                | 11,094                |                           |
| 93.110   | Maternal and Child Health Federal Consolidated Programs   |   |   | HSA                | 96,942                |                           |
| 93.110   | Maternal and Child Health Federal Consolidated Programs   |   |   | NAA                | 261,986               |                           |
| 93.110   | Maternal and Child Health Federal Consolidated Programs   |   |   | UAA                | 1,000,100             | 35,552                    |
| 93.110   | Maternal and Child Health Federal Consolidated Programs   | Oregon Health and Science University      | 1010559_UAZ                             | UAA                | 34,250                |                           |
| 93.110   | Maternal and Child Health Federal Consolidated Programs   | University of Colorado: Denver            | FY16.368.016                            | HSA                | 56,106                |                           |
|  | 93.110 Subtotal   |   |   |                    | <u>1,460,478</u>      | <u>35,552</u>             |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor                                     | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures     | Provided to Subrecipients |       |
|-------------------------|--|--|---|--------------------|------------------|---------------------------|-------|
| 93.113                  | Environmental Health   |  |   | NAA                | 19,895           |                           |       |
| 93.116                  | Project Grants and Cooperative Agreements for Tuberculosis Control Programs  |  |   | HSA                | 1,485,086        | 769,061                   |       |
| 93.124                  | Nurse Anesthetist Traineeships   |  |   | UAA                | 37,907           |                           |       |
| 93.127                  | Emergency Medical Services for Children  |  |   | HSA                | 120,557          | 25,000                    |       |
| 93.129                  | Technical and Non-Financial Assistance to Health Centers   | National Association of Community Health Centers (NACHC) | 325-02                                  | ASA                | 38,192           |                           |       |
| 93.130                  | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices  |  |   | HSA                | 197,858          |                           |       |
| 93.134                  | Grants to Increase Organ Donations   |  |   | UAA                | 3,059,581        | 2,982,474                 |       |
| 93.136                  | Injury Prevention and Control Research and State and Community Based Programs  |  |   | ASA                | 345,421          |                           |       |
| 93.136                  | Injury Prevention and Control Research and State and Community Based Programs  |  |   | HSA                | 3,039,706        | 1,565,589                 |       |
| 93.136                  | Injury Prevention and Control Research and State and Community Based Programs  |  |   | PMA                | 251,383          |                           |       |
| 93.136                  | Injury Prevention and Control Research and State and Community Based Programs  |  |   | UAA                | 106,297          |                           |       |
|                         | 93.136 Subtotal  |  |   |                    | <u>3,742,807</u> | <u>1,565,589</u>          |       |
| 93.145                  | HIV-Related Training and Technical Assistance  | University of California: San Francisco                  | 9054sc                                  | UAA                | 176,545          |                           |       |
| 93.150                  | Projects for Assistance in Transition from Homelessness (PATH)   |  |   | HCA                | 1,276,000        | 1,218,000                 |       |
| 93.161                  | Health Program for Toxic Substances and Disease Registry   |  |   | HSA                | 258              |                           |       |
| 93.165                  | Grants to States for Loan Repayment Program  |  |   | HSA                | 611,349          |                           |       |
| 93.178                  | Nursing Workforce Diversity  |  |   | UAA                | 502,967          |                           |       |
| 93.197                  | Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children      |  |   | HSA                | 201,232          | 10,000                    |       |
| 93.211                  | Telehealth Programs  |  |   | UAA                | 338,419          | 49,163                    |       |
| 93.217                  | Family Planning Services   |  |   | HSA                | 87,945           |                           |       |
| 93.235                  | Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program   |  |   | HSA                | 1,734,894        | 1,559,465                 |       |
| 93.236                  | Grants to States to Support Oral Health Workforce Activities   |  |   | HSA                | 228,206          | 31,278                    |       |
| 93.236                  | Grants to States to Support Oral Health Workforce Activities   |  |   | UAA                | 55,722           |                           |       |
|                         | 93.236 Subtotal  |  |   |                    | <u>283,928</u>   | <u>31,278</u>             |       |
| 93.237                  | Special Diabetes Program for Indians_Diabetes Prevention and Treatment Projects  |  |   | UAA                | 4,987            |                           |       |
| 93.237                  | Special Diabetes Program for Indians Diabetes Prevention and Treatment Projects  | Hualapai Tribe   |   | 18.009             | NAA              | 47,470                    | 6,487 |
|                         | 93.237 Subtotal  |  |   |                    | <u>52,457</u>    | <u>6,487</u>              |       |
| 93.240                  | State Capacity Building  |  |   | HSA                | 882              |                           |       |
| 93.241                  | State Rural Hospital Flexibility Program   |  |   | UAA                | 691,840          |                           |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  |  |   | EDA                | 245,906          | 98,437                    |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  |  |   | GVA                | 485,518          | 269,934                   |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  |  |   | HCA                | 2,426,000        | 1,463,000                 |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  |  |   | HSA                | 321,711          |                           |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  |  |   | UAA                | 1,106,056        | 358,600                   |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  |  |   | VSA                | 304,318          |                           |       |
| 93.243                  | Substance Abuse and Mental Health Services_Projects of Regional and National Significance  | Caring Health Center, Inc.                               | 483781                                  | UAA                | 9,462            |                           |       |
| 93.243                  | Substance Abuse and Mental Health Services_Projects of Regional and National Significance  | Cenpatco Integrated Care                                 | AZDHS15085891                           | UAA                | 77,587           |                           |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  | Havasupai Tribe  | 1H795SM063477-01                        | NAA                | 68,910           |                           |       |
| 93.243                  | Substance Abuse and Mental Health Services Projects of Regional and National Significance  | Old Pueblo Community Foundation                          | 1H79TI080589-ASU                        | ASA                | 18,697           |                           |       |
|                         | 93.243 Subtotal  |  |   |                    | <u>5,064,165</u> | <u>2,189,971</u>          |       |
| 93.247                  | Advanced Nursing Education Grant Program   |  |   | UAA                | 797,300          |                           |       |
| 93.253                  | Poison Center Support and Enhancement Grant Program  |  |   | UAA                | 142,096          |                           |       |
| 93.268                  | Immunization Cooperative Agreements  |  |   | HSA                | 103,122,062      | 861,950                   |       |
| 93.270                  | Viral Hepatitis Prevention and Control   |  |   | HSA                | 186,734          | 105,182                   |       |
| 93.283                  | Centers for Disease Control and Prevention Investigations and Technical Assistance   |  |   | HSA                | 159,160          |                           |       |
| 93.283                  | Centers for Disease Control and Prevention Investigations and Technical Assistance   |  |   | UAA                | 29,544           |                           |       |
| 93.283                  | Centers for Disease Control and Prevention Investigations and Technical Assistance   | Association of Schools and Programs of Public Health     | S5066                                   | UAA                | 10,500           |                           |       |
|                         | 93.283 Subtotal  |  |   |                    | <u>199,204</u>   | <u>-</u>                  |       |
| 93.296                  | State Partnership Grant Program to Improve Minority Health   |  |   | HSA                | 102,985          | 27,500                    |       |
| 93.301                  | Small Rural Hospital Improvement Grant Program   |  |   | UAA                | 115,562          | 81,118                    |       |
| 93.305                  | PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF) |  |   | HSA                | 789,049          | 407,936                   |       |
| 93.314                  | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program   |  |   | HSA                | 79,770           | 1,105                     |       |
| 93.323                  | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)   |  |   | HSA                | 3,669,487        | 263,250                   |       |
| 93.323                  | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)   |  |   | UAA                | 82,335           |                           |       |
|                         | 93.323 Subtotal  |  |   |                    | <u>3,751,822</u> | <u>263,250</u>            |       |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor                              | Pass-Through Grantor Identifying Number              | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|-------------------------|---|---|--|--------------------|--------------------|---------------------------|
| 93.324                  | State Health Insurance Assistance Program   |   |  | DEA                | 802,927            | 641,112                   |
| 93.332                  | Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges  |   |  | UAA                | 83,365             |                           |
| 93.336                  | Behavioral Risk Factor Surveillance System  |   |  | HSA                | 46,639             |                           |
| 93.354                  | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response   |   |  | HSA                | 3,271,776          | 2,254,225                 |
| 93.367                  | Flexible Funding Model—Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs   |   |  | HSA                | 159,557            |                           |
| 93.391                  | Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health and Healthcare Crises  |   |  | NAA                | 107,676            |                           |
| 93.426                  | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke  |   |  | HSA                | 463,115            | 6,208                     |
| 93.426                  | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke  |   |  | UAA                | 63,033             |                           |
|                         | 93.426 Subtotal   |   |  |                    | <u>526,148</u>     | <u>6,208</u>              |
| 93.434                  | Every Student Succeeds Act/Preschool Development Grants   |   |  | EDA                | 47,385             |                           |
| 93.448                  | Food Safety and Security Monitoring Project   |   |  | HSA                | 281,432            |                           |
| 93.464                  | ACL Assistive Technology  |   |  | NAA                | 627,441            |                           |
| 93.500                  | Pregnancy Assistance Fund Program   |   |  | GVA                | 274,937            | 241,519                   |
| 93.511                  | Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review  |   |  | IDA                | 215,454            |                           |
| 93.516                  | Public Health Training Centers Program  |   |  | UAA                | 941,962            | 365,198                   |
| 93.521                  | The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF |   |  | HSA                | 140,098            |                           |
| 93.539                  | PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds  |   |  | HSA                | 4,268,455          | 3,279,937                 |
| 93.556                  | Promoting Safe and Stable Families  |   |  | CHA                | 6,025,121          |                           |
| 93.563                  | Child Support Enforcement   |   |  | DEA                | 46,938,675         | 5,159,609                 |
| 93.563                  | Child Support Enforcement   |   |  | SPA                | 6,495              |                           |
|                         | 93.563 Subtotal   |   |  |                    | <u>46,945,170</u>  | <u>5,159,609</u>          |
| 93.566                  | Refugee and Entrant Assistance State/Replacement Designee Administered Programs   |   |  | DEA                | 7,371,965          | 5,849,277                 |
| 93.568                  | Low-Income Home Energy Assistance   |   |  | DEA                | 21,306,101         | 20,720,217                |
| 93.568                  | Low-Income Home Energy Assistance   |   |  | HDA                | 4,521,823          | 4,417,209                 |
|                         | 93.568 Subtotal   |   |  |                    | <u>25,827,924</u>  | <u>25,137,426</u>         |
| 93.569                  | Community Services Block Grant  |   |  | DEA                | 5,428,165          | 5,095,975                 |
| 93.576                  | Refugee and Entrant Assistance Discretionary Grants   |   |  | DEA                | 237,558            | 237,558                   |
| 93.584                  | Refugee and Entrant Assistance Targeted Assistance Grants   |   |  | DEA                | 491,858            | 491,858                   |
| 93.586                  | State Court Improvement Program   |   |  | SPA                | 672,267            | 123,293                   |
| 93.590                  | Community-Based Child Abuse Prevention Grants   |   |  | CHA                | 825,142            |                           |
| 93.592                  | Family Violence Prevention and Services/Discretionary Grants to States for Access and Visitation Programs   | Battered Womens Justice Project                   | OC2017-03  | NAA                | 37,175             |                           |
| 93.597                  | Grants to States for Access and Visitation Programs   |   |  | DEA                | 231,109            | 224,131                   |
| 93.599                  | Chafee Education and Training Vouchers Program (ETV)  |   |  | CHA                | 1,955,467          |                           |
| 93.600                  | Head Start  |   |  | EDA                | 188,333            | 82,000                    |
| 93.600                  | Head Start  | Navajo Nation - Division of Dine Education        | CO10328, CO12149                                     | ASA                | 39,602             |                           |
|                         | 93.600 Subtotal   |   |  |                    | <u>227,935</u>     | <u>82,000</u>             |
| 93.602                  | Assets for Independence Demonstration Program   |   |  | ASA                | 496,525            |                           |
| 93.602                  | Assets for Independence Demonstration Program   |   |  | NAA                | 442,250            | 11,250                    |
| 93.602                  | Assets for Independence Demonstration Program   |   |  | UAA                | 1,080,679          |                           |
|                         | 93.602 Subtotal   |   |  |                    | <u>2,019,454</u>   | <u>11,250</u>             |
| 93.603                  | Adoption and Legal Guardianship Incentive Payments  |   |  | CHA                | 6,700,150          |                           |
| 93.627                  | Affordable Care Act: Testing Experience and Functional Assessment Tools   |   |  | HCA                | 89,000             |                           |
| 93.630                  | Developmental Disabilities Basic Support and Advocacy Grants  |   |  | DEA                | 1,078,634          |                           |
| 93.630                  | Developmental Disabilities Basic Support and Advocacy Grants  |   |  | NAA                | 19,054             |                           |
|                         | 93.630 Subtotal   |   |  |                    | <u>1,097,688</u>   | <u>-</u>                  |
| 93.632                  | University Centers for Excellence in Developmental Disabilities Education, Research, and Service  |   |  | NAA                | 503,631            | 63,379                    |
| 93.643                  | Children's Justice Grants to States   |   |  | GVA                | 378,424            | 223,645                   |
| 93.645                  | Stephanie Tubbs Jones Child Welfare Services Program  |   |  | CHA                | 5,813,118          |                           |
| 93.648                  | Child Welfare Research Training or Demonstration  | State University of New York: Research Foundation | 1128024-20-72851, 1128024-20-72851, 1128024-20-72851 | ASA                | 125,111            |                           |
| 93.658                  | Foster Care Title IV-E  |   |  | CHA                | 144,676,621        |                           |
| 93.658                  | Foster Care Title IV-E  |   |  | SPA                | 1,112,422          | 602,717                   |
|                         | 93.658 Subtotal   |   |  |                    | <u>145,789,043</u> | <u>602,717</u>            |
| 93.659                  | Adoption Assistance   |   |  | CHA                | 155,890,171        |                           |
| 93.667                  | Social Services Block Grant   |   |  | CHA                | 19,069,095         |                           |
| 93.667                  | Social Services Block Grant   |   |  | DEA                | 18,109,454         | 11,484,713                |
|                         | 93.667 Subtotal   |   |  |                    | <u>37,178,549</u>  | <u>11,484,713</u>         |
| 93.669                  | Child Abuse and Neglect State Grants  |   |  | CHA                | 238,496            |                           |
| 93.671                  | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services   |   |  | HSA                | 1,998,147          | 1,929,539                 |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor                          | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|--------------------|---------------------------|
| 93.674                  | John H. Chafee Foster Care Program for Successful Transition to Adulthood   |   |   | CHA                | 4,811,632          |                           |
| 93.704                  | Trans-NIH Recovery Act Loan Repayment Support   | Pima County Health Department                 | CT-HD-18-512                            | UAA                | 41,767             |                           |
| 93.733                  | Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance—financed in part by the Prevention and Public Health Fund (PPHF) |   |   | HSA                | 3,390              |                           |
| 93.735                  | State Public Health Approaches for Ensuring Quitline Capacity—Funded in part by Prevention and Public Health Funds (PPHF)   |   |   | HSA                | 44,675             |                           |
| 93.735                  | State Public Health Approaches for Ensuring Quitline Capacity—Funded in part by Prevention and Public Health Funds (PPHF)   |   |   | UAA                | 207,126            |                           |
|                         | 93.735 Subtotal   |   |   |                    | <u>251,801</u>     | <u>-</u>                  |
| 93.738                  | PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds  | Pima County, Arizona                          | CT-HD19-273                             | UAA                | 59,163             |                           |
| 93.738                  | PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds  | Pima County Health Department                 | CTHD19272                               | UAA                | 39,120             |                           |
|                         | 93.738 Subtotal   |   |   |                    | <u>98,283</u>      | <u>-</u>                  |
| 93.745                  | PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System                                      |   |   | HSA                | 143,248            |                           |
| 93.747                  | Financed in Part by Prevention and Public Health Fund   |   |   |                    |                    |                           |
| 93.747                  | Elder Abuse Prevention Interventions Program  |   |   | DEA                | 256,439            |                           |
| 93.753                  | Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program  |   |   | HSA                | 60,690             |                           |
| 93.757                  | State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)   |   |   | HSA                | 596,517            | 385,008                   |
| 93.757                  | State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)   |   |   | UAA                | 11,691             | 6,506                     |
|                         | 93.757 Subtotal   |   |   |                    | <u>608,208</u>     | <u>391,514</u>            |
| 93.758                  | Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)  |   |   | HSA                | 1,141,691          | 802,858                   |
| 93.767                  | Children's Health Insurance Program   |   |   | HCA                | 241,714,000        |                           |
| 93.767                  | Children's Health Insurance Program   |   |   | HSA                | 288,741            |                           |
|                         | 93.767 Subtotal   |   |   |                    | <u>242,002,741</u> | <u>-</u>                  |
| 93.779                  | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations   | Honor Health Scottsdale Osborn Medical Center | N/A                                     | NAA                | 43,111             |                           |
| 93.788                  | Opioid STR  |   |   | ASA                | 816,942            |                           |
| 93.788                  | Opioid STR  |   |   | CHA                | 305,703            |                           |
| 93.788                  | Opioid STR  |   |   | DCA                | 10,528             |                           |
| 93.788                  | Opioid STR  |   |   | GVA                | 981,414            | 740,775                   |
| 93.788                  | Opioid STR  |   |   | HCA                | 9,648,000          | 5,914,000                 |
| 93.788                  | Opioid STR  |   |   | HSA                | 1,989,601          | 318,120                   |
| 93.788                  | Opioid STR  |   |   | NAA                | 285,191            |                           |
| 93.788                  | Opioid STR  |   |   | UAA                | 237,668            |                           |
| 93.788                  | Opioid STR  |   |   | VSA                | 27,210             |                           |
|                         | 93.788 Subtotal   |   |   |                    | <u>14,302,257</u>  | <u>6,972,895</u>          |
| 93.796                  | State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid  |   |   | HSA                | 698,573            |                           |
| 93.815                  | Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)   |   |   | HSA                | 90,115             |                           |
| 93.817                  | Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities  |   |   | HSA                | 291,043            | 291,043                   |
| 93.817                  | Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities  |   |   | UAA                | 6,827              |                           |
|                         | 93.817 Subtotal   |   |   |                    | <u>297,870</u>     | <u>291,043</u>            |
| 93.822                  | Health Careers Opportunity Program  |   |   | NAA                | 289,140            |                           |
| 93.822                  | Health Careers Opportunity Program  |   |   | UAA                | 252,617            | 43,524                    |
|                         | 93.822 Subtotal   |   |   |                    | <u>541,757</u>     | <u>43,524</u>             |
| 93.898                  | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations  |   |   | HSA                | 3,247,991          | 2,080,506                 |
| 93.912                  | Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program                                      | Rio Rico Fire District                        | LTR DTD 082415                          | UAA                | 4,886              |                           |
| 93.913                  | Grants to States for Operation of Offices of Rural Health   |   |   | UAA                | 192,763            |                           |
| 93.917                  | HIV Care Formula Grants   |   |   | HSA                | 31,440,341         | 14,960,366                |
| 93.917                  | HIV Care Formula Grants   |   |   | UAA                | 396,375            |                           |
|                         | 93.917 Subtotal   |   |   |                    | <u>31,836,716</u>  | <u>14,960,366</u>         |
| 93.918                  | Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease  |   |   | UAA                | 830,746            |                           |
| 93.940                  | HIV Prevention Activities Health Department Based   |   |   | HSA                | 5,138,328          | 3,231,313                 |
| 93.940                  | HIV Prevention Activities Health Department Based   |   |   | UAA                | 173,089            |                           |
|                         | 93.940 Subtotal   |   |   |                    | <u>5,311,417</u>   | <u>3,231,313</u>          |
| 93.945                  | Assistance Programs for Chronic Disease Prevention and Control  |   |   | HSA                | 135,895            | 90,313                    |
| 93.945                  | Assistance Programs for Chronic Disease Prevention and Control  |   |   | UAA                | 14,617             |                           |
|                         | 93.945 Subtotal   |   |   |                    | <u>150,512</u>     | <u>90,313</u>             |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title  | Pass-Through Grantor  | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures          | Provided to Subrecipients |
|-------------------------|--|---|--|--------------------|-----------------------|---------------------------|
| 93.946                  | Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs  |   |  | HSA                | 231,815               | 10,173                    |
| 93.958                  | Block Grants for Community Mental Health Services  |   |  | HCA                | 17,377,000            | 16,928,000                |
| 93.959                  | Block Grants for Prevention and Treatment of Substance Abuse   |   |  | GVA                | 3,418,218             | 2,557,426                 |
| 93.959                  | Block Grants for Prevention and Treatment of Substance Abuse   |   |  | HCA                | 39,989,000            | 34,388,000                |
| 93.959                  | Block Grants for Prevention and Treatment of Substance Abuse   |   |  | HSA                | 52,415                |                           |
| 93.959                  | Block Grants for Prevention and Treatment of Substance Abuse   |   |  | LLA                | 132,636               |                           |
|                         | 93.959 Subtotal  |   |  |                    | <u>43,592,269</u>     | <u>36,945,426</u>         |
| 93.969                  | PPHF Geriatric Education Centers   |   |  | UAA                | 923,100               | 198,729                   |
| 93.970                  | Health Professions Recruitment Program for Indians   |   |  | UAA                | 180,108               |                           |
| 93.977                  | Sexually Transmitted Diseases (STD) Prevention and Control Grants  |   |  | HSA                | 1,460,122             | 811,388                   |
| 93.981                  | Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools |   |  | EDA                | 183,031               |                           |
| 93.981                  | Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools |   |  | HSA                | 7,332                 |                           |
|                         | 93.981 Subtotal  |   |  |                    | <u>190,363</u>        | <u>-</u>                  |
| 93.991                  | Preventive Health and Health Services Block Grant  |   |  | ASA                | 198,833               |                           |
| 93.991                  | Preventive Health and Health Services Block Grant  |   |  | HSA                | 893,900               | 537,945                   |
|                         | 93.991 Subtotal  |   |  |                    | <u>1,092,733</u>      | <u>537,945</u>            |
| 93.994                  | Maternal and Child Health Services Block Grant to the States   |   |  | HSA                | 8,075,057             | 3,752,171                 |
| 93.994                  | Maternal and Child Health Services Block Grant to the States   |   |  | UAA                | 13,811                |                           |
|                         | 93.994 Subtotal  |   |  |                    | <u>8,088,868</u>      | <u>3,752,171</u>          |
| 93.AGR 12/18/12         | Graduate Nurse Education Demonstration Project   | Scottsdale Healthcare                                       | AGR 12/18/12   | ASA                | 40,676                |                           |
| 93.AGREEMENT            | LifeSTEP Program - Banner  | Banner University Health Plans                              | Agreement Signed 07/20/2018  | UAA                | 5,590                 |                           |
| SIGNED 07/20/2018       |  |   |  |                    |                       |                           |
| 93.CRT                  | Center for Disease Control & Prevention  |   |  | NAA                | 88,543                |                           |
| 75D30118C00594          |  |   |  |                    |                       |                           |
| 93.CRT                  | Center for Disease Control & Prevention  |   |  | NAA                | 84,769                |                           |
| 75D30118C00607          |  |   |  |                    |                       |                           |
| 93.CRT                  | National Institutes of Health  |   |  | NAA                | 10,341                |                           |
| 75N95019P00313          |  |   |  |                    |                       |                           |
| 93.D04RH23596           | Vivir Mejor! Diabetes System of Prevention and Care  | Mariposa Community Health Center                            | LTR DTD 080912   | UAA                | 20,082                |                           |
| 93.HS632001             | Strategic Prevention Framework - Partnerships for Success  |   |  | UAA                | 67,479                |                           |
| 93.LTR DTD 080618       | Sexual Violence Education Project  |   |  | UAA                | 10,000                |                           |
| 93.Unknown              | Improving Disability Communications  | Arizona Developmental Disabilities Planning Council (ADDPC) | ADDPC-0212-18-2018/Year 1, ADDPC-0212-18-2018/Year 1                                   | ASA                | 25,190                | 7,500                     |
| 93.Unknown              | Collaboration to Enhance APRN Student Preparation for Managing Complex Care Patie  | HonorHealth   | FP00017035   | ASA                | 5,421                 |                           |
| 93.Unknown              | Border Health Improvement Initiative   |   |  | UAA                | 6,398                 |                           |
| 93.Unknown              | Indian Health Service  |   |  | NAA                | 88,842                |                           |
| 93.Unknown              | National Institutes of Health  |   |  | NAA                | 30,230                |                           |
| 93.Unknown              | Advanced Practice Nurses for a Healthy Arizona   | HonorHealth   | LTR DTD 121812   | UAA                | 297,599               |                           |
| 93.Unknown              | LifeSTEP FY2019 - UnitedHealthcare Insurance Company   | United Healthcare of Arizona, Incorporated                  | LTR DTD 020717   | UAA                | 5,590                 |                           |
| 93.Unknown              | NLM Support for Knowledge River Library School Internships   | Center for Public Service Communications, LLC.              | 2017-41  | UAA                | 11,319                |                           |
|                         | Total Department of Health and Human Services  |   |  |                    | <u>11,554,193,843</u> | <u>240,348,824</u>        |
|                         | <b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>   |   |  |                    |                       |                           |
|                         | <b><u>Foster Grandparents/Senior Companion Cluster</u></b>   |   |  |                    |                       |                           |
| 94.011                  | Foster Grandparent Program   |   |  | NAA                | 677,244               |                           |
| 94.016                  | Senior Companion Program   |   |  | NAA                | 582,150               |                           |
|                         | Foster Grandparents/Senior Companion Cluster Subtotal  |   |  |                    | <u>1,259,394</u>      | <u>-</u>                  |
|                         | <b><u>Other Corporation for National and Community Service Programs</u></b>  |   |  |                    |                       |                           |
| 94.002                  | Retired and Senior Volunteer Program   |   |  | NAA                | 197,084               |                           |
| 94.003                  | State Commissions  | Corporation for National and Community Service              | 13CAHAZ001   | GVA                | 335,279               |                           |
| 94.006                  | AmeriCorps   |   |  | ASA                | 573,910               | 46,782                    |
| 94.006                  | AmeriCorps   |   |  | DCA                | 14,707                |                           |
| 94.006                  | AmeriCorps   |   |  | GVA                | 2,212,849             | 2,212,849                 |
| 94.006                  | AmeriCorps   |   |  | NAA                | 473,276               |                           |
| 94.006                  | AmeriCorps   |   |  | SPA                | 129,735               | 111,660                   |
| 94.006                  | AmeriCorps   |   |  | UAA                | 478,955               |                           |
| 94.006                  | AmeriCorps   | Public Allies   | OP007-94.006-15-PAAZ, OP007-94.006-16-PAAZ, OP007-94.006-17-PAAZ, OP007-94.006-18-PAAZ | ASA                | 314,707               |                           |
|                         | 94.006 Subtotal  |   |  |                    | <u>4,198,139</u>      | <u>2,371,291</u>          |
| 94.009                  | Training and Technical Assistance  |   |  | GVA                | 65,406                | 1,130                     |
| 94.009                  | Training and Technical Assistance  |   |  | UAA                | 284,397               |                           |
|                         | 94.009 Subtotal  |   |  |                    | <u>349,803</u>        | <u>1,130</u>              |
| 94.021                  | Volunteer Generation Fund  |   |  | GVA                | 54,679                | 53,500                    |
| 94.021                  | Volunteer Generation Fund  |   |  | NAA                | 14,207                |                           |
|                         | 94.021 Subtotal  |   |  |                    | <u>68,886</u>         | <u>53,500</u>             |
|                         | Total Corporation for National and Community Service   |   |  |                    | <u>6,408,585</u>      | <u>2,425,921</u>          |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number                            | Federal Grantor/Program Title/Cluster Title                               | Pass-Through Grantor                         | Pass-Through Grantor Identifying Number | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|--|---|--|---|--------------------|--------------------|---------------------------|
| <b><u>EXECUTIVE OFFICE OF THE PRESIDENT</u></b>    |   |  |   |                    |                    |                           |
| 95.001   | High Intensity Drug Trafficking Areas Program                             |  |   | AGA                | 607,870            |                           |
| 95.001   | High Intensity Drug Trafficking Areas Program                             |  |   | PSA                | 576,586            |                           |
| 95.001   | High Intensity Drug Trafficking Areas Program                             | City of Tucson, Arizona                      | HT-14                                   | UAA                | 1,142              |                           |
|  | 95.001 Subtotal   |  |   |                    | <u>1,185,598</u>   | <u>-</u>                  |
|  | Total Executive Office of the President                                   |  |   |                    | <u>1,185,598</u>   | <u>-</u>                  |
| <b><u>SOCIAL SECURITY ADMINISTRATION</u></b>       |   |  |   |                    |                    |                           |
| <b><u>Disability Insurance/SSI Cluster</u></b>     |   |  |   |                    |                    |                           |
| 96.001   | Social Security—Disability Insurance                                      |  |   | DEA                | 36,747,253         |                           |
|  | Disability Insurance/SSI Cluster Subtotal                                 |  |   |                    | <u>36,747,253</u>  | <u>-</u>                  |
|  | Total Social Security Administration                                      |  |   |                    | <u>36,747,253</u>  | <u>-</u>                  |
| <b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>      |   |  |   |                    |                    |                           |
| 97.008   | Non-Profit Security Program   |  |   | HLA                | 511,805            | 511,805                   |
| 97.012   | Boating Safety Financial Assistance                                       |  |   | GFA                | 1,411,931          |                           |
| 97.023   | Community Assistance Program State Support Services Element (CAP-SSSE)    |  |   | WCA                | 288,096            |                           |
| 97.036   | Disaster Grants—Public Assistance (Presidentially Declared Disasters)     |  |   | MAA                | 389,604            | 389,604                   |
| 97.039   | Hazard Mitigation Grant   |  |   | FOA                | 268,240            | 97,237                    |
| 97.041   | National Dam Safety Program   |  |   | WCA                | 110,884            |                           |
| 97.042   | Emergency Management Performance Grants                                   |  |   | AHA                | 101,041            |                           |
| 97.042   | Emergency Management Performance Grants                                   |  |   | ASA                | 24,841             |                           |
| 97.042   | Emergency Management Performance Grants                                   |  |   | MAA                | 6,634,406          | 3,562,222                 |
|  | 97.042 Subtotal   |  |   |                    | <u>6,760,288</u>   | <u>3,562,222</u>          |
| 97.045   | Cooperating Technical Partners  |  |   | WCA                | 72,006             |                           |
| 97.047   | Pre-Disaster Mitigation   |  |   | MAA                | 428,919            | 380,372                   |
| 97.067   | Homeland Security Grant Program   |  |   | HLA                | 17,100,636         | 15,411,169                |
| 97.067   | Homeland Security Grant Program   |  |   | MAA                | 379,020            | 161,402                   |
| 97.067   | Homeland Security Grant Program   |  |   | PSA                | 2,251,248          |                           |
|  | 97.067 Subtotal   |  |   |                    | <u>19,730,904</u>  | <u>15,572,571</u>         |
| 97.082   | Earthquake Consortium   |  |   | UAA                | 42,510             |                           |
|  | Total Department of Homeland Security                                     |  |   |                    | <u>30,015,187</u>  | <u>20,513,811</u>         |
| <b><u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u></b> |   |  |   |                    |                    |                           |
| 98.001   | USAID Foreign Assistance for Programs Overseas                            |  |   | ASA                | 1,471,718          | 234,826                   |
| 98.001   | USAID Foreign Assistance for Programs Overseas                            | Center for International Forestry Research   | N/A                                     | NAA                | 39,456             |                           |
| 98.001   | USAID Foreign Assistance for Programs Overseas                            | Creative Associates International            | CN70503-SVPA-002                        | ASA                | 174,609            |                           |
| 98.001   | USAID Foreign Assistance for Programs Overseas                            | International Executive Service Corps (IESC) | 175023                                  | ASA                | 300,176            |                           |
| 98.001   | USAID Foreign Assistance for Programs Overseas                            | World Learning, Inc.                         | S02- AID-167-A-14-00002, S02- A         | ASA                | 110,066            |                           |
|  | 98.001 Subtotal   |  |   |                    | <u>2,096,025</u>   | <u>234,826</u>            |
| 98.012   | USAID Development Partnerships for University Cooperation and Development |  |   | ASA                | 34,989             |                           |
| 98.012   | USAID Development Partnerships for University Cooperation and Development | National Opinion Research Center (NORC)      | 8361, 8361                              | ASA                | 100,422            |                           |
|  | 98.012 Subtotal   |  |   |                    | <u>135,411</u>     | <u>-</u>                  |
| 98.AID-306-TO-15-0073/ADI-306-I-14-00013           | ASU Thunderbird School: PROMOTE: Musharikat (Civil Society)               | Development Alternatives, Inc.               | 1002661-18-29793-00                     | ASA                | 209,768            |                           |
| 98.AID-522-TO-16-00007                             | Honduras Justice Human Rights and Security Strengthening (JHRSS)          | Development Alternatives, Inc.               | 1002979-17S-27430-00                    | ASA                | 136,797            |                           |
|  | Total Agency for International Development                                |  |   |                    | <u>2,578,001</u>   | <u>234,826</u>            |
| <b><u>STUDENT FINANCIAL ASSISTANCE CLUSTER</u></b> |   |  |   |                    |                    |                           |
| <b><u>Department of Education</u></b>              |   |  |   |                    |                    |                           |
| 84.007   | Federal Supplemental Educational Opportunity Grants                       |  |   | ASA                | 5,312,210          |                           |
| 84.007   | Federal Supplemental Educational Opportunity Grants                       |  |   | NAA                | 912,610            |                           |
| 84.007   | Federal Supplemental Educational Opportunity Grants                       |  |   | UAA                | 1,650,267          |                           |
|  | 84.007 Subtotal   |  |   |                    | <u>7,875,087</u>   | <u>-</u>                  |
| 84.033   | Federal Work—Study Program  |  |   | ASA                | 4,987,496          |                           |
| 84.033   | Federal Work—Study Program  |  |   | NAA                | 1,122,577          |                           |
| 84.033   | Federal Work—Study Program  |  |   | UAA                | 3,200,845          |                           |
|  | 84.033 Subtotal   |  |   |                    | <u>9,310,918</u>   | <u>-</u>                  |
| 84.038   | Federal Perkins Loan Program— Federal Capital Contributions               |  |   | ASA                | 8,436,409          |                           |
| 84.038   | Federal Perkins Loan Program— Federal Capital Contributions               |  |   | NAA                | 6,547,055          |                           |
| 84.038   | Federal Perkins Loan Program— Federal Capital Contributions               |  |   | UAA                | 10,176,769         |                           |
|  | 84.038 Subtotal   |  |   |                    | <u>25,160,233</u>  | <u>-</u>                  |
| 84.063   | Federal Pell Grant Program  |  |   | ASA                | 155,635,062        |                           |
| 84.063   | Federal Pell Grant Program  |  |   | NAA                | 43,299,470         |                           |
| 84.063   | Federal Pell Grant Program  |  |   | UAA                | 50,938,481         |                           |
|  | 84.063 Subtotal   |  |   |                    | <u>249,873,013</u> | <u>-</u>                  |

**State of Arizona**  
**Schedule of expenditures of federal awards**  
**Year ended June 30, 2019**

| CFDA/Identifying Number                        | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor                              | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures  | Provided to Subrecipients |
|--|---|---|--|--------------------|---------------|---------------------------|
| 84.268   | Federal Direct Student Loans  |   |  | ASA                | 653,847,598   |                           |
| 84.268   | Federal Direct Student Loans  |   |  | NAA                | 162,522,449   |                           |
| 84.268   | Federal Direct Student Loans  |   |  | UAA                | 253,035,066   |                           |
|  | 84.268 Subtotal   |   |  |                    | 1,069,405,113 | -                         |
| 84.379   | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)             |   |  | ASA                | 2,089,172     |                           |
| 84.379   | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)             |   |  | NAA                | 1,872,414     |                           |
| 84.379   | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)             |   |  | UAA                | 105,162       |                           |
|  | 84.379 Subtotal   |   |  |                    | 4,066,748     | -                         |
| 84.408   | Postsecondary Education Scholarships for Veteran's Dependents                                   |   |  | UAA                | 5,529         |                           |
|  | Department of Education Subtotal  |   |  |                    | 1,365,696,641 | -                         |
| <b>Department of Health and Human Services</b> |   |   |  |                    |               |                           |
| 93.264   | Nurse Faculty Loan Program (NFLP)   |   |  | ASA                | 751,107       |                           |
| 93.264   | Nurse Faculty Loan Program (NFLP)   |   |  | UAA                | 6,704,741     |                           |
|  | 93.264 Subtotal   |   |  |                    | 7,455,848     | -                         |
| 93.342   | Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students |   |  | UAA                | 4,825,160     |                           |
| 93.364   | Nursing Student Loans   |   |  | NAA                | 475,250       |                           |
| 93.364   | Nursing Student Loans   |   |  | UAA                | 303,728       |                           |
|  | 93.364 Subtotal   |   |  |                    | 778,978       | -                         |
| 93.408   | ARRA-Nurse Faculty Loan Program   |   |  | UAA                | 198,720       |                           |
| 93.925   | Scholarships for Health Professions Students from Disadvantaged Backgrounds                     |   |  | NAA                | 630,000       |                           |
|  | Department of Health and Human Services Subtotal  |   |  |                    | 13,888,706    | -                         |
|  | Total Student Financial Assistance Cluster  |   |  |                    | 1,379,585,347 | -                         |
| <b>RESEARCH AND DEVELOPMENT CLUSTER</b>        |   |   |  |                    |               |                           |
| <b>Department of Agriculture</b>               |   |   |  |                    |               |                           |
| 10.RD  | Agricultural Research Service   |   |  | ASA                | 107,910       |                           |
| 10.RD  | Agricultural Research Service   |   |  | UAA                | 1,975,543     |                           |
| 10.RD  | Department of Agriculture   |   |  | ASA                | 335,782       |                           |
| 10.RD  | Department of Agriculture   |   |  | NAA                | 81,382        | 766                       |
| 10.RD  | Department of Agriculture   |   |  | UAA                | 10,302,481    | 1,476,966                 |
| 10.RD  | Forest Service  |   |  | ASA                | 59,898        |                           |
| 10.RD  | Forest Service  |   |  | NAA                | 2,669,959     | 93,233                    |
| 10.RD  | Forest Service  |   |  | UAA                | 196,425       |                           |
| 10.RD  | National Institute of Food and Agriculture  |   |  | ASA                | 1,269,254     | 165,887                   |
| 10.RD  | National Institute of Food and Agriculture  |   |  | NAA                | 546,748       |                           |
| 10.RD  | Natural Resource Conservation Services  |   |  | NAA                | 72,407        |                           |
| 10.RD  | Natural Resources Conservation Service  |   |  | UAA                | 229,403       |                           |
| 10.RD  |   | Arizona Department of Agriculture                 | SCBGP-FB16-07  | ASA                | 17,945        |                           |
| 10.RD  |   | Arizona Department of Agriculture                 | 15-8100-0394-MU, HUALX2461700, LTR DTD 050416, SCBGP-FB15-28, SCBGP-FB16-01, SCBGP-FB16-03, SCBGP-FB16-12, SCBGP-FB16-18/16SCBGP0037, SCBGP-FB16-21, SCBGP-FB16-30, SCBGP-FB16-37/16SCBGP0037, SCBGP-FB17-03, SCBGP-FB17-07, SCBGP-FB17-11, SCBGP-FB17-19, SCBGP-FB17-25, SCBGP-FB17-28, SCBGP-FB17-29, SCBGP-FB17-30, SCBGP-FB17-41, SCBGP-FB17-42, SCBGP-FB17-46, SCBGP-FB18-03, SCBGP-FB18-07, SCBGP-FB18-08, SCBGP-FB18-09, SCBGP-FB18-10, SCBGP-FB18-12, SCBGP-FB18-14, SCBGP-FB18-15, SCBGP-FB18-16, SCBGP-FB18-22, SCBGP-FB18-24, SCBGP-FB18-25, SCBGP-FB18-28, SCBGP-FB18-31 | UAA                | 1,001,508     |                           |
| 10.RD  |   | Arizona State Forestry Division & Fire Management | ALP17-931 ALP16-931  | NAA                | 69,110        |                           |
| 10.RD  |   | Arizona State Forestry Division & Fire Management | CCG 17-101/17DG-11031600-07, CCG 18-101  | UAA                | 21,736        |                           |
| 10.RD  |   | Arizona State University                          | 16-927   | UAA                | 44,176        |                           |
| 10.RD  |   | California Department of Food and Agriculture     | 17-0225, 18-0350/39246/67406/10025-P   | UAA                | 210,493       |                           |
| 10.RD  |   | Carnegie Institution of Washington                | 09-10562-01  | ASA                | 148,215       |                           |
| 10.RD  |   | Center for Produce Safety                         | 2017CPS05/16-SCBGP-CA-0035   | UAA                | 349,143       | 3,997                     |
| 10.RD  |   | Cornell University                                | 79554-10809/2017CPS09  | UAA                | 39,755        |                           |
| 10.RD  |   | Dine College                                      | 1819-3-193   | NAA                | 18,964        |                           |
| 10.RD  |   | Diversified Technologies, Inc.                    | PO 00016318  | ASA                | 100,806       |                           |
| 10.RD  |   | Johns Hopkins University: School of Medicine      | 2003761098   | ASA                | 146,704       |                           |



State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title     | Pass-Through Grantor  | Pass-Through Grantor Identifying Number                               | Grantee (Appendix) | Expenditures      | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|-------------------|---------------------------|
| 10.RD                   |   | Montana State University  | G185-18-W5379/2015-67020-23   | UAA                | 8,998             |                           |
| 10.RD                   |   | Navajo Technical University   | 30927-00-1174   | ASA                | 27,155            |                           |
| 10.RD                   |   | Navajo Technical University   | 30923   | NAA                | 17,940            |                           |
| 10.RD                   |   | New Mexico State University   | Q01784, Q01860  | UAA                | 34,004            |                           |
| 10.RD                   |   | North Carolina State University   | 2016-1498-05, 2018-2074-01  | UAA                | 103,186           |                           |
| 10.RD                   |   | Oregon State University   | C0537A-D  | UAA                | 1,893             |                           |
| 10.RD                   |   | Pennsylvania State University   | 5650-ASU-USDA-6584  | ASA                | 102,888           |                           |
| 10.RD                   |   | PJ Woodlands LLC  | N/A   | NAA                | 2,710             |                           |
| 10.RD                   |   | Prescott Farmers Market   | LTR DTD 101217  | UAA                | 6,802             |                           |
| 10.RD                   |   | Rayn Innovations  | FP00011442  | ASA                | 56,184            |                           |
| 10.RD                   |   | Texas A&M AgriLife Research   | MI900060  | UAA                | 32,146            |                           |
| 10.RD                   |   | Texas A&M University  | 06-M1703387   | UAA                | 83,355            |                           |
| 10.RD                   |   | TGEN  | DME USDA 01   | NAA                | 4,027             |                           |
| 10.RD                   |   | University of Arizona   | 261656  | ASA                | 188               |                           |
| 10.RD                   |   | University of California  | SA14-2309-40/2014-70006-226, SA14-2309-42                             | UAA                | 38,256            |                           |
| 10.RD                   |   | University of California: Davis   | A17-0777-S001   | NAA                | 70,731            |                           |
| 10.RD                   |   | University of California: Davis   | 201403757-03, 201504249-02, 201603794-10, A18-0619-S002, SA14-2309-02 | UAA                | 328,332           |                           |
| 10.RD                   |   | University of California: Division of Agriculture and Natural Resources | SA18-4060-02  | UAA                | 17,495            |                           |
| 10.RD                   |   | University of Central Arkansas  | P0132088  | NAA                | 83,233            |                           |
| 10.RD                   |   | University of Colorado: Boulder   | 1556407   | UAA                | 43,890            |                           |
| 10.RD                   |   | University of Florida   | UFDSP00011348   | ASA                | 78,122            |                           |
| 10.RD                   |   | University of Florida   | UFDSP00011766   | UAA                | 8,333             |                           |
| 10.RD                   |   | University of Idaho   | NR3078-SB-223203  | UAA                | 84,587            |                           |
| 10.RD                   |   | University of Illinois at Urbana-Champaign                              | 2015-06295-01   | UAA                | 8,723             |                           |
| 10.RD                   |   | University of Maryland  | 35504-Z5782001  | UAA                | 399,390           |                           |
| 10.RD                   |   | University of Montana   | PG17-65073-01   | NAA                | 66,617            |                           |
| 10.RD                   |   | University of Nevada: Reno  | UNR-19-01   | ASA                | 10,643            |                           |
| 10.RD                   |   | University of Nevada: Reno  | UNR-15-70, UNR-17-55/17-JV-11272138-01                                | UAA                | 177,765           |                           |
| 10.RD                   |   | University of Washington  | 763254/201467015-22106  | UAA                | 42,972            |                           |
| 10.RD                   |   | US Civilian Research and Development Foundation                         | DAA2-15-61224-1   | UAA                | 70,186            |                           |
| 10.RD                   |   | US Egypt Joint Board on Scientific & Technological Coopera              | AGR 06/11/15  | ASA                | 3,972             |                           |
| 10.RD                   |   | Utah State University   | 200592-00001-304, 200592-440, 200592-518/2016-38640-25383, 201207-592 | UAA                | 45,968            |                           |
| 10.RD                   |   | Virginia Polytechnic Institute and State University                     | 422517-19101  | UAA                | 22,663            |                           |
| 10.RD                   |   | Washington State University   | 126409-G003522  | UAA                | 4,347             |                           |
| 10.RD                   |   | Woods Hole Research Center  | WHRC-EG0566-03  | NAA                | 27,010            |                           |
|                         | Department of Agriculture Subtotal              |   |   |                    | <u>22,130,458</u> | <u>1,740,849</u>          |
|                         | <b>Department of Commerce</b>                   |   |   |                    |                   |                           |
| 11.RD                   | Economic Development Administration             |   |   | ASA                | 328,765           |                           |
| 11.RD                   | National Institute of Standards and Technology  |   |   | ASA                | 117,537           |                           |
| 11.RD                   | National Institute of Standards and Technology  |   |   | UAA                | 77,392            |                           |
| 11.RD                   | National Oceanic and Atmospheric Administration |   |   | ASA                | 101,884           | 11,477                    |
| 11.RD                   | National Oceanic and Atmospheric Administration |   |   | UAA                | 1,392,346         | 173,078                   |
| 11.RD                   | United States Patent and Trademark Office       |   |   | UAA                | 75,033            |                           |
| 11.RD                   |   | Columbia University   | 1 (GG008896)/ NA13OAR4310184  | UAA                | 403,764           |                           |
| 11.RD                   |   | Museum of Science   | 4746-ASU-01   | ASA                | 30,271            |                           |
| 11.RD                   |   | North Pacific Research Board  | 1607  | ASA                | 6,373             |                           |
| 11.RD                   |   | Pacific States Marine Fisheries Commission                              | 19-33G  | ASA                | 34,442            |                           |
| 11.RD                   |   | University of Colorado  | 1557116/1001076739  | UAA                | 9,998             |                           |
| 11.RD                   |   | University of Colorado: Boulder   | 1553216, 1554724/1000913446   | UAA                | 6,135             |                           |
| 11.RD                   |   | University of Miami   | S16-21, SPC-000614  | ASA                | 122,087           |                           |
|                         | Department of Commerce Subtotal                 |   |   |                    | <u>2,706,027</u>  | <u>184,555</u>            |
|                         | <b>Department of Defense</b>                    |   |   |                    |                   |                           |
| 12.RD                   | Air Force Academy                               |   |   | ASA                | 106,799           | 29,750                    |
| 12.RD                   | Air Force Office of Scientific Research         |   |   | ASA                | 2,208,005         | 3,643                     |
| 12.RD                   | Air Force Office of Scientific Research         |   |   | NAA                | 75,000            |                           |
| 12.RD                   | Air Force Office of Scientific Research         |   |   | UAA                | 4,921,879         | 998,371                   |
| 12.RD                   | Air Force Research Laboratory                   |   |   | ASA                | 263,799           | 25,498                    |
| 12.RD                   | Air Force Research Laboratory                   |   |   | NAA                | 32,313            |                           |
| 12.RD                   | Air Force Research Laboratory                   |   |   | UAA                | 730,169           | 63,122                    |
| 12.RD                   | DARPA—Biological Technologies Office            |   |   | ASA                | 1,336,193         | 114,405                   |
| 12.RD                   | DARPA—Defense Sciences Office                   |   |   | ASA                | 481,244           |                           |
| 12.RD                   | DARPA—Information Innovation Office             |   |   | ASA                | 731,384           | 46,042                    |
| 12.RD                   | DARPA—Microsystems Technology Office            |   |   | ASA                | 2,235,368         | 1,313,693                 |
| 12.RD                   | DARPA—Strategic Technology Office               |   |   | ASA                | 21,319            |                           |
| 12.RD                   | Defense Advanced Research Projects Agency       |   |   | ASA                | 2,275,939         | 963,428                   |
| 12.RD                   | Defense Advanced Research Projects Agency       |   |   | UAA                | 470,354           | 125,712                   |
| 12.RD                   | Defense Threat Reduction Agency                 |   |   | ASA                | 617,397           | 152,289                   |
| 12.RD                   | Defense Threat Reduction Agency                 |   |   | NAA                | 3,926,599         | 1,691,284                 |
| 12.RD                   | Defense Threat Reduction Agency                 |   |   | UAA                | 807,550           | 246,000                   |
| 12.RD                   | Department of Defense                           |   |   | ASA                | 869,506           | 10,000                    |
| 12.RD                   | Department of Defense                           |   |   | NAA                | 516,011           |                           |
| 12.RD                   | Department of the Army—Materiel Command         |   |   | ASA                | 1,118,579         |                           |
| 12.RD                   | Department of the Army—Corps of Engineers       |   |   | ASA                | 49,075            |                           |
| 12.RD                   | Department of the Army—USAMRAA                  |   |   | ASA                | 1,081,152         | 26,995                    |
| 12.RD                   | Department of the Navy                          |   |   | NAA                | 1,778             |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title              | Pass-Through Grantor                                    | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|-------------------------|--|---|--|--------------------|--------------|---------------------------|
| 12.RD                   | DOD: Advanced Distributed Learning (ADL)                 |   |  | ASA                | 53,684       |                           |
| 12.RD                   | DOD: National Security Agency (NSA)                      |   |  | ASA                | 69,048       |                           |
| 12.RD                   | DOD—ARMY: Training and Doctrine Command (TRADOC)         |   |  | ASA                | 350,349      | 22,637                    |
| 12.RD                   | DOD—ARMY-ARL: Army Research Office (ARO)                 |   |  | ASA                | 4,258,862    | 51,337                    |
| 12.RD                   | Engineer Research and Development Center                 |   |  | ASA                | 31,435       |                           |
| 12.RD                   | Maryland Procurement Office                              |   |  | UAA                | 93,826       |                           |
| 12.RD                   | National Security Agency                                 |   |  | UAA                | 91,177       |                           |
| 12.RD                   | Naval Research Laboratory                                |   |  | ASA                | 197,920      |                           |
| 12.RD                   | Naval Supply Systems Command                             |   |  | UAA                | 11,432       |                           |
| 12.RD                   | NSWC—CRANE   |   |  | ASA                | 4,427        |                           |
| 12.RD                   | Office of Naval Research                                 |   |  | UAA                | 3,213,746    | 671,480                   |
| 12.RD                   | Office of Naval Research                                 |   |  | ASA                | 6,735,397    | 359,215                   |
| 12.RD                   | United States Air Force                                  |   |  | UAA                | 32,256       |                           |
| 12.RD                   | United States Army Contracting Command                   |   |  | UAA                | 2,925,976    | 1,413,765                 |
| 12.RD                   | United States Army Corps of Engineers                    |   |  | UAA                | 780,859      | 64,090                    |
| 12.RD                   | United States Army Medical Research Acquisition Activity |   |  | UAA                | 7,823,852    | 109,880                   |
| 12.RD                   | United States Army Research Office                       |   |  | UAA                | 500,598      |                           |
| 12.RD                   | United States Naval Research Laboratory                  |   |  | UAA                | 25,127       |                           |
| 12.RD                   | United States Navy                                       |   |  | UAA                | 33,873       |                           |
| 12.RD                   | Washington HQ Acquisition Directorate                    |   |  | UAA                | 21,492       |                           |
| 12.RD                   |  | Advanced Regenerative Manufacturing Institute (ARMI)    | TO138, EWD 0005, TO138   | ASA                | 77,860       |                           |
| 12.RD                   |  | Advent Diamond, LLC                                     | FA9453-19-P-0533   | ASA                | 7,011        |                           |
| 12.RD                   |  | Alion Science and Technology Corp                       | SUB1137665-001 & 002   | NAA                | 78,818       |                           |
| 12.RD                   |  | American Burn Association                               | W81XWH-09-2-0194   | UAA                | 14,067       |                           |
| 12.RD                   |  | Applied Research Associates, Incorporated               | S-D00071.00002.02.UA/PO17-0  | UAA                | 22,080       |                           |
| 12.RD                   |  | Arizona State University                                | ASUB00000088   | UAA                | 226,816      |                           |
| 12.RD                   |  | Arizona State University: ASU Research Enterprise       | PO 19-001  | ASA                | 37,987       |                           |
| 12.RD                   |  | Boeing Company  | 1661154  | ASA                | 25,380       |                           |
| 12.RD                   |  | Booz, Allen, and Hamilton, Incorporated                 | S901067BAH   | UAA                | 148,911      |                           |
| 12.RD                   |  | Boston Fusion Corp                                      | BF-5045-SK001, BF-5039-SK001, BF-5044-SK001, BF-5039-SK001   | ASA                | 344,036      |                           |
| 12.RD                   |  | Carl T Hayden Medical Research Foundation               | 17-0473-ASU  | ASA                | 41,611       |                           |
| 12.RD                   |  | Carl T Hayden Medical Research Foundation               | 17-0473-UA-2   | UAA                | 134,779      |                           |
| 12.RD                   |  | Carnegie Mellon University                              | 1141244-313357, 1141309-395151   | ASA                | 22,298       |                           |
| 12.RD                   |  | Charles River Analytics                                 | SC1600101, SC1600101, SC1519204  | ASA                | 220,077      |                           |
| 12.RD                   |  | Colorado School of Mines                                | 401466-5801  | ASA                | 52,058       |                           |
| 12.RD                   |  | Dignity Health St Josephs Hospital Medical Center       | 32200-ASU  | ASA                | 25,480       |                           |
| 12.RD                   |  | Florida International University                        | 800007372-02UG   | ASA                | 61,848       |                           |
| 12.RD                   |  | Florida Institute for Human and Machine Cognition, Inc. | W911NF-17-1-0047-2   | UAA                | 15,079       |                           |
| 12.RD                   |  | Freedom Photonics                                       | S7113-01 ASU   | ASA                | 160,752      |                           |
| 12.RD                   |  | George Mason University                                 | E2043345   | UAA                | 97,633       |                           |
| 12.RD                   |  | Georgia Institute of Technology (Georgia Tech)          | RH501-S1, D8083-S1   | ASA                | 7,972        |                           |
| 12.RD                   |  | Geost, Incorporated                                     | FA9451-18-C-0219   | UAA                | 145,574      |                           |
| 12.RD                   |  | HartSCI, LLC.   | FA945117P0515, FA945119C0581   | UAA                | 31,487       |                           |
| 12.RD                   |  | Harvard University                                      | 15230751067800002  | UAA                | 214,408      |                           |
| 12.RD                   |  | Honeywell Incorporated                                  | 6400415772E/262775   | UAA                | 14,202       |                           |
| 12.RD                   |  | HRL Laboratories, LLC                                   | 16105-173203-US  | ASA                | 761,875      |                           |
| 12.RD                   |  | Indiana University                                      | BL-4324213-ASU, OAF  | ASA                | 748,787      |                           |
| 12.RD                   |  | Iowa State University                                   | 4212070B   | ASA                | 37,500       |                           |
| 12.RD                   |  | Jem Engineering   | 1193.002, 1127.009   | ASA                | 30,663       |                           |
| 12.RD                   |  | Leidos Holdings, Inc.                                   | P010213718   | UAA                | 35,835       |                           |
| 12.RD                   |  | Lincoln Laboratory - MIT                                | 7000237987   | ASA                | 3,425        |                           |
| 12.RD                   |  | Lockheed Martin Corporation                             | 4103745816   | UAA                | 238,210      |                           |
| 12.RD                   |  | Luna Innovations, Inc.                                  | 3135-ARM-2S/ASU  | ASA                | 8,925        |                           |
| 12.RD                   |  | Massachusetts Institute of Technology (MIT)             | 5710003815, 7000295379   | ASA                | 166,880      |                           |
| 12.RD                   |  | Massachusetts Institute of Technology (MIT)             | 700443114  | NAA                | 11,726       |                           |
| 12.RD                   |  | Mayo Clinic Arizona                                     | ARI-206523/PO 64317748   | ASA                | 70,403       |                           |
| 12.RD                   |  | Medical Technology Enterprise Consortium (MTEC)         | 2017-608 002 18-01-MEDLOG-03, 2017-608 002 18-01-MEDLOG-03, 2017-608 002 18-01-MEDLOG-03, 2017-608 002 18-01-MEDLOG-03, 2017-608 002 18-01-MEDLOG-03, 2017-608 | ASA                | 979,786      | 636,638                   |
| 12.RD                   |  | Michigan State University                               | RC104416-ASU   | ASA                | 243,563      |                           |
| 12.RD                   |  | Microelectronics Research and Development Corporation   | 07067-SC-001   | ASA                | 25,754       |                           |
| 12.RD                   |  | Middle East Technical University                        | ASU-FP7961   | ASA                | 1,188        |                           |
| 12.RD                   |  | National Science Teachers Association                   | 19-871-003   | ASA                | 11,647       |                           |
| 12.RD                   |  | National Trauma Institute                               | NTRAP-18-06  | UAA                | 14,456       |                           |
| 12.RD                   |  | NCDMM: America Makes Innovation Factory                 | 20190043   | ASA                | 85,413       |                           |
| 12.RD                   |  | NextGen Aeronautics                                     | PO 17-03   | ASA                | 53,128       |                           |
| 12.RD                   |  | North Carolina State University                         | 2017-1532-25   | ASA                | 46,945       |                           |
| 12.RD                   |  | Novateur Research Solutions LLC                         | W31P4Q18C0055  | UAA                | 166,800      |                           |
| 12.RD                   |  | Ohio Aerospace Institute                                | OAI-C2644-18010  | UAA                | 182,992      | 62,267                    |
| 12.RD                   |  | Ohio State University                                   | 60038238, 60058654   | ASA                | 165,001      |                           |
| 12.RD                   |  | Ohio State University                                   | 60052493   | UAA                | 291,885      |                           |
| 12.RD                   |  | Oregon State University                                 | VO750D-A   | NAA                | 22,054       |                           |
| 12.RD                   |  | Philips   | W81XWH1810332-3  | UAA                | 68,239       |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor                                    | Pass-Through Grantor Identifying Number                 | Grantee (Appendix) | Expenditures      | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|-------------------|---------------------------|
| 12.RD                   |   | Phoenix Analysis and Design Technologies, Inc.          | 36050   | ASA                | 3,728             |                           |
| 12.RD                   |   | Progeny Systems Corporation                             | PSC-0347  | ASA                | 7,171             |                           |
| 12.RD                   |   | Purdue University                                       | 4301-83284  | ASA                | 575,941           |                           |
| 12.RD                   |   | Rayn Innovations  | AGR 08/30/18  | ASA                | 12,574            |                           |
| 12.RD                   |   | Raytheon Company  | 14660/9500013589  | UAA                | 205,784           |                           |
| 12.RD                   |   | San Diego State University Foundation                   | SA0000589   | ASA                | 118,845           |                           |
| 12.RD                   |   | Science and Engineering Services, LLC                   | SC-DARPA-15-01/HR0011-15-C-                             | UAA                | 529               |                           |
| 12.RD                   |   | Scientific Systems Company Inc.                         | 1639-ASU  | ASA                | 98,575            |                           |
| 12.RD                   |   | Sivananthan Laboratories, Inc.                          | 2018-18-ASU-0002  | ASA                | 6,531             |                           |
| 12.RD                   |   | Sonoran Analytical Instruments and Diagnostics, LLC     | SAID2018-03   | UAA                | 39,312            |                           |
| 12.RD                   |   | Southern Research                                       | 100992  | ASA                | 85,492            |                           |
| 12.RD                   |   | Space Micro, Inc.                                       | 11203   | ASA                | 82,020            |                           |
| 12.RD                   |   | Stanford University                                     | 60744757114407  | UAA                | 185,932           |                           |
| 12.RD                   |   | State University of New York Research Foundation        | FA8650-15-2-5220  | UAA                | 1,207,503         | 212,082                   |
| 12.RD                   |   | Steel Founders' Society of America                      | 2017-105/SP4701-17-D-1161                               | UAA                | 60,806            |                           |
| 12.RD                   |   | Stevens Institute of Technology                         | 210267302   | UAA                | 82,070            |                           |
| 12.RD                   |   | Syracuse University                                     | 2916504567s02   | UAA                | 79,005            |                           |
| 12.RD                   |   | Systems and Technology Research                         | 2018-0005   | ASA                | 17,505            |                           |
| 12.RD                   |   | The Donald Danforth Plant Science Center                | 23107-AZ  | UAA                | 136,399           |                           |
| 12.RD                   |   | TUFTS University  | DOD060  | ASA                | 154,752           |                           |
| 12.RD                   |   | Universal Technology Corporation                        | 165852-18F5828-19-13-C1, 17-S7415-07-C1                 | UAA                | 19,216            |                           |
| 12.RD                   |   | University of Arizona                                   | 324814, PO 184426                                       | ASA                | 114,483           |                           |
| 12.RD                   |   | University of Arkansas: Little Rock                     | 253238-18ASU  | ASA                | 90,238            |                           |
| 12.RD                   |   | University of California: Berkeley                      | 00009417  | ASA                | 245,674           |                           |
| 12.RD                   |   | University of California: Berkeley                      | 00008554  | UAA                | 120,603           |                           |
| 12.RD                   |   | University of California: Los Angeles                   | 0160GVA520, 0190GUB220                                  | UAA                | 315,202           |                           |
| 12.RD                   |   | University of California: Regents                       | 0190 G UB219, 0190 G UB219, 0190 G UB219, 0190 G UB219  | ASA                | 389,068           |                           |
| 12.RD                   |   | University of California: San Diego                     | 43103402/S9000370/N00014-16, 77785949, 93835560S9001787 | UAA                | 359,342           |                           |
| 12.RD                   |   | University of California: Santa Barbara                 | KK1847  | ASA                | 228,911           |                           |
| 12.RD                   |   | University of Colorado: Boulder                         | 1553897/1000641524                                      | UAA                | 175,054           |                           |
| 12.RD                   |   | University of Illinois: Urbana-Champaign                | 080035-14599  | UAA                | 365,299           |                           |
| 12.RD                   |   | University of Iowa                                      | W000840526/1001639904/FA865                             | UAA                | 19,782            |                           |
| 12.RD                   |   | University of Maryland                                  | 38404-Z8424102  | UAA                | 328,458           |                           |
| 12.RD                   |   | University of Maryland: College Park                    | 35503-Z8165001, 49685-Z8768001                          | ASA                | 444,676           |                           |
| 12.RD                   |   | University of Massachusetts                             | OSP2018017  | ASA                | 72,831            |                           |
| 12.RD                   |   | University of Michigan                                  | SUBK00008690, SUBK00009635                              | ASA                | 306,570           |                           |
| 12.RD                   |   | University of Minnesota                                 | A0006845601, A005720601/FA9550-17-1-0057                | UAA                | 349,322           |                           |
| 12.RD                   |   | University of Nevada: Reno                              | UNR-17-09   | ASA                | 452,758           |                           |
| 12.RD                   |   | University of Nevada: Reno                              | UNR-17-08   | NAA                | 69,001            |                           |
| 12.RD                   |   | University of North Carolina: Charlotte                 | 20160357-01-ASU, 20160357-01-ASU                        | ASA                | 143,252           |                           |
| 12.RD                   |   | University of Pittsburgh                                | 0035859(409685-3), 0055964-3                            | UAA                | 167,781           |                           |
| 12.RD                   |   | University of Southern California                       | 78245410, 92675527, 107235268, 92675527                 | ASA                | 170,727           |                           |
| 12.RD                   |   | University of Virginia                                  | GG11840 156577, GG13332 155262                          | ASA                | 119,938           |                           |
| 12.RD                   |   | University of Wisconsin: Madison                        | 483K814   | UAA                | 44,317            |                           |
| 12.RD                   |   | Viasat Inc.   | SC-17022  | ASA                | 263,482           |                           |
| 12.RD                   |   | Wright State University                                 | 669737-6  | UAA                | 113,000           |                           |
| 12.RD                   |   | Wyle Laboratories                                       | WC13-0081   | ASA                | 317               |                           |
|                         | Department of Defense Subtotal              |   |   |                    | <u>67,483,828</u> | <u>9,413,623</u>          |
|                         | <b>Department of the Interior</b>           |   |   |                    |                   |                           |
| 15.RD                   | Bureau of Indian Affairs                    |   |   | NAA                | 2,837             |                           |
| 15.RD                   | Bureau of Indian Affairs                    |   |   | UAA                | 86,986            |                           |
| 15.RD                   | Bureau of Land Management                   |   |   | ASA                | 3,026             |                           |
| 15.RD                   | Bureau of Land Management                   |   |   | NAA                | 622,771           |                           |
| 15.RD                   | Bureau of Land Management                   |   |   | UAA                | 281,541           |                           |
| 15.RD                   | Bureau of Reclamation                       |   |   | ASA                | 23,647            |                           |
| 15.RD                   | Bureau of Reclamation-Denver Office         |   |   | ASA                | 6,995             |                           |
| 15.RD                   | Bureau of Reclamation                       |   |   | NAA                | 48,977            |                           |
| 15.RD                   | Bureau of Reclamation                       |   |   | UAA                | 181,095           |                           |
| 15.RD                   | Department of the Interior                  |   |   | NAA                | 6,743             |                           |
| 15.RD                   | Fish and Wildlife Service                   |   |   | ASA                | 9,529             |                           |
| 15.RD                   | Fish and Wildlife Service                   |   |   | UAA                | 349,181           |                           |
| 15.RD                   | Geological Survey                           |   |   | ASA                | 62,639            |                           |
| 15.RD                   | Geological Survey                           |   |   | NAA                | 1,304,524         |                           |
| 15.RD                   | Geological Survey                           |   |   | UAA                | 3,631,770         | 706,764                   |
| 15.RD                   | International Boundary and Water Commission |   |   | UAA                | 243,680           | 138,588                   |
| 15.RD                   | National Park Service                       |   |   | ASA                | 6,819             |                           |
| 15.RD                   | National Park Service                       |   |   | NAA                | 821,863           |                           |
| 15.RD                   | National Park Service                       |   |   | UAA                | 1,124,306         | 2,349                     |
| 15.RD                   |   | Arizona Department of Agriculture                       | 24-2019-2021-3  | UAA                | 205               |                           |
| 15.RD                   |   | Arizona Game and Fish Department                        | 1434-13HQURU1580, AGFD18-195712                         | UAA                | 35,512            |                           |
| 15.RD                   |   | Arizona State University                                | LOU No. 16-981  | NAA                | 137               |                           |
| 15.RD                   |   | Borderlands Restoration                                 | LTR DTD 102716  | UAA                | 33,366            |                           |
| 15.RD                   |   | California Department of Fish and Wildlife              | P1610804  | NAA                | 32,141            |                           |
| 15.RD                   |   | CESU: Colorado Plateau Cooperative Ecosystem Study Unit | R18AC00007  | ASA                | 14,436            |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title       | Pass-Through Grantor  | Pass-Through Grantor Identifying Number                     | Grantee (Appendix) | Expenditures     | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|------------------|---------------------------|
| 15.RD                   |   | Florida Fish and Wildlife Conservation Commission               | 16001/F16AF00541  | UAA                | 19,010           |                           |
| 15.RD                   |   | Friends of the Dunes  | AGR 12/21/17  | ASA                | 12,579           |                           |
| 15.RD                   |   | Great Basin Bird Observatory                                    | R14AC00032  | UAA                | 19,372           |                           |
| 15.RD                   |   | Mescalero Apache Tribe  | TPAM-2016-01  | NAA                | 8,321            |                           |
| 15.RD                   |   | Metropolitan Water District of Southern California              | 180896  | ASA                | 46,215           |                           |
| 15.RD                   |   | Michigan State University                                       | RC105932 ASU  | ASA                | 3,154            |                           |
| 15.RD                   |   | Museum of Northern Arizona                                      | 270-556-01  | NAA                | 4,955            |                           |
| 15.RD                   |   | National Fish & Wildlife Foundation                             | 0104.18.058754  | ASA                | 71,002           |                           |
| 15.RD                   |   | Nature Conservancy  | AZFO180130  | UAA                | 8,395            |                           |
| 15.RD                   |   | Northern Jaguar Project   | F17AP00655  | UAA                | 10,604           |                           |
| 15.RD                   |   | Stony Brook University  | FP00004402  | ASA                | 7,200            |                           |
| 15.RD                   |   | The Water Institute of the Gulf                                 | BOEM-2016-COM-SH  | UAA                | 106,287          |                           |
| 15.RD                   |   | University of Nevada Reno                                       | UNR-15-29   | NAA                | 5,954            |                           |
| 15.RD                   |   | University of Southern California                               | 104713959, 91258911   | UAA                | 37,702           |                           |
| 15.RD                   |   | University of Texas at Austin                                   | UTA19000461   | UAA                | 5,452            |                           |
| 15.RD                   |   | University of Washington  | UWSC10219 / 28333   | UAA                | 24,322           |                           |
| 15.RD                   |   | Wildlife Management Institute (WMI)                             | WNS 2018-01   | ASA                | 26,259           |                           |
|                         | Department of the Interior Subtotal               |   |   |                    | <u>9,351,509</u> | <u>847,701</u>            |
|                         | <b>Department of Justice</b>                      |   |   |                    |                  |                           |
| 16.RD                   | National Institute of Justice                     |   |   | ASA                | 841,486          | 175,353                   |
| 16.RD                   | National Institute of Justice                     |   |   | UAA                | 57,305           |                           |
| 16.RD                   | Office of Justice Programs                        |   |   | ASA                | 168,497          |                           |
| 16.RD                   |   | Arizona Department of Corrections                               | 17-030-19   | ASA                | 33,823           |                           |
| 16.RD                   |   | Arizona Department of Education                                 | 15-02-EDSG/2014-CK-BX-0016, 18-04-EDSG                      | UAA                | 165,008          |                           |
| 16.RD                   |   | City of Shreveport  | FP00007901, PO 2017-00008998, FP00007901, PO 2017-00008998  | ASA                | 109,662          | 45,847                    |
| 16.RD                   |   | Community Organization for Drug Abuse Control                   | OVC005  | ASA                | 3,301            |                           |
| 16.RD                   |   | Dignity Health  | 215366  | ASA                | 10,475           |                           |
| 16.RD                   |   | Fox Valley Technical College                                    | D2018008002, D2018008002, D2018008002                       | ASA                | 77,941           |                           |
| 16.RD                   |   | International Rescue Committee                                  | AGR 06/21/17  | ASA                | 14,063           |                           |
| 16.RD                   |   | Johns Hopkins University (JHU)                                  | At-Risk   | ASA                | 21,894           |                           |
| 16.RD                   |   | Justice Research and Statistics Association (JRSA)              | ASU-5200-024  | ASA                | 209              |                           |
| 16.RD                   |   | Las Vegas Metropolitan Police Department                        | AGR 03/26/18  | ASA                | 13,024           |                           |
| 16.RD                   |   | Phoenix Police Department                                       | 142511-0, 144889--0, 146350, 145935--0                      | ASA                | 132,886          |                           |
| 16.RD                   |   | Pima County, Arizona  | CT-PCA-15000000000000000000132                              | UAA                | 47,824           |                           |
| 16.RD                   |   | Salvation Army, The   | BJA-2016-9114   | ASA                | 11,394           |                           |
| 16.RD                   |   | Tucson Police Department  | AGR 06/09/16  | ASA                | 3,699            |                           |
| 16.RD                   |   | University of Colorado: Boulder                                 | 1553936   | ASA                | 49,159           |                           |
| 16.RD                   |   | University of Maryland: College Park                            | 2014 ZA-BX-002  | ASA                | 2,504            |                           |
| 16.RD                   |   | University of Virginia  | GG11826 151479  | ASA                | 31,020           |                           |
|                         | Department of Justice Subtotal                    |   |   |                    | <u>1,795,174</u> | <u>221,200</u>            |
|                         | <b>Department of Labor</b>                        |   |   |                    |                  |                           |
| 17.RD                   |   | Arizona Office of the Governor                                  | ISA-ASU-WIOA-18-070116-01                                   | ASA                | 29,863           |                           |
| 17.RD                   |   | Arizona Office of the Governor: Office of Workforce Development | ISA-WIOA-19-070118-01                                       | ASA                | 506,377          |                           |
| 17.RD                   |   | Pima County Community Services, Employment and Training         | CT-CS-18-283  | UAA                | 26,863           |                           |
|                         | Department of Labor Subtotal                      |   |   |                    | <u>563,103</u>   | <u>-</u>                  |
|                         | <b>Department of State</b>                        |   |   |                    |                  |                           |
| 19.RD                   | Bureau of East Asian and Pacific Affairs          |   |   | ASA                | 256,132          | 22,268                    |
| 19.RD                   | Bureau of International Narcotics-Law Enforcement |   |   | ASA                | 2,017,428        | 1,013,199                 |
| 19.RD                   | Department of State                               |   |   | ASA                | 395,450          | 70,000                    |
| 19.RD                   | Department of State: US Embassy-Brazil            |   |   | ASA                | 37,740           |                           |
| 19.RD                   | Public Affairs                                    |   |   | ASA                | 289,976          |                           |
| 19.RD                   |   | Aspen Institute   | SI_ASU1_SUBR_2017   | ASA                | 41,457           |                           |
| 19.RD                   |   | FHI 360   | PO18002487, PO18003443, PO17003885                          | ASA                | 179,845          |                           |
| 19.RD                   |   | Royaldream Builders Initiative (RBI)                            | FP00013298  | ASA                | 3,732            |                           |
| 19.RD                   |   | University of Texas: San Antonio                                | 1000001497  | ASA                | 13,062           |                           |
| 19.RD                   |   | US Civilian Research and Development Foundation                 | FSCX18638800  | UAA                | 30,728           |                           |
|                         | Department of State Subtotal                      |   |   |                    | <u>3,265,550</u> | <u>1,105,467</u>          |
|                         | <b>Department of Transportation</b>               |   |   |                    |                  |                           |
| 20.RD                   | Federal Aviation Administration (FAA)             |   |   | ASA                | 111,584          |                           |
| 20.RD                   | Federal Highway Administration                    |   |   | UAA                | 3,594            |                           |
| 20.RD                   | United States Department of Transportation        |   |   | ASA                | 921,778          | 615,980                   |
| 20.RD                   | United States Department of Transportation        |   |   | NAA                | 112,495          |                           |
| 20.RD                   |   | Arizona Department of Transportation                            | ISA /JPA 17-0006456-I / M693101X, MPD 024-16/ ADOT11-002985 | ASA                | 49,449           |                           |
| 20.RD                   |   | Arizona Department of Transportation                            | ADOT11003259  | UAA                | 17,428           |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title          | Pass-Through Grantor  | Pass-Through Grantor Identifying Number   | Grantee (Appendix) | Expenditures     | Provided to Subrecipients |
|-------------------------|--|---|---|--------------------|------------------|---------------------------|
| 20.RD                   |  | Arizona Department of Transportation: Research Center               | MPD 022-16 / ADOT11-002985, MPD 022-16 / ADOT11-002985, MPD 0038-18 / ADOT16-147805/4, ADOT16-147805, PO0000264269, MPD 022-16 / ADOT11-002985  | ASA                | 117,171          | 1,985                     |
| 20.RD                   |  | Arizona Governor's Office of Highway Safety                         | 2019-AL-003   | ASA                | 5,999            |                           |
| 20.RD                   |  | Gas Technology Institute (GTI)                                      | S848, S831  | ASA                | 44,508           |                           |
| 20.RD                   |  | Illinois Institute of Technology                                    | SA16-0143-S001/P0050622   | UAA                | 6,187            |                           |
| 20.RD                   |  | Maricopa County, Arizona  | C.91.09.052.M.02/FM-CVN-012   | UAA                | 72,377           |                           |
| 20.RD                   |  | Michigan State University   | RC109287-ASU  | ASA                | 337              |                           |
| 20.RD                   |  | Ohio Department of Transportation (ODOT)                            | 32395   | ASA                | 6,867            |                           |
| 20.RD                   |  | Portland State University   | NITC2016-UA-01, NITC2016-UA-04, NITC2016-UA-05/69A355174711, NITC2016-UA-06, NITC2016-UA-07, NITC2016-UA-08/69A355174711, NITC2016-UA-09, NITC2016-UA-10, NITC2016-UA-11, NITC2016-UA-12, NITC2016-UA-13, NITC2016-UA-14, NITC2016-UA-15, NITC2016-UA-16, NITC2016-UA-17, NITC2016-UA-18, NITC2016-UA-19  | UAA                | 475,603          |                           |
| 20.RD                   |  | Transportation Research Board (TRB)                                 | HR 01-59, HR 01-59  | ASA                | 60,297           | 25,000                    |
| 20.RD                   |  | University of Colorado: Boulder                                     | 1554540/ PO 1000728338  | ASA                | 68,923           |                           |
| 20.RD                   |  | University of Nevada: Reno  | UNR-14-60, UNR-14-60  | ASA                | 52,822           |                           |
| 20.RD                   |  | University of Nevada: Reno  | UNR-18-40   | UAA                | 11,000           |                           |
| 20.RD                   |  | University of Virginia  | GS11466.156142/VTRC110800   | UAA                | 228,601          | 95,508                    |
|                         | Department of Transportation Subtotal                |   |   |                    | <u>2,367,020</u> | <u>738,473</u>            |
|                         | <b>Equal Employment Opportunity Commission</b>       |   |   |                    |                  |                           |
| 30.RD                   |  | Southwest Research Institute  | L99051JRG   | ASA                | 913,574          |                           |
|                         | Equal Employment Opportunity Commission Subtotal     |   |   |                    | <u>913,574</u>   | <u>-</u>                  |
|                         | <b>National Aeronautics and Space Administration</b> |   |   |                    |                  |                           |
| 43.RD                   | NASA: Ames Research Center                           |   |   | ASA                | 734,677          |                           |
| 43.RD                   | NASA: Ames Research Center                           |   |   | UAA                | 504,917          | 121,244                   |
| 43.RD                   | NASA: Glenn Research Center                          |   |   | ASA                | 425,340          | 307,685                   |
| 43.RD                   | NASA: Goddard Space Flight Center                    |   |   | ASA                | 17,457,377       | 3,188,569                 |
| 43.RD                   | NASA: Goddard Space Flight Center                    |   |   | UAA                | 13,486,809       | 5,186,410                 |
| 43.RD                   | NASA: Headquarters                                   |   |   | ASA                | 5,571,717        | 4,553,936                 |
| 43.RD                   | NASA: Headquarters                                   |   |   | UAA                | 12,787,265       | 1,514,917                 |
| 43.RD                   | NASA: Johnson Space Center                           |   |   | ASA                | 127,455          |                           |
| 43.RD                   | NASA: Langley Space Center                           |   |   | UAA                | 186,989          |                           |
| 43.RD                   | NASA: Marshall Space Flight Center                   |   |   | ASA                | 4,069,745        | 2,386,774                 |
| 43.RD                   | NASA: Marshall Space Flight Center                   |   |   | UAA                | 17,863,244       | 7,664,819                 |
| 43.RD                   | National Aeronautics and Space Administration        |   |   | ASA                | 347,431          |                           |
| 43.RD                   | National Aeronautics and Space Administration        |   |   | NAA                | 1,498,493        | 278,766                   |
| 43.RD                   | Smithsonian Astrophysical Observatory                |   |   | UAA                | 136,058          |                           |
| 43.RD                   |  | Arizona Science Center  | 19-001  | ASA                | 7,732            |                           |
| 43.RD                   |  | Arizona State University  | LOU No 17-122   | NAA                | 55,473           |                           |
| 43.RD                   |  | Arizona State University  | 7790, 17062, 17178, 18320   | UAA                | 98,103           |                           |
| 43.RD                   |  | Association of Universities for Research in Astronomy, Incorporated | 49992, N79550C  | UAA                | 210,675          |                           |
| 43.RD                   |  | Ball Aerospace And Technologies Corporation                         | 16NRO00004  | UAA                | 250,221          |                           |
| 43.RD                   |  | Bay Area Environmental Research                                     | n/a   | NAA                | 7,629            |                           |
| 43.RD                   |  | Baylor College of Medicine  | 7000000460, 7000000590, SYN0005/7000000825  | UAA                | 405,886          |                           |
| 43.RD                   |  | Brown University  | 00001161  | UAA                | 11,184           |                           |
| 43.RD                   |  | California Institute of Technology                                  | S400884, S427461- former 65H-098305   | ASA                | 133,773          |                           |
| 43.RD                   |  | California Institute of Technology                                  | S423867   | UAA                | 10,403           |                           |
| 43.RD                   |  | Central Connecticut State University                                | CCSU18-56   | NAA                | 14,123           |                           |
| 43.RD                   |  | Colgate University  | 2015022   | UAA                | 15,477           |                           |
| 43.RD                   |  | Columbia University   | 1(GG013230)   | ASA                | 24,593           |                           |
| 43.RD                   |  | Cornell University  | 77301-10535   | ASA                | 8,781            |                           |
| 43.RD                   |  | Jet Propulsion Laboratory   | 1228404, 1511125, 1531839, 1531839, 1531839, 1601756, 1545667, 1511125, 1511125, 1511125, 1228404, 1228404, 1545667, 1399938, 1228404, 1531839, 1584342, 1588300, 1511125, 1228404, 1472603, 1511125, 1531839, 1531839, 1531839, 1228404, 1615538, 1511125, 1531839, 1276419, 1531839, 1567696, 1554788, 1511125, 1531839, 1531839, 1429649, 1228404, 1593074, 1595944, 1618298, 1228404, 1228404, 1228404, 1228404, 1570596, 1531839, 1531839, 1511125, 1531839, 1228404, 1228404, 1228404, 1531839, 1531839, 1547619, 1228404 | ASA                | 22,219,584       | 16,568,214                |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor                                 | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|-------------------------|---|--|--|--------------------|--------------|---------------------------|
| 43.RD                   |   | Jet Propulsion Laboratory                            | 1526108, 1559087, 1564918, 154919, 157922, 1585127, 1585166, RSA 1571218, 1582093  | NAA                | 411,874      | 10,026                    |
| 43.RD                   |   | Jet Propulsion Laboratory                            | 1228726, 1270067, 1272218, 1319248, 1407200, 1407263, 1422779, 1494629, 1525086/G011-PID11063/, 1558362, 1561710, 1565441, 1574733, 1576815, 1582925, 1589386, 1600147, 1606861, 1607156, 1607971, 1608017, 1610308, 1610310, 1610316, 1614923, 1615577, 1615800, 1618565, 1621257   | UAA                | 5,422,081    | 646,400                   |
| 43.RD                   |   | Johns Hopkins University                             | 3612003808432  | NAA                | 87,169       |                           |
| 43.RD                   |   | Johns Hopkins University                             | 128956, 131989, 133966   | UAA                | 45,671       |                           |
| 43.RD                   |   | Johns Hopkins University: Applied Physics Laboratory | 151724   | NAA                | 12,512       |                           |
| 43.RD                   |   | Johns Hopkins University: Applied Physics Laboratory | 130313, 132230, 137698, 137699   | UAA                | 133,914      |                           |
| 43.RD                   |   | Lowell Observatory                                   | 2018-81420-NAU, 2019-81105-NAU, 2017-81502NAU, 2017-81495  | NAA                | 316,841      |                           |
| 43.RD                   |   | Malin Space Science Systems, Inc.                    | 11-0124, 16-0688   | ASA                | 302,012      |                           |
| 43.RD                   |   | Massachusetts Institute of Technology                | 1674   | UAA                | 107,162      |                           |
| 43.RD                   |   | Montana State University                             | G245-17-W6575  | NAA                | 101,187      |                           |
| 43.RD                   |   | National Aeronautics Space Administration            | 80NSSC18K0841  | ASA                | 109,664      |                           |
| 43.RD                   |   | PADT Inc.  | 80NSSC18P2131  | ASA                | 49,096       |                           |
| 43.RD                   |   | Pennsylvania State University                        | 5560UJPL7612   | UAA                | 131,815      |                           |
| 43.RD                   |   | Planetary Science Institute                          | 1468   | ASA                | 11,311       |                           |
| 43.RD                   |   | Planetary Science Institute                          | 1336, 1488UofA, 1542UAChojnacki, 1576UA, 1601ARIZ  | UAA                | 360,366      |                           |
| 43.RD                   |   | Princeton University                                 | SUB0000159, SUB0000314   | UAA                | 60,419       |                           |
| 43.RD                   |   | Q Peak, Inc  | SC-59468-2775-46   | UAA                | 34,943       |                           |
| 43.RD                   |   | Radiation Monitoring Devices                         | C17-31   | ASA                | 12,976       |                           |
| 43.RD                   |   | Raytheon Company                                     | 4201839976   | UAA                | 16,684       |                           |
| 43.RD                   |   | Rensselaer Polytechnic Institute                     | A12561   | ASA                | 57,113       |                           |
| 43.RD                   |   | Science Museum of Minnesota                          | NNH15ZDA0004C  | ASA                | 6,565        |                           |
| 43.RD                   |   | SETI Institute                                       | SC 3129, SC 3138   | ASA                | 75,981       |                           |
| 43.RD                   |   | Sonoma State University                              | 117868   | NAA                | 35,430       |                           |
| 43.RD                   |   | Southwest Research Institute                         | K99033MEC, H99066CT, K99033MEC, K99033MEC, H99065CT, K99033MEC, K99056JRG  | ASA                | 3,808,769    | 1,523,856                 |
| 43.RD                   |   | Southwest Research Institute                         | 699053X, D99004L, K99074AD, L99064JRG, SUB0000159  | UAA                | 256,013      |                           |
| 43.RD                   |   | Space Science Institute                              | SUBAWD 000801  | NAA                | 54,697       |                           |
| 43.RD                   |   | Space Telescope Science Institute                    | HST-GO-14784.001-A, HST-GO-15184.002-A, HST-GO-15137.002-A, HST-GO-14641.002-A, HST-GO-14792.008-A, HST-GO-13705.001-A, HST-HF2-51411.001-A, HST-GO-15286.001-A, HST-GO-14111.002-A, HST-GO-15255.013-A, HST-GO-14453.011-A, HST-GO-15278.001-A, HST-GO-15428.006-A, HST-GO-14071.009-A, HST-GO-15174.010-A, HST-HF2-51411.001-A, HST-GO-13862.005-A, HST-GO-13779.001-A, HST-GO-13779.010-A, HST-AR-14591.001-A, HST-GO-14793.010-A, HST-GO-14262.002-A, HST-GO-14937.004-A | ASA                | 575,682      |                           |
| 43.RD                   |   | Space Telescope Science Institute                    | HST-GO-15259.004-A, HST-GO-13716.001-A, HST-GO-15213.001-A, HST-GO-15259.004-A   | NAA                | 68,413       |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor                            | Pass-Through Grantor Identifying Number   | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|--------------|---------------------------|
| 43.RD                   |   | Space Telescope Science Institute               | HSTAR13911.001A, HST-AR-14312.002-A, HSTAR14316, HSTAR15004001A, HSTAR15030002A, HSTAR15060002A, HSTGO12511009A, HSTGO13390001A, HST-GO-13419.006-A, HST-GO-13646.008-A, HSTGO13653.001, HSTGO13719003A, HSTGO13762001A, HST-GO-13785.003-A, HST-GO-13786.001-A, HSTGO13787001A, HST-GO-13839.002-A, HSTGO13846007A, HSTGO13856010A, HSTGO13859002A, HSTGO14090001A, HST-GO-14096.006-A, HSTGO14113004A, HSTGO14138003A, HSTGO14148, HSTGO14223, HSTGO14227007A, HSTGO14241001A, HSTGO14259010A, HSTGO14453005A, HSTGO14456006A, HSTGO14596001A, HSTGO14612001A, HSTGO14625, HSTGO14654, HSTGO14664007A, HSTGO14679001A, HSTGO14682002A, HSTGO14703006A, HSTGO14714001A, HSTGO14717, HSTGO14740001A, HSTGO14747003A, HSTGO14767003A, HSTGO14769005A, HSTGO14770, HSTGO14784004A, HSTGO14791002A, HSTGO14797002A, HSTGO14931004A, HSTGO15093001A, HSTGO15113003A, HSTGO15113006A, HSTGO15121001A, HSTGO15135003A, HSTGO15137003A, HSTGO15182011A, HSTGO15185001A, HSTGO15217007A, HSTGO15218004A, HSTGO15219005A, HSTGO15224003A, HSTGO15237002A, HSTGO15246008A, HSTGO15266004A, HSTGO15278008A, HSTGO15289001A, HSTGO15325002A, HSTGO15453.001A, HSTGO15625003A, HSTHF251380001A, HSTHF251394002A, HSTHF251398001A, HSTHF251419001A, HSTHF251420001A, JWSTERS01309002A | UAA                | 1,817,356    |                           |
| 43.RD                   |   | Stony Brook University                          | 66726, 68815  | NAA                | 11,693       |                           |
| 43.RD                   |   | Structured Materials Industries, Inc.           | SMI42111-20180727-01  | ASA                | 4,487        |                           |
| 43.RD                   |   | Texas State University                          | 17011-82719-1   | ASA                | 64,127       |                           |
| 43.RD                   |   | Universities Space Research Association         | SOF-05-0098   | NAA                | 28,988       |                           |
| 43.RD                   |   | Universities Space Research Association         | 223504, 2017001474, SAF050054Ertel, SOF050019SU, SOF050172, SOF050180, SOF060234Svoboda, SOF070, SOF070206  | UAA                | 123,672      |                           |
| 43.RD                   |   | University Corporation for Atmospheric Research | Z17-25720   | UAA                | 49,271       |                           |
| 43.RD                   |   | University of Alaska: Fairbanks                 | UAF190070   | UAA                | 23,149       |                           |
| 43.RD                   |   | University of Arizona                           | 353046, 401799, 268293, 413164, 360104, 268580, 125837, 268293, 268580  | ASA                | 1,704,068    |                           |
| 43.RD                   |   | University of Arizona                           | 457254  | NAA                | 14,247       |                           |
| 43.RD                   |   | University of California: Los Angeles           | 2090-S-SA473  | ASA                | 122,100      |                           |
| 43.RD                   |   | University of California: Los Angeles           | 0995GUA602  | UAA                | 19,629       |                           |
| 43.RD                   |   | University of California: Riverside             | S-000732  | ASA                | 158,433      |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title   | Pass-Through Grantor                                | Pass-Through Grantor Identifying Number                             | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|--------------------|---------------------------|
| 43.RD                   |   | University of California: San Diego                 | 84068633S9001586  | UAA                | 45,097             |                           |
| 43.RD                   |   | University of California: Santa Cruz                | A160381S005P0600213,<br>A160626S001P0637108,<br>A170015S001P0644922 | UAA                | 74,416             |                           |
| 43.RD                   |   | University of Colorado: Boulder                     | 1552616, 1555628, 1553136   | ASA                | 182,236            |                           |
| 43.RD                   |   | University of Colorado: Boulder                     | 1000008166, 1551807, 1556422  | UAA                | 259,060            |                           |
| 43.RD                   |   | University of Maryland                              | 40227, 46332-Z6927003   | NAA                | 46,344             |                           |
| 43.RD                   |   | University of Maryland, Baltimore County            | 0000019878  | UAA                | 25,384             |                           |
| 43.RD                   |   | University of Minnesota                             | H006201406  | UAA                | 12,721             |                           |
| 43.RD                   |   | University of New Hampshire                         | 19003   | UAA                | 3,745              |                           |
| 43.RD                   |   | University of Pennsylvania                          | 560958, 573659  | ASA                | 68,927             |                           |
| 43.RD                   |   | University of Puerto Rico                           | 2019-000067, 2019-000067  | ASA                | 67,231             |                           |
| 43.RD                   |   | University of Texas: Austin                         | UTA16-001088  | ASA                | 34,900             |                           |
| 43.RD                   |   | University of Texas: Austin                         | UTA17000731, UTA18000687  | UAA                | 24,411             |                           |
| 43.RD                   |   | University of Washington                            | UWSC10436   | NAA                | 7,629              |                           |
| 43.RD                   |   | University of Washington                            | 32930UWSC10593  | UAA                | 7,144              |                           |
| 43.RD                   |   | University of Wyoming                               | 1003075A-ARIZ   | UAA                | 3,054              |                           |
| 43.RD                   |   | Wellesley College                                   | SA26403   | ASA                | 67,192             |                           |
| 43.RD                   |   | Woods Hole Research Center                          | WHRC-ZG0829-01  | NAA                | 46,727             |                           |
| 43.RD                   |   | Yale University                                     | C15N12087 (N00218)  | ASA                | 69,998             |                           |
|                         | National Aeronautics and Space Administration Subtotal  |   |   |                    | <u>116,524,950</u> | <u>43,951,616</u>         |
|                         | <b>National Endowment for the Humanities</b>  |   |   |                    |                    |                           |
| 45.RD                   | Institute of Museum and Library Sciences  |   |   | ASA                | 222,448            | 45,391                    |
| 45.RD                   | National Endowment for the Arts   |   |   | UAA                | 8,751              |                           |
| 45.RD                   | National Endowment for the Humanities   |   |   | ASA                | 95,455             |                           |
| 45.RD                   | National Endowment for the Humanities   |   |   | UAA                | 75,463             |                           |
| 45.RD                   | National Endowment for the Humanities: Division of Preservation and Access                    |   |   | ASA                | 37,472             |                           |
| 45.RD                   |   | Arizona Commission On the Arts                      | 10277523  | UAA                | 2,500              |                           |
| 45.RD                   |   | Arizona Humanities                                  | 70662018, 70572017  | ASA                | 6,682              |                           |
| 45.RD                   |   | Arizona State Library, Archives, and Public Records | PJ-256058-17  | UAA                | 12,621             |                           |
| 45.RD                   |   | George Mason University                             | E204497-1   | ASA                | 4,973              |                           |
| 45.RD                   |   | Gettysburg College                                  | NAU-1   | NAA                | 19,316             |                           |
|                         | National Endowment for the Humanities Subtotal  |   |   |                    | <u>485,681</u>     | <u>45,391</u>             |
|                         | <b>National Science Foundation</b>  |   |   |                    |                    |                           |
| 47.RD                   | National Endowment for the Humanities   |   |   | UAA                | 44,254             |                           |
| 47.RD                   | National Science Foundation   |   |   | ASA                | 49,141,876         | 6,275,695                 |
| 47.RD                   | National Science Foundation   |   |   | NAA                | 7,360,794          | 1,418,077                 |
| 47.RD                   | National Science Foundation   |   |   | UAA                | 51,047,278         | 5,078,563                 |
| 47.RD                   | National Science Foundation: Directorate for Biological Sciences                              |   |   | ASA                | 4,283,295          | 632,091                   |
| 47.RD                   | National Science Foundation—BIO: Division of Biological Infrastructure (DBI)                  |   |   | ASA                | 684,044            |                           |
| 47.RD                   | National Science Foundation—CISE: Computer and Network Systems (CNS)                          |   |   | ASA                | 1,599,147          |                           |
| 47.RD                   | National Science Foundation—CISE: Office of Cyberinfrastructure (OCI)                         |   |   | ASA                | 134,391            |                           |
| 47.RD                   | National Science Foundation—CISE: Division of Information, Robotics, Intelligent Systems      |   |   | ASA                | 2,374              |                           |
| 47.RD                   | National Science Foundation—EHR—DUE: Division of Undergraduate Science, Engineering, & Mathem |   |   | ASA                | 139,913            |                           |
| 47.RD                   | National Science Foundation—ENG: Division of Biological & Critical Systems (BCS)              |   |   | ASA                | 188,822            |                           |
| 47.RD                   | National Science Foundation—GEO: Office of Polar Programs (OPP)                               |   |   | ASA                | 26,636             |                           |
| 47.RD                   | Smithsonian Astrophysical Observatory   |   |   | UAA                | 171,667            |                           |
| 47.RD                   |   | 2M Research Services, LLC                           | 2017-NSF-10018  | ASA                | 33,716             |                           |
| 47.RD                   |   | Advent Diamond, LLC                                 | 1747133   | ASA                | 53,721             |                           |
| 47.RD                   |   | American Educational Research Association           | LTR 04/10/18  | ASA                | 17,392             |                           |
| 47.RD                   |   | Appalachian State University                        | A14-0153-S004 (formerly A14-0153-S001)                              | ASA                | 5,441              |                           |
| 47.RD                   |   | Arizona State University                            | ASUB00000215  | NAA                | 86,030             |                           |



State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor   | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|-------------------------|---|--|--|--------------------|--------------|---------------------------|
| 47.RD                   |   | Arizona State University   | 17-056/HRD-1608928, 17-099-ASUB00000216, CC0159-PG08675-11-80/SUB, CC0159-PG08675-11-80/SUB/, CC0159-PG08675-11-80/SUB/V1, CC0342-PG08675-11-81, CC0342-PG08675-11-81/SUB, CC0342-PG08675-11-81/SUB/F1, CC0342-PG08675-11-82/SUB, ECRA632-11-78/SUB, ECRA632-11-78/SUB/F17UR012/, ECRA632-11-78/SUB/F17UR030F, ECRA632-11-78/SUB/F17UR032/, ECRA632-11-78/SUB/F17UR033, ECRA632-11-78/SUB/F17UR037/, ECRA632-1179/SUB, ECRA632-11-79/SUB, ECRA632-11-79/SUB/S18UR006, ECRA6321179SUB, PG08675-11-80/SUB, S19UR004/S2019ur0007, S19UR005/S2019ur008, S19UR006/S2019ur0009, S19UR007/S2019ur0010, S19UR009/S2019ur0014, S19UR018/S2019ur0027, V2018gp0004/V18CC001, V2019gp0003/V19CC001 | UAA                | 129,908      |                           |
| 47.RD                   |   | Association of Universities for Research in Astronomy, Incorporated      | C22026SB, N67816C/AST1421197, N71373CL, N84158C, N97528C, NB3064C  | UAA                | 1,431,034    |                           |
| 47.RD                   |   | Battelle Memorial Institute  | US0001-0000701436  | NAA                | 195,681      | 74,057                    |
| 47.RD                   |   | Battelle: National Ecological Observatory Network (NEON)                 | PO US001-0000718040, PO US001-0000718040   | ASA                | 760,033      |                           |
| 47.RD                   |   | California State Los Angeles University Auxiliary Services, Incorporated | UA230956   | UAA                | 2,442        |                           |
| 47.RD                   |   | California State University: San Marcos                                  | 92249 / 85038 ASU  | ASA                | 44,544       |                           |
| 47.RD                   |   | Cary Institute of Ecosystem Studies                                      | 3357/200201910   | ASA                | 61,309       |                           |
| 47.RD                   |   | Cary Institute of Ecosystems Studies                                     | 3340/200201903   | NAA                | 5,278        |                           |
| 47.RD                   |   | Clark University   | 2A3257531  | UAA                | 127,210      |                           |
| 47.RD                   |   | Colorado School of Mines   | 401516-5801  | ASA                | 4,653        |                           |
| 47.RD                   |   | Colorado State University  | G-37052-1, G-00973-5, G-30014-01   | ASA                | 346,691      |                           |
| 47.RD                   |   | Colorado State University  | G-00973-3/1444758, G-14888-1, G-96702-3/DRL-1543228  | UAA                | 392,376      | 470                       |
| 47.RD                   |   | Columbia University  | 34(GG009393-01), 34(GG009393)  | ASA                | 8,097        |                           |
| 47.RD                   |   | Columbia University  | 1(GG014460-01) / PO: G12926, 1GG012608, 2(GG014460-03) / PO: G12927  | UAA                | 72,719       |                           |
| 47.RD                   |   | Computing Research Association   | Postdoc001   | ASA                | 2,497        |                           |
| 47.RD                   |   | Cornell University   | OSP #75548   | ASA                | 108,582      |                           |
| 47.RD                   |   | Council of Graduate Schools  | AGR 08/04/17, AGR 08/04/17   | ASA                | 23,569       |                           |
| 47.RD                   |   | Council of Graduate Schools  | LTR DTD 082718   | UAA                | 30,103       |                           |
| 47.RD                   |   | CRDF Global  | OISE-17-63729-0  | ASA                | 3,169        |                           |
| 47.RD                   |   | CUNY: Research Foundation of CUNY (RFCUNY)                               | CM00001881-00  | ASA                | 57,063       |                           |
| 47.RD                   |   | Dine College   | 244-J7H8   | NAA                | 9,249        |                           |
| 47.RD                   |   | George Washington University   | 15-S17/CCF-1565273   | UAA                | 29,672       |                           |
| 47.RD                   |   | Georgia Institute of Technology (Georgia Tech)                           | RK411-G1, RG098-G1, RG098-G1, RG758-G1   | ASA                | 247,219      |                           |
| 47.RD                   |   | Hauptman-Woodward Medical Research Institute                             | UBSBXLPi6200, 6215   | ASA                | 37,956       |                           |
| 47.RD                   |   | Hydrologic Research Center   | 2018001  | UAA                | 32,030       |                           |
| 47.RD                   |   | Illinois Institute of Technology   | A17-0026-S001  | UAA                | 150,643      |                           |
| 47.RD                   |   | Illinois State University  | A190050S002  | UAA                | 6,389        |                           |
| 47.RD                   |   | Indiana University   | BL-4848800-ASU, BL-4848800-ASU   | ASA                | 86,521       |                           |
| 47.RD                   |   | Indiana University   | BL-4812517-UA/ACI-1445604  | UAA                | 86,936       |                           |
| 47.RD                   |   | Inter-American Institute for Global Change Research (Brazil)             | CRN3056/GEO-1128040  | UAA                | 205,449      | 90,957                    |
| 47.RD                   |   | Iowa State University  | 420-61-73A/IOS-1444806   | UAA                | 50,335       |                           |
| 47.RD                   |   | Kansas State University  | S16102   | UAA                | 52,202       |                           |
| 47.RD                   |   | Lowell Observatory   | 2017-83090 NAU   | NAA                | 69,375       |                           |
| 47.RD                   |   | Lunewave, Inc.   | 1758547  | UAA                | 7,788        |                           |
| 47.RD                   |   | Maricopa Community Colleges  | DUE 1103080, 10000487-ASU  | ASA                | 9,652        |                           |
| 47.RD                   |   | Massachusetts Institute of Technology (MIT)                              | 5710003573, S4775 - PO 276392, 80162   | ASA                | 126,247      |                           |
| 47.RD                   |   | Michigan State University  | RC104177ASU  | ASA                | 29,941       |                           |
| 47.RD                   |   | Michigan Technological University  | 1603040Z1  | ASA                | 43,745       |                           |
| 47.RD                   |   | Michigan Technological University  | 111009022  | NAA                | 3,883        |                           |
| 47.RD                   |   | Museum of Science  | 4569-ASU-01  | ASA                | 18,648       |                           |
| 47.RD                   |   | National Academy of Sciences (NAS)                                       | 2000010227   | ASA                | 25,885       |                           |
| 47.RD                   |   | National Center for Atmospheric Research (NCAR)                          | Z14-12900  | ASA                | 7,096        |                           |
| 47.RD                   |   | National Radio Astronomy Observatory                                     | 361552, 363362SOSPA6002, SOSPA4007   | UAA                | 30,154       |                           |
| 47.RD                   |   | National Science Foundation (NSF)  | 1832196  | ASA                | 68,896       |                           |



State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title                                   | Pass-Through Grantor                                | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures       | Provided to Subrecipients |
|-------------------------|---|---|--|--------------------|--------------------|---------------------------|
| 47.RD                   |   | Utah State University                               | 140343-00002-109   | UAA                | 42,777             |                           |
| 47.RD                   |   | Vanderbilt University                               | UNIV60484  | ASA                | 20,763             |                           |
| 47.RD                   |   | Vanderbilt University                               | UNIV59061  | UAA                | 166,102            |                           |
| 47.RD                   |   | Virginia Polytechnic Institute and State University | 479498-19007   | ASA                | 69,708             |                           |
| 47.RD                   |   | White Mountain Nature Center                        | LTR DTD 072318   | UAA                | 3,345              |                           |
| 47.RD                   |   | Woods Hole Oceanographic Institution                | A101284/80426200   | UAA                | 1,452              |                           |
| 47.RD                   |   | Yale University                                     | GR100666 (CON-80000873)  | UAA                | 78,008             |                           |
|                         | National Science Foundation Subtotal  |   |  |                    | <u>127,255,026</u> | <u>13,648,513</u>         |
|                         | <b>Smithsonian Institution</b>  |   |  |                    |                    |                           |
| 60.RD                   | Smithsonian Astrophysical Observatory   |   |  | UAA                | 1,310,440          |                           |
|                         | Smithsonian Institution Subtotal  |   |  |                    | <u>1,310,440</u>   | <u>-</u>                  |
|                         | <b>Department of Veterans Affairs</b>   |   |  |                    |                    |                           |
| 64.RD                   | United States Department of Veterans Affairs                                  |   |  | ASA                | 302,677            |                           |
| 64.RD                   | United States Department of Veterans Affairs                                  |   |  | UAA                | 510,710            |                           |
| 64.RD                   | United States Department of Veterans Affairs: Phoenix Health Care System      |   |  | ASA                | 9,138              |                           |
|                         | Department of Veterans Affairs Subtotal                                       |   |  |                    | <u>822,525</u>     | <u>-</u>                  |
|                         | <b>Environmental Protection Agency</b>  |   |  |                    |                    |                           |
| 66.RD                   | United States Environmental Protection Agency                                 |   |  | ASA                | 589,073            | 264,328                   |
| 66.RD                   | United States Environmental Protection Agency                                 |   |  | UAA                | 311,283            | 41,557                    |
| 66.RD                   |   | Dine College  | 1918-5-513   | NAA                | 2,580              |                           |
| 66.RD                   |   | Extension Foundation                                | SA-2019-55   | UAA                | 832                |                           |
| 66.RD                   |   | University of Arizona                               | 83615101   | NAA                | 26,945             |                           |
| 66.RD                   |   | University of Colorado: Boulder                     | 1552026  | ASA                | 23,712             |                           |
|                         | Environmental Protection Agency Subtotal                                      |   |  |                    | <u>954,425</u>     | <u>305,885</u>            |
|                         | <b>Department of Energy</b>   |   |  |                    |                    |                           |
| 81.RD                   | Advanced Research Projects Agency Energy                                      |   |  | ASA                | 2,534,517          | 462,472                   |
| 81.RD                   | Advanced Research Projects Agency Energy                                      |   |  | UAA                | 761,855            | 365,199                   |
| 81.RD                   | Department of Energy  |   |  | ASA                | 1,093,989          | 200,009                   |
| 81.RD                   | Department of Energy  |   |  | NAA                | 814,097            | 63,228                    |
| 81.RD                   | Department of Energy  |   |  | UAA                | 3,550,939          | 172,663                   |
| 81.RD                   | Department of Energy: Office of Energy Efficiency and Renewable Energy (EERE) |   |  | ASA                | 3,887,687          | 672,533                   |
| 81.RD                   | Golden Field Office   |   |  | ASA                | 471,759            | 208,439                   |
| 81.RD                   | Idaho Field Office  |   |  | ASA                | 80,888             | 1,754                     |
| 81.RD                   | Lawrence Berkeley National Laboratory   |   |  | ASA                | 49,383             |                           |
| 81.RD                   | Lawrence Livermore National Laboratory  |   |  | NAA                | 81,658             |                           |
| 81.RD                   | Los Alamos National Laboratory  |   |  | ASA                | 31,797             |                           |
| 81.RD                   | National Energy Technology Laboratory   |   |  | ASA                | 753,416            | 537,822                   |
| 81.RD                   | National Nuclear Security Administration                                      |   |  | ASA                | 91,866             |                           |
| 81.RD                   | National Nuclear Security Administration                                      |   |  | UAA                | 293,964            |                           |
| 81.RD                   | National Renewable Energy Laboratory  |   |  | ASA                | 207,003            |                           |
| 81.RD                   | National Renewable Energy Laboratory  |   |  | NAA                | 55,756             |                           |
| 81.RD                   | Office of Science   |   |  | ASA                | 915,619            | 181,602                   |
| 81.RD                   | Pacific Northwest National Laboratory   |   |  | ASA                | 15,325             |                           |
| 81.RD                   | Pacific Northwest National Laboratory   |   |  | NAA                | 497,765            |                           |
| 81.RD                   | Sandia National Laboratories (SNL)  |   |  | ASA                | 137,775            |                           |
| 81.RD                   |   | Aerodyne Research, Inc.                             | ARI 11129-1  | ASA                | 1,022              |                           |
| 81.RD                   |   | Aerodyne Research, Inc.                             | ARI 11409-1, ARI 11409-2   | UAA                | 87,615             |                           |
| 81.RD                   |   | Alliance for Sustainable Energy, LLC.               | XAT-8-70327-01, XAT-8-82198-01, XEJ77022701  | UAA                | 178,927            |                           |
| 81.RD                   |   | Antora Energy                                       | DE-AR0000993-ASU, DE-AR0000993-ASU   | ASA                | 37,529             |                           |
| 81.RD                   |   | Battelle Memorial Institute                         | 387879   | ASA                | 60,381             |                           |
| 81.RD                   |   | Battelle Memorial Institute                         | 436991   | UAA                | 31,095             |                           |
| 81.RD                   |   | Brookhaven National Laboratory                      | 101340, 107946, 307422, 310880, 310882, 341872, 74201  | UAA                | 1,010,063          |                           |
| 81.RD                   |   | Burge Environmental                                 | DE-SC00013194, DE-SC0018495  | ASA                | 28,554             |                           |
| 81.RD                   |   | Colorado School of Mines                            | TBD, 400612, 401011-5802   | ASA                | 255,801            |                           |
| 81.RD                   |   | Colorado State University                           | G-01819-01   | ASA                | 81,628             |                           |
| 81.RD                   |   | Colorado State University                           | SUBAWARD G-40115-02  | UAA                | 197,693            |                           |
| 81.RD                   |   | Electric Power Research Institute                   | 10006129   | ASA                | 123,297            |                           |
| 81.RD                   |   | Lawrence Berkeley National Laboratory (LBNL)        | 7418244  | ASA                | 83,447             |                           |
| 81.RD                   |   | Lawrence Berkeley National Laboratory               | 7308213/DE-AC02-05CH11231, 7329734   | UAA                | 293,397            |                           |
| 81.RD                   |   | Lawrence Livermore National Security, LLC.          | B163250, B619796, B621762, B626816, B630670, B631458   | UAA                | 269,251            |                           |
| 81.RD                   |   | Local Motors  | AGR 11/20/18   | ASA                | 84,626             |                           |
| 81.RD                   |   | Los Alamos National Laboratory                      | 527106   | ASA                | 20,581             |                           |
| 81.RD                   |   | Los Alamos National Laboratory                      | 531988   | UAA                | 46,028             |                           |
| 81.RD                   |   | Michigan State University                           | RC109447-ASU, RC102649-ASU   | ASA                | 267,507            |                           |
| 81.RD                   |   | Montana State University                            | G138-15-W5072  | ASA                | 7,413              |                           |
| 81.RD                   |   | National Renewable Energy Laboratory (NREL)         | XEJ-9-92120-01, XDJ-8-82153-01, ZGJ-7-70115-01, ZGJ-7-70115-01, XAT-9-92058-01, ZDC-8-82043-01, ZGJ-7-70115-01, ZGJ-7-70115-01, XAT-9-92058-01 | ASA                | 1,179,056          |                           |
| 81.RD                   |   | National Security Technologies, LLC                 | 180963   | UAA                | 27,107             |                           |
| 81.RD                   |   | New Mexico State University (NMSU)                  | Q02001   | ASA                | 45,516             |                           |
| 81.RD                   |   | North Carolina State University                     | 2014-0654-61   | ASA                | 191,603            |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor  | Pass-Through Grantor Identifying Number             | Grantee (Appendix) | Expenditures      | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|-------------------|---------------------------|
| 81.RD                   |   | Ohio State University   | 60071260  | UAA                | 285,694           |                           |
| 81.RD                   |   | Opticslah, LLC  | LTR DTD 100418                                      | UAA                | 11,039            |                           |
| 81.RD                   |   | Pacific Northwest National Laboratory   | 381570, 436508, 451121, 452575                      | UAA                | 262,934           |                           |
| 81.RD                   |   | Physical Sciences Inc   | 86026-1983-46                                       | NAA                | 8,738             |                           |
| 81.RD                   |   | Princeton University  | SUB0000290  | ASA                | 119,419           |                           |
| 81.RD                   |   | Proton OnSite   | EC-0008092-03 / PO 20544, EC-0008092-03 / PO 20544  | ASA                | 39,386            |                           |
| 81.RD                   |   | Purdue University   | 14000382-042  | UAA                | 15,643            |                           |
| 81.RD                   |   | Radiation Detection and Imaging Technologies                                    | C41-24b   | ASA                | 58,738            |                           |
| 81.RD                   |   | Rapid Advancement in Process Intensification Deployment Manufacturing Institute | DE-EE000788-3-2-4                                   | UAA                | 36,409            |                           |
| 81.RD                   |   | Ridgetop Group, Incorporated  | LTR DTD 101018                                      | UAA                | 20,800            |                           |
| 81.RD                   |   | Sandia National Laboratories  | 2000965, 1993669                                    | ASA                | 83,627            |                           |
| 81.RD                   |   | Sandia National Laboratories  | 1163638/1823176, 1448875                            | UAA                | 143,051           |                           |
| 81.RD                   |   | SLAC National Accelerator Laboratory  | 168085  | UAA                | 586               |                           |
| 81.RD                   |   | Smithsonian Institute   | 16SUBC4400000359417                                 | NAA                | 9,915             |                           |
| 81.RD                   |   | Sporian Microsystems, Inc.  | DE-SC0017712  | UAA                | 11,148            |                           |
| 81.RD                   |   | Stanford University   | 61559157-51077, 61559167-51077, 61615333-128599     | ASA                | 134,324           |                           |
| 81.RD                   |   | Structured Materials Industries, Inc.   | 42066-20170716-01                                   | ASA                | 133,965           |                           |
| 81.RD                   |   | TechSource, Inc.  | GS10F00384  | ASA                | 32,439            |                           |
| 81.RD                   |   | Tech-X Corporation  | 7331-004  | ASA                | 724               |                           |
| 81.RD                   |   | The Donald Danforth Plant Science Center  | 22815-A   | UAA                | 810,757           |                           |
| 81.RD                   |   | The Hydro Research Foundation, Inc.   | Agreement signed 4/27/17                            | UAA                | 2,000             |                           |
| 81.RD                   |   | University of California: Berkeley  | 00009291  | UAA                | 47,932            |                           |
| 81.RD                   |   | University of California: Los Angeles   | 0159 G TA069, 0159 G UA381                          | ASA                | 156,329           |                           |
| 81.RD                   |   | University of California: Riverside   | S-000683  | ASA                | 41,614            |                           |
| 81.RD                   |   | University of California: San Diego   | 97378543  | ASA                | 133,165           |                           |
| 81.RD                   |   | University of California: San Diego   | 111117474/S9002139                                  | UAA                | 61,878            |                           |
| 81.RD                   |   | University of California: Santa Barbara   | KK1965  | NAA                | 13,330            |                           |
| 81.RD                   |   | University of Central Florida   | 16276008-01, 16276008-01, 16276008-01               | ASA                | 232,840           |                           |
| 81.RD                   |   | University of Florida   | UFOER00010112                                       | ASA                | 8,853             |                           |
| 81.RD                   |   | University of Illinois: Board of Trustees                                       | 078620-15703 (formerly 2015-06605-09), 082394-15846 | ASA                | 367,458           |                           |
| 81.RD                   |   | University of Maryland: Baltimore   | 0000017959  | UAA                | 39,522            |                           |
| 81.RD                   |   | University of Massachusetts: Amherst  | 19-010693 B 00                                      | UAA                | 9,177             |                           |
| 81.RD                   |   | University of North Carolina: Chapel Hill                                       | 5112969   | ASA                | 19,785            |                           |
| 81.RD                   |   | University of Oklahoma  | 2015-46   | NAA                | 8,002             |                           |
| 81.RD                   |   | University of Texas: Austin   | UTA17000043   | UAA                | 75,432            |                           |
| 81.RD                   |   | UT Battelle LLC   | 4000161830, 4000158404                              | NAA                | 205,109           |                           |
| 81.RD                   |   | Washington State University   | 134124-G003966                                      | ASA                | 117,850           |                           |
| 81.RD                   |   | Washington University in St. Louis  | PO2934888E  | NAA                | 15,931            |                           |
|                         | Department of Energy Subtotal               |   |   |                    | <u>24,711,738</u> | <u>2,865,721</u>          |
|                         | <b>Department of Education</b>              |   |   |                    |                   |                           |
| 84.RD                   | Department of Education                     |   |   | ASA                | 7,047,986         | 198,700                   |
| 84.RD                   | Department of Education                     |   |   | UAA                | 1,124,722         |                           |
| 84.RD                   | Institute of Education Sciences             |   |   | UAA                | 245,128           |                           |
| 84.RD                   |   | Arizona Department of Education   | 16-02-ED  | ASA                | 154,000           |                           |
| 84.RD                   |   | Arizona Department of Education   | 17-23-ED  | NAA                | 20,487            |                           |
| 84.RD                   |   | Association of Public and Land-Grant Universities (APLU)                        | ICA 02/20/17, ICA 02/20/17                          | ASA                | 15,442            |                           |
| 84.RD                   |   | Blackwater Community School   | 18190812  | ASA                | 23,638            |                           |
| 84.RD                   |   | Center for Applied Special Technology   | AZ080115-20, AZ080115-20, ASU070117-20              | ASA                | 139,700           |                           |
| 84.RD                   |   | Educational Testing Service   | ASU-IES 305A, ASU-IES 305A                          | ASA                | 82,375            |                           |
| 84.RD                   |   | Georgia State University  | SP00012139-01, SP00012139-01                        | ASA                | 211,262           |                           |
| 84.RD                   |   | Georgia State University  | SP00010919-01                                       | UAA                | 83,876            |                           |
| 84.RD                   |   | Gila River Indian Community   | C6102 / C6347, C6102 / C6347                        | ASA                | 21,933            |                           |
| 84.RD                   |   | Oregon Research Institute   | R324A150221   | NAA                | 29,616            |                           |
| 84.RD                   |   | Phoenix Indian Center   | AGR 09/27/16  | ASA                | 18,443            |                           |
| 84.RD                   |   | Rutgers University  | 5428  | ASA                | 29,521            |                           |
| 84.RD                   |   | Salus University  | UA 88403 17-18/H325H140002                          | UAA                | 129,345           |                           |
| 84.RD                   |   | Sandia National Laboratories  | EMAIL 1/15/2019 PO-1980519                          | ASA                | 32,154            |                           |
| 84.RD                   |   | Texas A&M University  | M1803132  | ASA                | 102,722           |                           |
| 84.RD                   |   | Texas State University  | 18018-83055-1                                       | ASA                | 56,542            |                           |
| 84.RD                   |   | University of California: Berkeley  | 00009184, 00009184                                  | ASA                | 163,213           |                           |
| 84.RD                   |   | University of California: Irvine  | 2017-3496, 2017-3496, 2017-3472                     | ASA                | 107,788           |                           |
| 84.RD                   |   | University of Florida   | UFDSP00011297/R324A160154                           | UAA                | 194,300           |                           |
| 84.RD                   |   | University of Florida: Board of Trustees  | UFDSP00012320                                       | ASA                | 29,773            |                           |
| 84.RD                   |   | University of Louisville  | ULRF 15-016904                                      | NAA                | 21,594            |                           |
| 84.RD                   |   | University of North Carolina: Chapel Hill                                       | 5107776   | ASA                | 107,617           |                           |
| 84.RD                   |   | University of South Florida   | 5830-1540-00-A                                      | NAA                | 20,318            |                           |
| 84.RD                   |   | University of Tennessee   | A18-0099-S001                                       | ASA                | 57,895            |                           |
| 84.RD                   |   | University of Virginia  | GM10152 153233                                      | ASA                | 42,688            |                           |
|                         | Department of Education Subtotal            |   |   |                    | <u>10,314,078</u> | <u>198,700</u>            |
|                         | <b>Morris K. Udall Foundation</b>           |   |   |                    |                   |                           |
| 85.RD                   | Smithsonian: Tropical Research Institute    |   |   | ASA                | 1,722             |                           |
|                         | Morris K. Udall Foundation Subtotal         |   |   |                    | <u>1,722</u>      | <u>-</u>                  |

State of Arizona  
 Schedule of expenditures of federal awards  
 Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title                                     | Pass-Through Grantor                                | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures  | Provided to Subrecipients |
|-------------------------|---|---|--|--------------------|---------------|---------------------------|
| 91.RD                   | <u>United States Institute of Peace</u><br>United States Institute of Peace     |   |  | UAA                | 55,234        |                           |
|                         | United States Institute of Peace Subtotal                                       |   |  |                    | <u>55,234</u> | <u>-</u>                  |
|                         | <u>Department of Health and Human Services</u>                                  |   |  |                    |               |                           |
| 93.RD                   | Administration for Children and Families  |   |  | ASA                | 179,120       |                           |
| 93.RD                   | Administration for Community Living   |   |  | ASA                | 83,954        |                           |
| 93.RD                   | Administration for Community Living   |   |  | UAA                | 594,024       |                           |
| 93.RD                   | Agency for Healthcare Research and Quality                                      |   |  | UAA                | 769,737       | 158,124                   |
| 93.RD                   | Centers for Disease Control and Prevention                                      |   |  | ASA                | 975,377       | 186,761                   |
| 93.RD                   | Centers for Disease Control and Prevention                                      |   |  | UAA                | 823,815       | 48,660                    |
| 93.RD                   | Eunice Kennedy Shriver National Institute of Child Health and Human Development |   |  | UAA                | 2,406,904     | 572,289                   |
| 93.RD                   | Food and Drug Administration  |   |  | ASA                | 30,173        | 5,642                     |
| 93.RD                   | Health Resources and Services Administration                                    |   |  | ASA                | 218,997       |                           |
| 93.RD                   | Health Resources and Services Administration                                    |   |  | UAA                | 1,380,812     | 341,351                   |
| 93.RD                   | John E. Fogarty International Center  |   |  | UAA                | 161,263       | 31,440                    |
| 93.RD                   | National Cancer Institute   |   |  | ASA                | 7,151,004     | 1,906,898                 |
| 93.RD                   | National Cancer Institute   |   |  | UAA                | 16,110,390    | 1,487,826                 |
| 93.RD                   | National Center for Chronic Disease Prevention and Health Promotion             |   |  | UAA                | 1,277,668     | 293,382                   |
| 93.RD                   | National Center for Complementary and Integrative Health                        |   |  | UAA                | 811,895       | 207,502                   |
| 93.RD                   | National Center on Minority Health and Health Disparities                       |   |  | ASA                | 2,250,255     | 28,055                    |
| 93.RD                   | National Eye Institute  |   |  | UAA                | 1,537,762     | 74,064                    |
| 93.RD                   | National Heart, Lung, and Blood Institute                                       |   |  | UAA                | 22,966,708    | 3,977,142                 |
| 93.RD                   | National Institute for Occupational Safety and Health                           |   |  | UAA                | 776,447       |                           |
| 93.RD                   | National Institute of Allergy and Infectious Disease                            |   |  | UAA                | 10,747,237    | 1,709,841                 |
| 93.RD                   | National Institute of Arthritis and Musculoskeletal and Skin Diseases           |   |  | UAA                | 2,456,470     | 700,329                   |
| 93.RD                   | National Institute of Biomedical Imaging and Bioengineering                     |   |  | UAA                | 2,423,105     | 191,907                   |
| 93.RD                   | National Institute of Dental and Craniofacial Research                          |   |  | UAA                | 668,962       | 57,292                    |
| 93.RD                   | National Institute of Diabetes and Digestive and Kidney Diseases                |   |  | UAA                | 7,293,665     | 342,885                   |
| 93.RD                   | National Institute of Environmental Health Sciences                             |   |  | UAA                | 6,706,022     | 475,706                   |
| 93.RD                   | National Institute of General Medical Sciences                                  |   |  | ASA                | 6,812,799     | 644,593                   |
| 93.RD                   | National Institute of General Medical Sciences                                  |   |  | UAA                | 8,969,095     | 526,937                   |
| 93.RD                   | National Institutes of Health   |   |  | ASA                | 32,495,300    | 5,419,090                 |
| 93.RD                   | National Institutes of Health   |   |  | NAA                | 6,375,609     | 148,559                   |
| 93.RD                   | National Institute of Mental Health   |   |  | UAA                | 1,733,548     | 10,822                    |
| 93.RD                   | National Institute of Neurological Disorders and Stroke                         |   |  | UAA                | 6,644,215     | 276,467                   |
| 93.RD                   | National Institute of Nursing Research  |   |  | UAA                | 104,853       |                           |
| 93.RD                   | National Institute on Aging   |   |  | UAA                | 11,070,692    | 3,688,016                 |
| 93.RD                   | National Institute on Alcohol Abuse and Alcoholism                              |   |  | UAA                | 40,455        |                           |
| 93.RD                   | National Institute on Deafness and Other Communication Disorders                |   |  | UAA                | 1,349,901     | 37,434                    |
| 93.RD                   | National Institute on Drug Abuse  |   |  | UAA                | 2,354,311     | 250,018                   |
| 93.RD                   | National Institute on Minority Health and Health Disparities                    |   |  | UAA                | 1,064,464     | 186,599                   |
| 93.RD                   | National Institutes of Health   |   |  | UAA                | 16,264,821    | 1,339,033                 |
| 93.RD                   | National Library of Medicine  |   |  | UAA                | 184,464       | 51,358                    |
| 93.RD                   | Office of the Assistant Secretary for Health                                    |   |  | ASA                | 414,331       |                           |
| 93.RD                   | Office of the Secretary   |   |  | ASA                | 76,073        | 76,073                    |
| 93.RD                   | Substance Abuse and Mental Health Services Administration                       |   |  | ASA                | 59,440        |                           |
| 93.RD                   | United States Department of Health and Human Services                           |   |  | NAA                | 1,530,479     | 27,027                    |
| 93.RD                   | United States Department of Health and Human Services                           |   |  | UAA                | 380,190       |                           |
| 93.RD                   |   | Alaska Community Action on Toxics                   | 2R01-06-NAU  | NAA                | 294,202       |                           |
| 93.RD                   |   | Albert Einstein College of Medicine                 | 311331, 332117   | UAA                | 269,131       |                           |
| 93.RD                   |   | Alzheimer's Foundation of America                   | LTR DTD 090518   | UAA                | 18,156        |                           |
| 93.RD                   |   | Amity Foundation                                    | LTR DTD 022219   | UAA                | 28,255        |                           |
| 93.RD                   |   | Anevas Technologies LLC                             |  | NAA                | 269           |                           |
| 93.RD                   |   | Arizona Cancer Therapeutics LLC                     | 1R41CA203353   | UAA                | 5,577         |                           |
| 93.RD                   |   | Arizona Department of Education                     | 1922ED   | UAA                | 2,960         |                           |
| 93.RD                   |   | Arizona Department of Health Services               | ADHS17-163360, ADHS18-187412, ADHS18-187412  | ASA                | 196,123       |                           |
| 93.RD                   |   | Arizona Department of Health Services               | ADHS16-117348, ADHS16-122850, ADHS16-130922, ADHS17-164629, ADHS18-177236, ADHS18-185671, ADHS18-201484                  | UAA                | 1,013,139     |                           |
| 93.RD                   |   | Arizona Governors Office of Youth, Faith and Family | ISA-STR-17-050117-01, ISA-PAF-19-070118-01   | ASA                | 133,147       |                           |
| 93.RD                   |   | Arizona Health Care Cost Containment System         | YH19-0064  | ASA                | 21,346        |                           |
| 93.RD                   |   | Arizona Health Care Cost Containment System         | CTR041852/YH19-0047, YH19-0068   | UAA                | 92,668        |                           |
| 93.RD                   |   | Arizona State University                            | ASUB11   | NAA                | 26,840        |                           |
| 93.RD                   |   | Arizona State University                            | 15-748, ASUB00000118, ASUB00000243 / SUB00000679, LOU no. 17-061   | UAA                | 249,055       |                           |
| 93.RD                   |   | A.T. Still University                               | 301-290  | ASA                | 4,565         |                           |
| 93.RD                   |   | Augusta University                                  | 30835-40   | UAA                | 11,642        | 1,761                     |
| 93.RD                   |   | Banner Health System                                | 4350244244, 4350267753, 4350267754, 4350608006, 0435-06-08007, LMS 5000-02-62535, LMS04350271557, SUB-37/2P30AG019610-17 | UAA                | 422,513       |                           |
| 93.RD                   |   | Baylor College of Medicine                          | 45235-N3, 45235-N3   | ASA                | 7,461         |                           |
| 93.RD                   |   | Baylor College of Medicine                          | 7000000042   | UAA                | 2,877         |                           |
| 93.RD                   |   | Baylor Scott & White Research Institute             | 41010481709  | ASA                | 198,193       |                           |
| 93.RD                   |   | Baylor Scott & White Research Institute             | 41010481702  | UAA                | 28,006        |                           |
| 93.RD                   |   | Biomedical Research Institute of New Mexico         | 358-Uhl-2019   | UAA                | 55,310        |                           |
| 93.RD                   |   | Biosensing Instrument, Inc                          | FP00001155   | ASA                | 280,629       |                           |
| 93.RD                   |   | Black Hills Center for American Indian              | n/a  | NAA                | 120,149       |                           |
| 93.RD                   |   | Bmseed LLC  | FP00005099   | ASA                | 2,500         |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor  | Pass-Through Grantor Identifying Number   | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|-------------------------|---|---|---|--------------------|--------------|---------------------------|
| 93.RD                   |   | Boston Children's Hospital  | GENFD0001354831,<br>GENFD0001524164,<br>GENFD0001665387 (Core)  | UAA                | 221,699      |                           |
| 93.RD                   |   | Brigham and Women's Hospital  | 110009, 114117  | UAA                | 25,597       |                           |
| 93.RD                   |   | Butler Hospital   | 5001461-ABRANTES (9275-8303), 5001491-ABRANTES (9256-8303)  | ASA                | 19,708       |                           |
| 93.RD                   |   | Chapman University  | 2018-ASU-AG054442   | ASA                | 141,261      |                           |
| 93.RD                   |   | ChildHelp   | CHSC-H-001  | ASA                | 52,919       |                           |
| 93.RD                   |   | Children's Hospital Los Angeles                                     | RGF010339-A, RGF010339-A  | ASA                | 158,232      |                           |
| 93.RD                   |   | Children's Hospital Los Angeles                                     | P2015-0084  | UAA                | 72,706       |                           |
| 93.RD                   |   | Children's Hospital of Philadelphia                                 | /FP00015221_SUB19_01/U10CA<br>1, FP00013087_SUB193/<br>FP000152,<br>FP00013087_SUB193_01/9500,<br>FP00013087_SUB193_01/95000<br>8, FP00017458 SUB135-01<br>109363, 135878, 138511 | UAA                | 36,287       |                           |
| 93.RD                   |   | Cincinnati Children's Hospital Medical Center                       | 1037-SUB  | UAA                | 139,615      |                           |
| 93.RD                   |   | Cleveland Clinic  | 1078-SUB  | UAA                | 92,184       |                           |
| 93.RD                   |   | Cleveland Clinic Foundation   | nn  | UAA                | 135,744      |                           |
| 93.RD                   |   | Collaborations Pharmaceuticals Inc                                  | LTR DTD 042817  | UAA                | 5,199        |                           |
| 93.RD                   |   | Collaborative Ventures Network                                      | 3(GG014239-01)  | UAA                | 108,792      |                           |
| 93.RD                   |   | Columbia University   | 1(GG012754-07), 1(GG013391-01), 3GG012144, 5(GG011896-49)/G12170, GG011896-47   | ASA                | 71,915       |                           |
| 93.RD                   |   | Columbia University   | 001/Amend1  | UAA                | 875,280      |                           |
| 93.RD                   |   | COPD Foundation   | CM00000949-00   | UAA                | 4,445        |                           |
| 93.RD                   |   | CUNY: Research Foundation of CUNY                                   | LTR DTD 111817, R44AG059279   | ASA                | 9,731        |                           |
| 93.RD                   |   | Cylerus, Inc  | R1078, R1067, R803  | UAA                | 133,556      |                           |
| 93.RD                   |   | Dartmouth College   | LTR DTD 101315  | ASA                | 61,210       |                           |
| 93.RD                   |   | Dignity Health Medical Foundation                                   | 1032238-ASU   | UAA                | 433          |                           |
| 93.RD                   |   | Dignity Health St. Joseph's Hospital: Barrow Neurological Institute |   | ASA                | 150,033      |                           |
| 93.RD                   |   | Dine College  | 1819-7-512  | NAA                | 280,762      |                           |
| 93.RD                   |   | Drexel University   | 800115  | UAA                | 17,516       |                           |
| 93.RD                   |   | Duke University   | 2034100   | ASA                | 28,295       |                           |
| 93.RD                   |   | Duke University   | 2032594, 2034698, 243950,<br>2938081, A030458, A030571,<br>A030929  | UAA                | 343,052      |                           |
| 93.RD                   |   | Eden Medical, Incorporated  | 5R4308372-03  | UAA                | 9,393        |                           |
| 93.RD                   |   | Electrosonix LC   | UA-NIH-01202019   | UAA                | 9,161        |                           |
| 93.RD                   |   | El Rio Community Health Center                                      | 1H79M0807320901UASIROW  | UAA                | 11,643       |                           |
| 93.RD                   |   | Emory University  | T186690   | ASA                | 180,031      |                           |
| 93.RD                   |   | Emory University  | A003364, A119183, LTR DTD<br>071817, T573541 (T108311),<br>T662106 / T472566, T825651<br>800009094-01UG, 800009596-<br>01UG, 800010310-01UG                                       | UAA                | 272,880      |                           |
| 93.RD                   |   | Florida International University                                    | R01887  | ASA                | 55,306       |                           |
| 93.RD                   |   | Florida State University  | 0000918101 // 0000966759 //<br>0000991517, 834509 /<br>0000940232, 0000917241 //<br>0000947290, 0000917241 //<br>0000947290, 834509 /<br>0000940232                               | NAA                | 36,121       |                           |
| 93.RD                   |   | Fred Hutchinson Cancer Research                                     | RH335-G3/AWD-101109-G3  | ASA                | 463,542      |                           |
| 93.RD                   |   | Georgia Institute of Technology                                     | 16-M42  | NAA                | 10,241       |                           |
| 93.RD                   |   | George Washington University  | R43ES029423   | UAA                | 56,772       |                           |
| 93.RD                   |   | Glycosurf   | PO0400286/HHSN26320150003<br>71   | UAA                | 16,518       |                           |
| 93.RD                   |   | Gretchen Swanson Center for Nutrition                               | ASU-232710  | ASA                | 37,931       |                           |
| 93.RD                   |   | Hawaii Pacific University   | 5850-01   | UAA                | 28,863       |                           |
| 93.RD                   |   | Health Research, Incorporated                                       | 19-038/H-009-2019   | UAA                | 68,847       |                           |
| 93.RD                   |   | Hopi Tribe  | SA16-0061-S007 / SA619-0614-<br>10011   | ASA                | 8,382        |                           |
| 93.RD                   |   | Illinois Institute of Technology                                    | 2018-NIH-ASU-001  | ASA                | 16,587       |                           |
| 93.RD                   |   | INanoBio, Inc.  | BL4624905UA, IN4684790UA,<br>IN4686318UA, IN4687827AZ, IN-<br>4687948-UA/2051182  | UAA                | 482,087      |                           |
| 93.RD                   |   | Indiana University  | LTR DTD 012717  | UAA                | 12,434       |                           |
| 93.RD                   |   | Inovasc, LLC  | LTR DTD 011819, U261IHS0077   | UAA                | 211,538      |                           |
| 93.RD                   |   | Inter Tribal Council of Arizona, Incorporated                       | 278/U10EY14231, U10EY11751  | UAA                | 260          |                           |
| 93.RD                   |   | Jaeb Center for Health Research                                     | 2002818820, 2002168219  | ASA                | 153,681      |                           |
| 93.RD                   |   | Johns Hopkins University  | 2002901275, 2003252048  | UAA                | 30,381       |                           |
| 93.RD                   |   | Johns Hopkins University  | KR100302/NW14NLind-01,<br>210015-ASU  | ASA                | 35,709       |                           |
| 93.RD                   |   | Kaiser Permanente   | 403029-ASU  | ASA                | 75,356       |                           |
| 93.RD                   |   | Kent State University   | 403040-UAZ  | UAA                | 57,848       |                           |
| 93.RD                   |   | Kent State University   | 16X118  | ASA                | 226,322      |                           |
| 93.RD                   |   | Leidos Biomedical Research Incorporated                             | 18X136  | UAA                | 180,311      |                           |
| 93.RD                   |   | Leidos Biomedical Research Incorporated                             | LTR DTD 061616  | UAA                | 5,900        |                           |
| 93.RD                   |   | March of Dimes National Foundation                                  | C-86-16-013-3-01  | ASA                | 106,206      |                           |
| 93.RD                   |   | Maricopa County Department of Public Health                         | 228609  | ASA                | 4,040        |                           |
| 93.RD                   |   | Massachusetts General Hospital                                      | 233737  | UAA                | 11,183       |                           |
| 93.RD                   |   | Massachusetts General Hospital                                      |   |                    |              |                           |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor   | Pass-Through Grantor Identifying Number  | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|-------------------------|---|--|--|--------------------|--------------|---------------------------|
| 93.RD                   |   | Mayo Clinic Arizona  | ARI-234122, PO 66175625, ARI-216755, ASU-231792, ARI-216105/PO 64785804, ARI-236765/PO 66357349, ARI-234122, PO 66175625, ASU-231792 | ASA                | 473,642      |                           |
| 93.RD                   |   | Mayo Foundation for Medical Education and Research                           | BAN-224063, UNA-224063   | UAA                | 2,694        |                           |
| 93.RD                   |   | Medical College of Wisconsin   | R01AI083281  | UAA                | 49,630       |                           |
| 93.RD                   |   | Medical University of South Carolina   | MUSC18-037-8D257   | ASA                | 12,032       |                           |
| 93.RD                   |   | Medical University of South Carolina   | MUSC15-054   | UAA                | 64,708       |                           |
| 93.RD                   |   | Mercy Health   | FD005476-1220-03, FD005476-1220-03, FD005476-1220-03   | ASA                | 51,444       |                           |
| 93.RD                   |   | Michigan State University  | RC100146ASU  | ASA                | 25,710       |                           |
| 93.RD                   |   | Michigan State University  | RC105782UAZ, RC105782UAZPH   | UAA                | 87,541       |                           |
| 93.RD                   |   | Modulated Imaging, Inc   | LTR DTD 122217   | UAA                | 18,703       |                           |
| 93.RD                   |   | Montana State University   | G118-19-W7169, G190-19-W7658   | NAA                | 12,052       |                           |
| 93.RD                   |   | MRIGlobal  | 708-110998-2   | ASA                | 849,565      |                           |
| 93.RD                   |   | National Jewish Health   | 20112501A  | UAA                | 722,139      |                           |
| 93.RD                   |   | National Marrow Donor Program  | TC85/BMT CTN 0702/1 U01 HL6  | UAA                | 1,640        |                           |
| 93.RD                   |   | Native American Connections  | FP00015617   | ASA                | 28,217       |                           |
| 93.RD                   |   | Native Americans for Community Action  | N/A  | NAA                | 47,666       |                           |
| 93.RD                   |   | Native Health  | FP00016914, FP00016743, FP00016743   | ASA                | 102,053      |                           |
| 93.RD                   |   | Navajo Nation  | CO13159  | NAA                | 82,989       |                           |
| 93.RD                   |   | NeurOp, Inc.   | FP00013054   | ASA                | 63,479       |                           |
| 93.RD                   |   | New England Research Institutes  | BEST-CLI   | UAA                | 1,225        |                           |
| 93.RD                   |   | New York University  | 18-A1-00-007561  | ASA                | 9,260        |                           |
| 93.RD                   |   | Noguchi Memorial Institute for Medical Research (Ghana)                      | 1U54HG010275-01  | UAA                | 7,583        |                           |
| 93.RD                   |   | Northern Arizona University  | 1003703-01   | UAA                | 34,657       |                           |
| 93.RD                   |   | Northwestern University  | 60036404UA, 60047539 UA  | UAA                | 83,419       |                           |
| 93.RD                   |   | NRG Oncology   | ACC/Alberts - NCORP-01, CA21661, GOG225-04   | UAA                | 362,719      |                           |
| 93.RD                   |   | Ohio State University  | 60067960   | ASA                | 2,157        |                           |
| 93.RD                   |   | Ohio State University  | 60045178, 60059059, 60062218/RF01500027, 60064759, 60065080  | UAA                | 114,831      |                           |
| 93.RD                   |   | Omniscient LLC   | 2R42CA203212-UA01  | UAA                | 139,163      |                           |
| 93.RD                   |   | Oregon Health and Science University   | 1015586_ASU  | ASA                | 39,893       |                           |
| 93.RD                   |   | Oregon Health and Science University   | 1008329_UAZ, 1008719_UAZ, 1013209_UAZ, CA-32102  | UAA                | 456,009      |                           |
| 93.RD                   |   | Oregon Research Behavioral Intervention Strategies                           | LTR DTD 080318   | UAA                | 77,759       |                           |
| 93.RD                   |   | Oregon Research Institute  | R01DA033422  | UAA                | 4,804        |                           |
| 93.RD                   |   | Pacific SW Regional Center of Excellence                                     | A18-0612-S003  | NAA                | 24,926       |                           |
| 93.RD                   |   | Pennsylvania State University  | 4899-ASU-DHHS-9245, 5473-ASU-DHHS-0659, 5473-ASU-DHHS-0659, 5473-ASU-DHHS-0659   | ASA                | 414,288      | 100,347                   |
| 93.RD                   |   | Pharmaceutical Product Development, LLC.                                     | LTR DTD 030617   | UAA                | 29,944       |                           |
| 93.RD                   |   | Pima County, Arizona   | CTCA19331  | UAA                | 65,569       |                           |
| 93.RD                   |   | Profectus BioSciences, Inc   | 16-439   | ASA                | 22,821       |                           |
| 93.RD                   |   | Profusa, Inc.  | LTR DTD 062317   | UAA                | 14,971       |                           |
| 93.RD                   |   | Protein Genomics   | R41DK112416  | NAA                | 62,258       |                           |
| 93.RD                   |   | Purdue University  | 11000520-005   | UAA                | 78,784       |                           |
| 93.RD                   |   | RAND Corporation   | 9920150101   | ASA                | 14,883       |                           |
| 93.RD                   |   | ReStore Therapeutics   | R41HL140741  | UAA                | 48,046       |                           |
| 93.RD                   |   | Rhode Island Hospital  | 7137063, 7137207, 7137472WP  | UAA                | 138,463      |                           |
| 93.RD                   |   | Roswell Park Cancer Institute  | 280-02, 281-02   | UAA                | 126,166      |                           |
| 93.RD                   |   | RTI International  | 888151629/1312021525152512L  | UAA                | 15,273       |                           |
| 93.RD                   |   | Rutgers University   | 0748 ; 0235, 0748 ; 0235, 6039   | ASA                | 458,516      |                           |
| 93.RD                   |   | Sage Bionetworks   | AMPT2018UAZ  | UAA                | 128,787      |                           |
| 93.RD                   |   | Salish Kootenai College  | 24-185-NRH14-NAU   | NAA                | 6,529        | 823                       |
| 93.RD                   |   | Sonoran Biosciences  | FP00006538   | ASA                | 7,411        |                           |
| 93.RD                   |   | Southern Research Institute  | S15-110, S16-111   | UAA                | 218,645      |                           |
| 93.RD                   |   | St. Louis University   | 20823-43590  | UAA                | 18,983       |                           |
| 93.RD                   |   | Stanford University  | 61123652-118332, 61892366-125439   | UAA                | 186,950      |                           |
| 93.RD                   |   | State University of New York   | 84814/2/1154145  | UAA                | 160,811      |                           |
| 93.RD                   |   | State University of New York: Albany   | 18-1   | ASA                | 37,311       |                           |
| 93.RD                   |   | State University of New York Research Foundation                             | 83878  | UAA                | 107,596      |                           |
| 93.RD                   |   | Sylvatica Biotech, Inc.  | LTR DTD 030618   | UAA                | 36,969       |                           |
| 93.RD                   |   | Temple University  | 261331-Arizona   | UAA                | 8,981        |                           |
| 93.RD                   |   | Texas A&M University   | M1702986   | ASA                | 31,644       |                           |
| 93.RD                   |   | TF Health Corporation  | 13043968, FP00013132, 14010042   | ASA                | 192,186      |                           |
| 93.RD                   |   | The Center for Comprehensive Care and Diagnosis of Inherited Blood Disorders | CIBDIX2014HRSA-AZHSC   | UAA                | 24,268       |                           |
| 93.RD                   |   | The Childrens Hospital of Philadelphia                                       | 3200590222   | ASA                | 7,064        |                           |
| 93.RD                   |   | The Mind Research Network  | 6010509 SubN4  | UAA                | 9,359        |                           |
| 93.RD                   |   | Translational Genomics Research Institute                                    | HUENTELMAN-14-01   | UAA                | 104,042      |                           |
| 93.RD                   |   | University of Alaska: Anchorage  | P0513858   | NAA                | 21,834       |                           |
| 93.RD                   |   | University of Arizona  | 300664, 300664, LTR 08/02/17, 518121, 300664, 425243, PO 294145  | ASA                | 287,605      | 12,000                    |

State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title | Pass-Through Grantor   | Pass-Through Grantor Identifying Number   | Grantee (Appendix) | Expenditures | Provided to Subrecipients |
|-------------------------|---|--|---|--------------------|--------------|---------------------------|
| 93.RD                   |   | University of Arizona  | 289030  | NAA                | 156,265      |                           |
| 93.RD                   |   | University of California: Davis                                  | 201600672-01 ; A16-0127-S001, A18-0145-S001, A18-1798-S001, 201600672-01 ; A16-0127-S001, A19-0461-S001, A18-1798-S001                                      | ASA                | 117,950      |                           |
| 93.RD                   |   | University of California: Davis                                  | 20130349501, 20140020-03, A17-0224-S003, A18-0612-S002, A18-0612-S006, A18-0612-S008  | UAA                | 125,224      |                           |
| 93.RD                   |   | University of California: Irvine                                 | 2015-3292, 2018-3562  | ASA                | 113,003      |                           |
| 93.RD                   |   | University of California, Irvine                                 | 2017-3460, 2017-3493  | UAA                | 628,984      |                           |
| 93.RD                   |   | University of California: Los Angeles                            | 2000 G VC638, 2015 G TA231, 2015 G TA231, 1920 G TA046, 2015 G TA231, 2015 G TA231, 2000 G VC638, 2015 G TA231, 2015 G TA231, 2015 G TA231                  | ASA                | 419,985      |                           |
| 93.RD                   |   | University of California: Los Angeles                            | 1560GWB070, 1568 G TA550, 1930 G WA 139, 1930GVA171, 5415 G UA003   | UAA                | 680,077      |                           |
| 93.RD                   |   | University of California: Regents                                | 5415 G WA146  | ASA                | 50,007       |                           |
| 93.RD                   |   | University of California: San Diego                              | 118304560   | ASA                | 16,364       |                           |
| 93.RD                   |   | University of California: San Francisco                          | 9193sc, 9193sc  | ASA                | 89,916       |                           |
| 93.RD                   |   | University of California: San Francisco                          | 10278sc, 10281sc, 10474sc, 11203SC  | UAA                | 79,667       |                           |
| 93.RD                   |   | University of Chicago  | FP059782  | UAA                | 37,099       |                           |
| 93.RD                   |   | University of Cincinnati   | 010785-135736   | UAA                | 4,947        |                           |
| 93.RD                   |   | University of Colorado   | 2-5-A5331/FY17.869.001, FY17.583.001  | UAA                | 58,022       |                           |
| 93.RD                   |   | University of Colorado: Boulder                                  | 1554230/1000702738, 1555595, 1557575  | UAA                | 80,392       |                           |
| 93.RD                   |   | University of Colorado: Colorado Springs                         | 16098001  | UAA                | 9,414        |                           |
| 93.RD                   |   | University of Colorado: Denver                                   | FY19.347.001  | UAA                | 12,260       |                           |
| 93.RD                   |   | University of Florida  | UFDSP00011482, UFDSP00011920/P0053665   | UAA                | 249,154      |                           |
| 93.RD                   |   | University of Ghana  | 5U54DK116913-08, LTR DTD 031918   | UAA                | 206,412      |                           |
| 93.RD                   |   | University of Haifa  | 0601146321  | UAA                | 1,916        |                           |
| 93.RD                   |   | University of Hawaii   | MA1329  | ASA                | 43,506       |                           |
| 93.RD                   |   | University of Houston  | R-13-0079   | ASA                | 15,610       |                           |
| 93.RD                   |   | University of Idaho  | BJKQ60-SB-001   | UAA                | 57,710       |                           |
| 93.RD                   |   | University of Illinois: Board of Trustees                        | 077432-16959  | ASA                | 20,333       |                           |
| 93.RD                   |   | University of Illinois: Chicago                                  | 16014/1R01HS024850-01, 16974-00, 17101  | UAA                | 124,016      | 2,615                     |
| 93.RD                   |   | University of Iowa   | S00609-01   | UAA                | 14,973       |                           |
| 93.RD                   |   | University of Kansas: Medical Center Research Institute (KUMCRI) | ZAB00070  | ASA                | 142,050      |                           |
| 93.RD                   |   | University of Maryland: Baltimore                                | 1600589   | UAA                | 31,370       |                           |
| 93.RD                   |   | University of Massachusetts                                      | OSP2017011  | UAA                | 34,231       |                           |
| 93.RD                   |   | University of Massachusetts Amherst                              | 18010058A00   | UAA                | 114,299      |                           |
| 93.RD                   |   | University of Massachusetts Medical School                       | OSP2017022/WA00461501   | UAA                | 269,489      |                           |
| 93.RD                   |   | University of Miami  | G02924  | UAA                | 24,482       |                           |
| 93.RD                   |   | University of Michigan   | 3004052125  | ASA                | 161,856      |                           |
| 93.RD                   |   | University of Michigan   | 3004133794, 3004694011, 5000002949/3004674859-PNT, 5000002949/SUBK00004101-ESE, SUBK00008157, SUBK00010518  | UAA                | 93,899       |                           |
| 93.RD                   |   | University of Minnesota  | A005780001, A005780001, N006264806  | ASA                | 148,374      |                           |
| 93.RD                   |   | University of Missouri - Columbia                                | C00041867-1/1R01DE23342-01A   | UAA                | 49,565       |                           |
| 93.RD                   |   | University of Nebraska   | 34-1905-2241-002  | UAA                | 5,909        |                           |
| 93.RD                   |   | University of New Mexico   | 3RBV7   | NAA                | 18,012       |                           |
| 93.RD                   |   | University of North Texas: Health Science Center                 | RN0127-2015-0147  | ASA                | 48,252       |                           |
| 93.RD                   |   | University of Pennsylvania                                       | 573999  | UAA                | 158,745      |                           |
| 93.RD                   |   | University of Pittsburgh   | 0039039 (124354-1), 0032637 (124146-1), 0039039 (124354-1), 0061993 (131868-1)  | ASA                | 401,948      | 162,789                   |
| 93.RD                   |   | University of Pittsburgh   | 0057835 (130336-2)  | NAA                | 5,177        |                           |
| 93.RD                   |   | University of Pittsburgh   | 0036811 (127878-1), 0057127(130219-1), 0057835(130366-3), 0061325(130908-1), 9012549 (131692-31), 9013520 (131044-2), CNVA00050256, CNVA00061907 (131917-1) | UAA                | 199,940      |                           |
| 93.RD                   |   | University of Puerto Rico  | 2017-000356, 2017-000356  | ASA                | 85,195       |                           |
| 93.RD                   |   | University of South Carolina                                     | 19-3732 PO2000043018  | UAA                | 15,737       |                           |
| 93.RD                   |   | University of South Florida                                      | 5830-1514-00-A  | NAA                | 31,456       |                           |
| 93.RD                   |   | University of Southern California                                | 87455540, 109745588   | ASA                | 93,699       |                           |
| 93.RD                   |   | University of Southern California                                | 75775879, 75836590, 92389883/10606079   | UAA                | 62,935       |                           |
| 93.RD                   |   | University of Tennessee  | 19-1404-AZ  | UAA                | 14,073       |                           |
| 93.RD                   |   | University of Texas: Austin                                      | UTA12-000966, UTA13-000382  | ASA                | 5,256        |                           |
| 93.RD                   |   | University of Texas: Austin                                      | UTA16001167, UTA17001069  | UAA                | 44,259       |                           |
| 93.RD                   |   | University of Texas: Dallas                                      | 1705264   | UAA                | 221,397      |                           |
| 93.RD                   |   | University of Texas: El Paso                                     | 226141271B, 226141271B  | ASA                | 59,180       |                           |
| 93.RD                   |   | University of Texas: El Paso                                     | 226141271C  | UAA                | 46,887       |                           |
| 93.RD                   |   | University of Texas: MD Anderson Cancer Center                   | 3001141227, 3001208265  | UAA                | 252,976      |                           |
| 93.RD                   |   | University of Texas Medical Branch                               | PO 1630   | NAA                | 2,397        |                           |



State of Arizona  
Schedule of expenditures of federal awards  
Year ended June 30, 2019

| CFDA/Identifying Number | Federal Grantor/Program Title/Cluster Title                  | Pass-Through Grantor  | Pass-Through Grantor Identifying Number                 | Grantee (Appendix) | Expenditures             | Provided to Subrecipients |
|-------------------------|--|---|---|--------------------|--------------------------|---------------------------|
| 93.RD                   |  | University of Texas: Southwestern Medical Center            | GMO 191207, GMO171211                                   | ASA                | 75,485                   |                           |
| 93.RD                   |  | University of Toronto                                       | Subgrant1 - 505083                                      | ASA                | 15,202                   |                           |
| 93.RD                   |  | University of Vermont                                       | 31331SUB0002  | UAA                | 44,981                   |                           |
| 93.RD                   |  | University of Virginia                                      | GB10462. 2180539, GB10275                               | ASA                | 83,133                   |                           |
| 93.RD                   |  | University of Washington                                    | UWSC9288, UWSC9940, UWSC9288                            | ASA                | 45,311                   |                           |
| 93.RD                   |  | University of Washington                                    | BPO4344/UWSC7538, UWSC10836, UWSC8146/5R01HD080670-02/B | UAA                | 413,937                  |                           |
| 93.RD                   |  | University of Wisconsin:Madison                             | 809K126   | ASA                | 32,939                   |                           |
| 93.RD                   |  | University of Wisconsin:Madison                             | 774K421, 787K312, 847K512                               | UAA                | 503,180                  |                           |
| 93.RD                   |  | Utah State University                                       | 1R21DC016084-01, 1R21DC016084-01, 1R21DC016084-01       | ASA                | 88,756                   |                           |
| 93.RD                   |  | Valle del Sol   | LTR 12/19/16  | ASA                | 46,929                   |                           |
| 93.RD                   |  | Valley Fever Solutions, Incorporated                        | U01AI112406   | UAA                | 821                      |                           |
| 93.RD                   |  | Washington State University                                 | 127105-G003752  | UAA                | 167,008                  |                           |
| 93.RD                   |  | Washington University in St. Louis                          | WU-15-404, WU-19-90                                     | UAA                | 25,825                   |                           |
| 93.RD                   |  | Weill Cornell Medicine                                      | 171013  | UAA                | 17,033                   |                           |
| 93.RD                   |  | Yale University   | GR104843(CON-80001535), R01HL125918                     | UAA                | 3,393                    |                           |
|                         | Department of Health and Human Services Subtotal             |   |   |                    | <u>213,322,599</u>       | <u>25,759,457</u>         |
|                         | <b><u>Corporation for National and Community Service</u></b> |   |   |                    |                          |                           |
| 94.RD                   | Corporation for National and Community Service               |   |   | ASA                | 935,717                  | 536,636                   |
| 94.RD                   |  | Arizona Governors Office of Youth, Faith and Family         | AC-VGF-18-060118-01Y2                                   | ASA                | 25,973                   |                           |
|                         | Corporation for National and Community Service Subtotal      |   |   |                    | <u>961,690</u>           | <u>536,636</u>            |
|                         | <b><u>Social Security Administration</u></b>                 |   |   |                    |                          |                           |
| 96.RD                   |  | Creare LLC  | S606 / PO#93967, S606 / PO#93967                        | ASA                | 54,837                   |                           |
|                         | Social Security Administration Subtotal                      |   |   |                    | <u>54,837</u>            | <u>-</u>                  |
|                         | <b><u>Department of Homeland Security</u></b>                |   |   |                    |                          |                           |
| 97.RD                   | Department of Homeland Security                              |   |   | ASA                | 3,552,525                | 1,578,951                 |
| 97.RD                   | Department of Homeland Security                              |   |   | NAA                | 1,129,222                |                           |
| 97.RD                   | Federal Emergency Management Agency                          |   |   | UAA                | 509,653                  | 99,715                    |
| 97.RD                   |  | Duke University   | 343-0849  | UAA                | 328,321                  |                           |
| 97.RD                   |  | National Development and Research Institutes, Incorporation | 653B  | UAA                | 112,961                  |                           |
| 97.RD                   |  | SureScan Corporation  | HSHQDC-16-C-B0014                                       | UAA                | 614,311                  | 260,152                   |
| 97.RD                   |  | TGEN  | HSHQDC-16C-B0031  | NAA                | 324,704                  |                           |
|                         | Department of Homeland Security Subtotal                     |   |   |                    | <u>6,571,697</u>         | <u>1,938,818</u>          |
|                         | <b><u>Agency for International Development</u></b>           |   |   |                    |                          |                           |
| 98.RD                   | United States Agency for International Development           |   |   | ASA                | 5,990,947                | 1,295,630                 |
| 98.RD                   |  | Auburn University   | 14-AGR-368044-UA  | UAA                | 13,406                   | 10,640                    |
| 98.RD                   |  | ICF International, LLC                                      | 18MSSK0127/AID-OAA-TO-16-00                             | UAA                | 13,503                   |                           |
| 98.RD                   |  | International Research and Exchanges Board (IREX)           | FY-18-PTEA-ASU-01                                       | ASA                | 167,417                  |                           |
| 98.RD                   |  | Purdue University   | F9001228702146  | UAA                | 7,015                    |                           |
|                         | Agency for International Development Subtotal                |   |   |                    | <u>6,192,288</u>         | <u>1,306,270</u>          |
|                         | <b><u>Miscellaneous Federal Agencies</u></b>                 |   |   |                    |                          |                           |
| 99.RD                   |  | Ohio State University                                       | 60065533  | UAA                | 79,721                   |                           |
| 99.RD                   |  | University of Southern California                           | 98543274/W912HQ-14-C-0051                               | UAA                | 48,238                   |                           |
|                         | Miscellaneous Federal Agencies Subtotal                      |   |   |                    | <u>127,959</u>           | <u>-</u>                  |
|                         | Total Research and Development Cluster                       |   |   |                    | <u>620,243,132</u>       | <u>104,808,875</u>        |
|                         | <b>Total Expenditures of Federal Awards</b>                  |   |   |                    | <u>\$ 17,598,491,222</u> | <u>\$ 1,772,491,609</u>   |

# State of Arizona

## Notes to the Schedule of Expenditures and Federal Awards

### Year Ended June 30, 2019

#### Note 1 - Significant accounting policies

Basis of Presentation—The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Reporting Entity—The schedule includes all federal awards activity administered by the State of Arizona and its component units, except for the ASU Preparatory Academy, Inc.

Basis of Accounting—The federal awards reported in the schedule were presented in the State's governmental and business-type activities; governmental and proprietary funds; and discretely presented component units on the basic financial statements of the State of Arizona for the year ended June 30, 2019; and were accounted for using the modified accrual and full accrual basis of accounting, as applicable, in conformity with generally accepted accounting principles.

Expenditures—Certain transactions relating to expenditures of federal awards may appear in the records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Arizona, the following policies have been adopted:

1. When monies are received by one state grantee agency and distributed to another state grantee agency, the federal monies are reported in the accounts of the state grantee agency that expends the monies.
2. Purchases of services between state grantee agencies using federal monies are recorded as expenditures on the purchasing agency's records and as revenues for services rendered on the providing agency's records. Therefore, the receipt of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

Indirect Costs—State agencies negotiate and manage their own indirect cost rates. State of Arizona agencies that use the 10 percent de minimis cost rate are: the Arizona Cotton Research and Protection Council, Arizona Criminal Justice Commission, Commission for Postsecondary Education, the Arizona Department of Veteran's Services, and the Arizona Secretary of State.

#### Note 2 - Catalog of Federal Domestic Assistance (CFDA)/Identifying Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the *2019 Catalog of Federal Domestic Assistance*. When a CFDA number was unknown, the first two digits applicable to the federal agency, if known, were used; followed by the federal contract number. If the federal contract number was also unknown, the identifying number was composed of the first two digits applicable to the federal agency followed by the word "unknown". For programs within the Research and Development Cluster, the first two digits applicable to the federal agency followed by the letters "RD" were used.

**State of Arizona**  
**Notes to the Schedule of Expenditures and Federal Awards**  
**Year Ended June 30, 2019**

**Note 3 - Research and Development Cluster**

As provided by Uniform Guidance, the research and development cluster of programs is summarized by federal agency subdivision or pass-through entity.

**Note 4 - Loan Programs**

Student Loan Programs

The Universities administer the following seven federal student loan programs. The balances of loans outstanding at year-end are shown below:

| Loan Program  | CFDA<br>Number | Loan Balances<br>Outstanding at<br>June 30, 2019 |
|---|----------------|--|
| Education and Human Resources   | 47.076         | \$ 397,650                                       |
| ARRA—Trans-NSF Recovery Act Research Support  | 47.082         | 252,050  |
| Federal Perkins Loan Program—Federal Capital Contributions                                      | 84.038         | 22,039,750                                       |
| Nursing Faculty Loan Program (NFLP)   | 93.264         | 6,936,591  |
| Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students | 93.342         | 5,701,750  |
| Nursing Student Loans   | 93.364         | 695,823  |
| ARRA—Nurse Faculty Loan Program   | 93.408         | 159,532  |

**Note 5 - Donation of Federal Surplus Personal Property**

The value of the Donation of Federal Surplus Personal Property (CFDA number 39.003) program reported in the schedule is based on a “market basket formula” developed by the U.S. General Services Administration. This market basket formula represents 23.68 percent of the original federal acquisition cost, totaling \$62,565 for the year ended June 30, 2019.

**Note 6 - Unemployment Insurance (CFDA No. 17.225)**

The unemployment compensation system is a unique federal-state partnership, founded upon federal law, but implemented through state law. As prescribed by the U.S. Department of Labor in consultation with the Office of Management and Budget, certain state monies, in addition to federal monies, were considered federal awards for determining Type A programs, and were included in the Schedule of Expenditures of Federal Awards.

**State of Arizona**  
**Notes to the Schedule of Expenditures and Federal Awards**  
**Year Ended June 30, 2019**

The amount presented in the schedule consists of the following:

|  |                      |
|--|----------------------|
| Regular unemployment compensation benefits       | \$227,838,073        |
| Federal Additional Compensation (FAC) Recoupment | (257,724)            |
| Unemployment compensation for federal employees  | 2,121,895            |
| Unemployment compensation for ex-service members | 557,134              |
| Administrative costs                             | <u>37,104,131</u>    |
| Total expenditures                               | <u>\$267,363,509</u> |

**Note 7 - Contingent Liabilities**

Although the Schedule of Expenditures of Federal Awards is prepared to the best of our knowledge and belief, amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including the amount already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor, if any, cannot be determined at this time.

## Appendix

**State of Arizona**  
**State of Arizona agency codes**  
**Year Ended June 30, 2019**

**Agency Code**

ADA  
AGA  
AHA  
ASA  
BNA  
CAA  
CCA  
CDA  
CHA  
CRA  
DCA  
DEA  
DJA  
DTA  
EDA  
EOA  
EVA  
FAA  
FOA  
GFA  
GHA  
GVA  
HCA  
HDA  
HLA  
HSA  
HUA  
ICA  
IDA  
JCA  
LDA  
LLA  
MAA  
MIA  
NAA  
PEA  
PMA  
PRA  
PSA  
SDA  
SPA  
STA  
UAA  
VSA  
WCA

**Agency**

Arizona Department of Administration  
Arizona Attorney General  
Arizona Department of Agriculture  
Arizona State University  
Arizona State Board of Nursing  
Arizona Commerce Authority  
Arizona Corporation Commission  
Arizona Early Childhood Development and Health Board  
Arizona Department of Child Safety  
Arizona Cotton Research and Protection Council  
Arizona Department of Corrections  
Arizona Department of Economic Security  
Arizona Department of Juvenile Corrections  
Arizona Department of Transportation  
Arizona Department of Education  
Office of Economic Opportunity  
Arizona Department of Environmental Quality  
Arizona Finance Authority  
Arizona Department of Forestry and Fire Management  
Arizona Game and Fish Department  
Arizona Governor's Office of Highway Safety  
Office of the Arizona Governor  
Arizona Health Care Cost Containment System  
Arizona Department of Housing  
Arizona Department of Homeland Security  
Arizona Department of Health Services  
Arizona Commission on the Arts  
Industrial Commission of Arizona  
Arizona Department of Insurance  
Arizona Criminal Justice Commission  
Arizona Land Department  
Arizona Department of Liquor Licenses and Control  
Arizona Department of Emergency and Military Affairs  
Arizona State Mine Inspector  
Northern Arizona University  
Arizona Commission for Postsecondary Education  
Arizona Board of Pharmacy  
Arizona State Parks  
Arizona Department of Public Safety  
Arizona State Schools for the Deaf and the Blind  
Arizona Supreme Court  
Arizona Secretary of State  
University of Arizona  
Arizona Department of Veterans' Services  
Arizona Department of Water Resources

# STATE RESPONSE

**Douglas A. Ducey**  
Governor



**Andy Tobin**  
Director

**ARIZONA DEPARTMENT OF ADMINISTRATION**

GENERAL ACCOUNTING OFFICE  
100 NORTH FIFTEENTH AVENUE • SUITE 302  
PHOENIX, ARIZONA 85007  
(602) 542-5601

March 27, 2020

Lindsey Perry  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plans as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people, response for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray Di Ciccio".

Ray Di Ciccio  
Deputy Director

cc: Nicole Franjevic  
Amanda Compton



**State of Arizona**  
**Corrective action plan**  
**Year ended June 30, 2019**

## Financial statement findings

### 2019-01

#### Managing risk

Agency: Department of Administration

Name of contact person and title: Ray Di Ciccio, Interim Comptroller

Anticipated completion date: Unknown

Agency's response: Concur

The State is actively working to correct all issues related to the access of its IT resources. State-wide risk-assessment processes will be expanded to include IT security. The State has developed policies and procedures and will be documenting additional processes. Each agency has developed a detailed corrective action plan to address this finding.

### 2019-02

#### Information technology (IT) controls—access, configuration management, security, and contingency planning

Agency: Department of Administration

Name of contact person and title: Ray Di Ciccio, Interim Comptroller

Anticipated completion date: Unknown

Agency's response: Concur

The State is actively working to correct all issues related to the access of its IT resources. IT systems access is of the utmost importance to the State. Policies and procedures have been implemented or are being developed to address any gaps. Each agency has developed a detailed corrective action plan to address this finding.

### 2019-03

#### The State's process for reporting cash and investments was not adequate to prevent misstatements in the financial statements, which increases the risk that those relying on the reported financial information could be misled

Agency: Department of Administration and State Treasurer's Office

Name of contact persons and titles: Ray Di Ciccio, Interim Comptroller

Jackie Harding, Deputy Treasurer of Operations

Anticipated completion date: Unknown

Agency's response: Concur

The State Treasurer's Office (STO) and Arizona Department of Administration (ADOA) are meeting monthly to discuss and implement improvements to this process including knowledge transfer, training and more frequent reconciliation. Additionally, STO is currently updating their internal documentation and general ledger system. Further, we note STO received a clean audit on its financial statements, and this finding has to do with reconciling the STO general ledger with the ADOA accounting system.

# State of Arizona

## Corrective action plan

### Year ended June 30, 2019

#### 2019-04

**The Department of Revenue did not ensure it collected all income taxes that are due to the State**

Agency: Department of Revenue

Name of contact person and title: Mike Devine, ADOR Chief Internal Auditor

Anticipated completion date: June 2020

Agency's response: Concur

For the 2019 tax year, the Department is piloting a project to compare W-2 withholding data from employers to the amount of withholding reported by taxpayers. When discrepancies are identified, the Department is sending letters to the taxpayers requesting that they review their return information. The Department is also working on a project to develop methods to collect and capture W-2 and Form 1099 data and develop a tool to perform a reconciliation process for withholding and individual income taxes. The Department plans to complete this project by the end of fiscal year 2020.

#### 2019-05

**The Department of Revenue has not published \$17 million of unclaimed individual income tax overpayments, dating back as far as 2007, as abandoned property on its website for taxpayers to search and claim**

Agency: Department of Revenue

Name of contact person and title: Mike Devine, ADOR Chief Internal Auditor

Anticipated completion date: Unknown

Agency's response: Concur

As noted in the finding, issues with ADOR's tax administration system currently prevent the Department from transferring overpayments to the unclaimed property system. However, information regarding these overpayments is still accessible by taxpayers that call in to the Department. In February 2020, the Department contracted for a feasibility study for replacing the tax administration system. This study will assess the Department's current tax system, develop the scope of work necessary for procuring a new tax system, and identify funding options for the new tax system. The Department will use this study to develop a budget request for a new tax system. The study should be completed by the end of June 2020. As a part of the initiative to replace the existing system, the Department is currently engaged in a data cleanup project that includes addressing abandoned overpayments.

#### 2019-06

**The Arizona Department of Administration and PSPRS did not adequately communicate and work together to ensure the accuracy of CORP's ADC employee data provided to actuaries, which increases the risk that those relying on the pension liability reported in the State's financial statements could be misled and future employer contributions will be inadequate to cover future benefit payments**

Agency:

Name of contact persons and titles: Ray Di Ciccio, Interim Comptroller

Mike Townsend, Administrator and Mike Smarik, Deputy Administrator

Anticipated completion date: September 2020

Agency's response: Concur

**State of Arizona**  
**Corrective action plan**  
**Year ended June 30, 2019**

The Department of Administration and the Public Safety Personnel Retirement System will collaborate on establishing procedures to ensure the accuracy of employee data reported to actuaries.

**See the Universities Responses section at the end of this report for the corrective action plans for findings 2019-07 through 2019-08.**

**2019-09**

**PSPRS' inadequate controls over the financial statement compilation process**

Agency: Public Safety Retirement System

Name of contact persons and titles: Mike Townsend, Administrator and Mike Smarik, Deputy Administrator

Anticipated completion date: September 2020

Agency's response: Concur

Public Safety Personnel Retirement System (PSPRS) will review its internal controls and make necessary improvements. An Audit Committee was established in October 2019, which will oversee the implementation of internal control enhancements. Additionally, PSPRS will implement a new General Ledger system that will help to ensure effective internal controls are in place and allow for month and year-end closing.

**2019-10**

**Internal Controls for Revenue and Fuel Tax Administration Department**

Agency: Department of Transportation

Name of contact person and title: Tim Newton, Deputy CFO

Anticipated completion date: January 31, 2020

Agency's response: Concur

The Arizona Department of Transportation (ADOT) concurs with the finding and is in the process of transitioning the cash handling function from RFTA to MVD. It is anticipated this transition will be complete by 1/31/2020. Upon completion the cash handling duties for all of the business units located at 1801 W. Jefferson will be transitioned to an MVD unit who does not have any reconciliation or transactional ability. Business units at 1801 will bring any cash and check deposits to the MVD unit. They will receipt for the deposits to the business unit, compile all cash deposits, and coordinate the Loomis pickup. Any checks received by 1801 business units will be sent to receipts accounting unit for scanning and depositing with BOA.

Both MVD and FMS will do a weekly reconciliation between the cash receipts and Loomis pickup log. Standard work will be developed with MVD before transition of cash handling is completed.

**State of Arizona**  
**Corrective action plan**  
**Year ended June 30, 2019**

**Federal award findings and questioned costs**

**2019-101**

CFDA numbers and program names: Various  
 Agency: Department of Administration  
 Name of contact person and title: Ray Di Ciccio, Interim Comptroller  
 Anticipated completion date: Unknown  
 Agency's response: Concur

We have an established process in place for monitoring legislation. On multiple occasions, we have advised that these transfers were, in our opinion, not consistent with established Federal cost principles and would probably result in an obligation to the Federal government. Until the State changes its approach to the transfer of monies, there will likely continue to be disallowed costs which will require repayment with applicable interest.

This is a cross-cutting finding and is appropriately being addressed with the U.S. Department of Health and Human Services, Cost Allocation Services (DHHS-CAS) for the payment and appropriate resolution of the questioned costs. We agree and commit to continue to work with the DHHS-CAS and appropriate bodies within the State, to the best of our ability, to find an equitable resolution to this issue.

**2019-102**

CFDA numbers and program names: 93.575 Child Care and Development Block Grant  
 93.596 Child Care Mandatory and Matching Funds of the Child Care Development Fund  
 Agency: Department of Economic Security  
 Name of contact person and title: Lela Wendell, Program Administrator  
 Anticipated completion date: December 2021  
 Agency's Response: Concur

The DES Child Care Administration (CCA) concurs with the finding and is in the initial planning process to modernize the technology used for the documentation, collection, and maintenance of child care assistance case records. The key milestone dates for this project are listed below with the respective action owners and due dates. The project is planned for completion by December 2021.

| <b>Action</b>  | <b>Owner</b>                        | <b>Due Date</b>              |
|--|-------------------------------------|------------------------------|
| Add AzCCATS systems screens to record income calculations and changes (requires multiple phases) | CCA IT                              | January 2021<br>(in process) |
| Review and update eligibility case records standard work   | CCA Eligibility<br>Program Managers | October 2020                 |
| Develop indexing method for case records   | CCA Eligibility<br>Program Managers | January 2021                 |

**State of Arizona**  
**Corrective action plan**  
**Year ended June 30, 2019**

| <b>Action</b>  | <b>Owner</b>                     | <b>Due Date</b> |
|--|----------------------------------|-----------------|
| Create project plan to implement OnBase for eligibility case records & transfer existing cases to OnBase | CCA Eligibility Program Managers | March 2021      |
| Begin OnBase implementation for new applications   | CCA Eligibility Program Managers | July 2021       |
| Transfer existing cases to OnBase  | CCA Eligibility Program Managers | December 2021   |

**2019-103**

CFDA number and program name: 84.010 Title I Grants to Local Educational Agencies

Agency: Department of Education

Name of contact persons and titles: Keith Snyder, Deputy Associate Superintendent, Educator and School Excellence  
 Wendy Davy, Chief Accountability Officer

Anticipated completion date: June 2020

Agency's Response: Concur

The Arizona Department of Education's Accountability Department will work with the Educator and School Excellence Section (ESE) to create a policy and procedure by June 30, 2020 to properly review and audit the Pupil Withdrawal forms used to calculate graduation, dropout rates, as well as persistence rates. The process moving forward will include an audit of the Pupil Withdrawal forms. LEA and school administrators that are found to not be in compliance will be required to attend training, sign assurances, and/or be subject to a mandatory audit the next year. The policy and procedure will be evaluated quarterly and updated as needed.

**2019-104**

CFDA number and program name: 93.659 Adoption Assistance

Agency: Department of Child Safety

Name of contact person and title: Ana Molloy, Grants, Cost & Reporting Manager

Anticipated completion date: Fiscal Year 2021

Agency's Response: Concur

The Department of Child Safety (Department) acknowledges the need to improve controls for requesting federal reimbursement. The Department's financial management continues to explore options to ensure compliance with federal reimbursement requirements. In Fiscal Year 2020, the Department strengthened its internal controls for ensuring funding technique compliance with the Treasury-State Agreement (TSA).

The following action items will be implemented:

- To segregate and track TSA funding techniques appropriately, the Department is in the process of undergoing adjustments to the Arizona Financial Information System (AFIS) cost structure that will increase fidelity between administrative expenses from programmatic expenses. The separation of

**State of Arizona**  
**Corrective action plan**  
**Year ended June 30, 2019**

expenses in such a manner will create greater transparency for the Department to align the necessary funding technique for reimbursement.

- The Department is also in the process of creating specific Cash Management Improvement Act (CMIA) compliance workbooks that will ensure bi-weekly draws will occur in only 26 transactions.
- The Department will update its policies and procedures accordingly.

**Douglas A. Ducey**  
Governor



**Andy Tobin**  
Director

**ARIZONA DEPARTMENT OF ADMINISTRATION**

GENERAL ACCOUNTING OFFICE  
100 NORTH FIFTEENTH AVENUE • SUITE 302  
PHOENIX, ARIZONA 85007  
(602) 542-5601

March 27, 2020

Lindsey Perry  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying schedule of prior audit findings as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray Di Ciccio".

Ray Di Ciccio  
Deputy Director

cc: Nicole Franjevic  
Amanda Compton

**State of Arizona**  
**Summary schedule of prior audit findings**  
**Year ended June 30, 2019**

**Status of financial statement findings**

**2018-01**

Managing risk  
Year finding initially occurred: FY 2015  
Status: Partially corrected

Due to the complexity of the finding, and the need to implement changes across multiple agencies, the State was unable to fully remediate the finding during the fiscal year. The State is working to develop, implement and publish policies and procedures to resolve gaps. Each agency has prepared detailed statuses for this finding.

**2018-02**

Information technology (IT) controls-access, configuration management, security, and contingency planning  
Year finding initially occurred: FY 2015  
Status: Partially corrected

Due to the complexity of the finding, and the need to implement changes across multiple agencies, the State was unable to fully remediate the finding during the fiscal year. The State is working to develop, implement and publish policies and procedures to resolve gaps. Each agency has prepared detailed statuses for this finding.

**2018-03**

The Arizona Department of Administration's Data Center should strengthen its contracts with state agencies  
Year finding initially occurred: FY 2015  
Status: Not corrected

The reason for the recurrence of 2018-03 was that the State Data Center was in the process of being completely relocated during FY 19. The Arizona Strategic Enterprise Technology Office (ASET) will work with the ASET Director of Strategic Portfolio Management and the Data Center Manager to develop a Shared Hosted Data Center customer responsibility document to include with agency contracts by the end of FY 2020.

**2018-04**

Department of Child Safety (DCS)-duplicate revenue transactions recorded  
Year finding initially occurred: FY 2018  
Status: Fully corrected



# State of Arizona

## Summary schedule of prior audit findings

### Year ended June 30, 2019

#### 2018-05

Department of Revenue (DOR)-processing income tax revenues  
Year finding initially occurred: FY 2006  
Status: Partially corrected

Due to the complexity of the finding and lack of necessary resources, the Department was unable to remediate the finding during the fiscal year.

To address the IT system limitations, in October 2018, the Department began work on a project meant to develop methods to collect and capture W2 and 1099 data provided by employers, and to develop a tool that can adequately perform a 3-way reconciliation process within 2 tax types: Withholding and Individual Income. Essentially, the result of this project will be reporting that identifies discrepancies between information included on tax returns and information provided by employers, which the Department will investigate to ensure that all income taxes are collected and reported. The Department anticipates that this project will be completed by the end of fiscal year 2020.

In addition, for tax year 2019 the Department has begun engaging contract staff in a pilot project designed to match W-2 withholding data supplied electronically by employers to the amount of withholding reported by taxpayers. If the taxpayer reports more withheld than the employer reports, the return will be flagged for review and adjustment.

#### 2018-06

Department of Insurance (DOI)-reporting estimated liabilities associated with insolvent insurance carrier loss  
Year finding initially occurred: FY 2018  
Status: Fully corrected

**See the Universities Responses section at the end of this report for the summary schedule of prior audit findings for findings 2018-07 through 2018-10.**

#### 2017-08

The Department of Education should reconcile its internal information system to the State's general ledger accounting system  
Year finding initially occurred: FY 2017  
Status: Fully corrected

#### 2017-09

The Department of Insurance should improve its workers' compensation claim management process over insolvent insurance carriers  
Year finding initially occurred: FY 2016  
Status: Fully corrected

**State of Arizona**  
**Summary schedule of prior audit findings**  
**Year ended June 30, 2019**

**See the Universities Responses section at the end of this report for the summary schedule of prior audit findings for finding 2017-17.**

**Status of federal award findings and questioned costs**

**2018-101**

CFDA numbers and names: Various  
Agency: Department of Administration  
Year finding initially occurred: FY 2011  
Status: Not corrected

Reason for reoccurrence: We have an established process in place for monitoring legislation and have on multiple occasions, advised that these transfers were, in our opinion, not consistent with established Federal cost principles and would probably result in an obligation to the Federal government. However, if the State does transfer monies, there may continue to be disallowed costs that will require repayment with applicable interest.

Remaining actions: This is a cross-cutting finding and is appropriately being addressed with the U.S. Department of Health and Human Services, Cost Allocation Services (DHHS-CAS) for the payment and appropriate resolution of the questioned costs. We are committed to continue to work with the DHHS-CAS and appropriate bodies within the State, to the best of our ability, to find an equitable resolution to this issue. It should be noted that the number of fund transfers required by legislation have diminished significantly.

**2018-102**

CFDA numbers and names: 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States  
93.558 Temporary Assistance for Needy Families  
Agency: Department of Economic Security  
Year finding initially occurred: FY 2017  
Status: Fully corrected

**2018-103**

CFDA number and name: 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States  
Agency: Department of Economic Security  
Year finding initially occurred: FY 2017  
Status: Fully corrected

**State of Arizona**  
**Summary schedule of prior audit findings**  
**Year ended June 30, 2019**

**2018-104**

CFDA numbers and names: 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States  
84.390 ARRA—Rehabilitation Services—Vocational Rehabilitation Grants to States, Recovery Act

Agency: Department of Economic Security

Year finding initially occurred: FY 2010

Status: Fully corrected

**2018-105**

CFDA number and name: 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States

Agency: Department of Economic Security

Year finding initially occurred: FY 2018

Status: Fully Corrected

**2018-106**

CFDA number and name: 93.558 Temporary Assistance for Needy Families

Agency: Department of Economic Security

Year finding initially occurred: FY 2017

Status: Fully corrected

**2018-107**

CFDA number and name: 93.658 Foster Care Title IV-E

Agency: Department of Child Safety

Year finding initially occurred: FY 2016

Status: Fully corrected

**2018-108**

CFDA numbers and names: 93.659 Adoption Assistance  
93.658 Foster Care Title IV-E

Agency: Department of Child Safety

Year finding initially occurred: FY 2016

Status: Partially corrected

Reason for recurrence:

Although controls were implemented, they were insufficient to fully correct the finding. The Department of Child Safety (Department) acknowledges the need to improve its internal controls to comply with the Treasury-State Agreement (TSA) and request reimbursements in accordance with funding technique patterns.

# State of Arizona

## Summary schedule of prior audit findings

### Year ended June 30, 2019

#### Actions taken:

The Department strengthened its procedures and protocols for cash processing for ensuring funding technique compliance with the Treasury-State Agreement (TSA).

#### Remaining actions:

To segregate and track TSA funding techniques appropriately, the Department is in the process of undergoing adjustments to the Arizona Financial Information System (AFIS) cost structure that will increase fidelity between administrative expenses from programmatic expenses.

The Department is also in the process of creating specific Cash Management Improvement Act (CMIA) compliance workbooks that will ensure bi-weekly draws will incur in only 26 transactions.

The Department will update its policies and procedures accordingly.

The finding is anticipated to be fully corrected in Fiscal Year 2021.

### **2018-109**

CFDA numbers and names: 93.558 Temporary Assistance for Needy Families  
93.658 Foster Care Title IV-E  
93.659 Adoption Assistance  
93.667 Social Services Block Grant

Agency: Department of Child Safety  
Year finding initially occurred: FY 2017  
Status: Fully corrected

### **2018-110**

CFDA number and name: 93.917 HIV Care Formula Grants  
Agency: Department of Health Services  
Year finding initially occurred: FY 2018  
Status: Fully corrected

### **2018-111**

CFDA number and name: 93.917 HIV Care Formula Grants  
Agency: Department of Health Services  
Year finding initially occurred: FY 2018  
Status: Fully corrected

### **2018-112**

CFDA number and name: 93.917 HIV Care Formula Grants  
Agency: Department of Health Services  
Year finding initially occurred: FY 2018  
Status: Fully corrected

# State of Arizona

## Summary schedule of prior audit findings

### Year ended June 30, 2019

#### 2018-113

CFDA numbers and names: 84.027 Special Education—Grants to States  
84.173 Special Education—Preschool Grants

Agency: Department of Education  
Year finding initially occurred: FY 2017  
Status: Fully corrected

#### 2018-114

CFDA number and name: 10.558 Child and Adult Care Food Program  
Agency: Department of Education  
Year finding initially occurred: FY 2015  
Status: Fully corrected

#### 2018-115

CFDA number and name: 84.048 Career and Technical Education—Basic Grants to States  
Agency: Department of Education  
Year finding initially occurred: FY 2018  
Status: Fully corrected

#### 2018-116

CFDA numbers and names: 15.605 Sport Fish Restoration  
15.611 Wildlife Restoration and Basic Hunter Education  
Agency: Department of Game and Fish  
Year finding initially occurred: FY 2018  
Status: Partially corrected

The Department will submit its Corrective Action Plan to the U.S. Fish and Wildlife Service Wildlife and Sport Fish Restoration (WSFR) Region 2 Office in October 2019. Upon the review and acceptance by the WSFR Regional and Headquarter Offices, the CAP may be considered Fully Corrected.

The Arizona Game and Fish Department has implemented the following:

- Issued a directive to all employees on guidance for recording leave.
- Fund Eligibility training for employees to charge the costs of their activities to a funding source that is eligible and allowable for that activity, and to track time according to 2 CFR 200.430 – 431.
- In coordination with WSFR Region 2, opened an O&M specific grant for boating access activities.
- Funding multiyear projects, agreements, and subscriptions with non-WSFR funds or with stand-alone multiyear project specific grants.
- Submitted its plan to adhere to the Statewide policy included in the State's Grant Management Manual Grantor Section 8.2.1, that mandates sub-recipient monitoring.
- Chartered a team to implement improvements to the tracking of volunteer efforts. Utilizing a centralized volunteer tracking management system.
- Procedures for more frequent reconciliation of revenue entries.

# State of Arizona

## Summary schedule of prior audit findings

### Year ended June 30, 2019

The following actions are in the process of being implemented:

- Developing a time study to provide guidance to all supervisors to charge the costs associated with direct administrative activities of subordinate employees to the fund source coded by the subordinate employee.
- Ongoing training of volunteers and employees that utilize volunteers.
- Incorporating language into the Comprehensive Management System grant narrative to update when job statements change or to address compliance issues when they arise with a Directive to follow.
- Updating agreement tracking checklist to ensure proper review and vetting of agreements and to include information on third-party risk assessments, compliance with the Federal Funding and Accounting Transparency Act so data can be posted on USASpending.gov, and that federal funds are reimbursement and not to be advanced except in limited and preapproved situations.

#### **2017-107**

CFDA number and name: 84.011 Migrant Education—State Grant Program

Agency: Department of Education

Year finding initially occurred: FY 2017

Status: Fully corrected

**See the Universities Responses section at the end of this report for the summary schedule of prior audit findings for finding 2017-113.**

#### **2017-124**

CFDA number and name: 93.558 Temporary Assistance for Needy Families

Agency: Department of Economic Security

Year finding initially occurred: FY 2017

Status: Fully corrected

#### **2017-126**

CFDA number and name: 93.092 Affordable Care Act (ACA) Personal Responsibility Education Program

Agency: Department of Health Services

Year finding initially occurred: FY 2017

Status: Fully corrected

#### **2016-110**

CFDA number and name: 10.557 Special Supplemental Nutrition Program for Women, Infants and Children

Agency: Department of Health Services

Year finding initially occurred: FY 2016

Status: Fully corrected

# State of Arizona

## Summary schedule of prior audit findings

### Year ended June 30, 2019

#### 2016-118

CFDA number and name: 17.225 Unemployment Insurance

Agency: Department of Economic Security

Year finding initially occurred: FY 2015

Status: Partially corrected

Reasons for finding's recurrence:

ETA 227—The ETA 227 report is quite complex and requires an independent test of every identifiable scenario for each cell on the ETA 227 report.

ETA 227 EUC—Due to the similarities, the investigation into the ETA 227 EUC report will begin after the ETA 227 report errors are identified and corrected.

ETA 581—Although there have been changes, the conditions that caused the ETA 581 report to be inaccurate still exist.

Action taken to date:

ETA-191 – Fully corrected

TAPR – Fully corrected

ETA 227—

- A programmer began the process of reviewing the existing logic to learn how recoveries are currently applied. The programming changes to recover for penalty were completed 6/12/2019

ETA 581—

- System changes were made to correct the six ETA 581 reports were implemented before the end of April 30, 2019
- A series of adhoc reports were run to capture accuracy of the ETA 581 reports as a result of the system changes.
- The ETA 581 was verified as accurate by the TPS/DV Coordinator

Remaining planned action:

ETA 227—

- Programming changes for correctly applying recoupments towards penalty balances in GUIDE will be made, tested and migrated (testing and migration are still required). An analyst is currently working to become knowledgeable in the overpayment space to ensure valid testing can occur. Because the overpayment recover rules are so complex, it is expected that the analyst will be ready to begin testing in August 2019.
- Programming changes for correctly applying changes on the ETA 227 report after a data set will be made, tested and migrated.
- The analyst will test the ETA 227 report and Data Validation Population(s) in order to identify the remaining points of failure, document requirements, make programming changes, test changes, and migrate the changes in production.

ETA 227 EUC—The investigation for ETA 227 EUC report will begin once the ETA 227 report has been corrected.

# State of Arizona

## Summary schedule of prior audit findings

### Year ended June 30, 2019

ETA 581—

- Monitor the production ETA 581 reports with the TPS / DV Coordinator to ensure the accuracy of the reports.
- Complete the validity of the ETA 581 reports through the annual submittal due June 9, 2020.
- Monitor in production to ensure the ETA 581 report inaccuracies have been resolved.

## 2014-112

CFDA number and name: 84.010 Title I Grants to Local Educational Agencies

Agency: Department of Education

Year finding initially occurred: FY 2014

Status: Partially corrected

Reason for recurrence:

The Arizona Department of Education (ADE) entered into a final agreement with the US Department of Education (ED) to fully resolve Finding #2014-112 by SY21-22. The agreement was fully executed by both parties as of September 4, 2018. ADE is currently executing the corrective action plan per the terms of the agreement with ED.

Actions taken:

ADE procured Afton Partners Inc., a third-party, independent fiscal consulting firm to analyze and validate the processes, policies and procedures used to calculate Title I allocations.

Per the terms of the agreement with ED, all historically underfunded LEAs impacted by the finding that are eligible to receive Title I-A funds in FY19 and future years will be made whole over a period of 4 years. A detailed payment schedule for underfunded LEAs is posted at [www.azed.gov/TitleI](http://www.azed.gov/TitleI).

ADE has completed two years of the four-year payment schedule.

Remaining actions:

ADE will continue to execute the payment schedule per the terms of the agreement with ED for SY20-21 and SY21-22.

## 2014-130

CFDA number and name: 97.042 Emergency Management Performance Grants

Agency: Department of Emergency and Military Affairs

Year finding initially occurred: FY 2014

Status: Fully corrected



**State of Arizona**  
**Summary schedule of prior audit findings**  
**Year ended June 30, 2019**

**Other auditors' findings**

**2016-124**

CFDA number and name: 93.767 Children's Health Insurance Program

Agency: Arizona Health Care Cost Containment System (AHCCCS)

Year finding initially occurred: FY 2016

Status: Fully corrected

# UNIVERSITIES' RESPONSES



THE UNIVERSITY OF ARIZONA

Financial Services Office

**FINANCIAL SERVICES OFFICE**

University Services Building, Room 502  
888 N Euclid Ave  
Tucson, AZ 85719

Ofc: 520-621-3220  
Fax: 520-621-7078

[www.fso.arizona.edu](http://www.fso.arizona.edu)

November 6, 2019

Lindsey Perry  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Nicole Salazar  
Vice President, Financial Services

# Financial statement findings

## 2019-01

### Managing risk

University Contact Personnel: Lanita Collette, Chief Information Security Officer, The University of Arizona, (520) 621-9192

Anticipated Completion Date: June 30, 2020

The university will complete risk assessment processes for all enterprise applications by June 30, 2020 including the identification, inventory and classification of data.

The policy and process designate responsibility for executing the process to Information Owners and Information System Owners and makes the Information Security Office accountable for developing, testing, reviewing, and maintaining a university-wide Information Security Plan that incorporates elements of the security plans created and approved by Information Owners and Information System Owners.

This new process allows for the effective management of information security risk through steps for:

- Data collection, including inventory and classification (by criticality and sensitivity) of information resources, identification of stakeholders (from both business and technical positions in the university) and designation of accountability, and analysis of business impacts.
- Risk assessment, with assessment questions based upon the NIST CSF, incorporating elements of confidentiality, integrity, and availability, and tailored to be more meaningful in the environment of higher education.
- Risk analysis that incorporates insights into business impacts, the threat landscape, and an understanding of the traceability between vulnerabilities and threats, to ensure meaningful and consistent risk ranking.
- Security planning that clarifies and documents explicit decisions (within a risk register), based upon risk tolerances of Information Owners and Information System Owners, related to risk handling including choices to accept, transfer, avoid, or mitigate.

The process has been defined as an ongoing activity, for units, with re-assessment and security plan revision occurring at least annually. Production of the University Security Plan will be an annual occurrence, aligned with the fiscal year.

## 2019-02

### Information technology (IT) controls—security and contingency planning

University Contact Personnel: Lanita Collette, Chief Information Security Officer, The University of Arizona, (520) 621-9192

Anticipated Completion Date: Logging and Monitoring is an on-going activity. Contingency planning for the remaining two applications will be completed by June 30, 2020 as well as system activity logging and log monitoring, particularly for users with administrative access privileges.

On August 23, 2019, the Audit, Accountability, and Activity Review Standard took effect. This standard supports the corresponding policy and establishes requirements for:

- Responsibility for ensuring log events are captured and monitored;
- The definition of log collection and aggregation systems;
- The collection and retention of logs; and
- Reporting of logging and monitoring related data to the Information Security Office.

Additionally, Information Security Policy Training is under development and is designed to help stakeholders understand their responsibilities for protecting university data; including their responsibility to support log collection and aggregation and to perform review of reports derived from these logs.

By June 30, 2020 the university will ensure stronger access and security controls are in place to protect data in accordance with State statutes and federal regulations, with essence on individuals with elevated privileges. An annual review will be put in place to ensure access and security controls are in place to protect data.

By June 30, 2020, the university will have developed and documented contingency plans for the remaining two significant university enterprise systems. The university testing of its backup procedures aligns with the movement of enterprise web applications to cloud services. The university will move forward to address the business impacts within the two applications, which were not covered in fiscal year 2019, identifying critical IT systems that will need to be restored quickly in the event of disruption. Documented procedures will be created, staff will be trained, and the university will maintain a readily accessible copy of the plans for all enterprise applications. In addition, our cloud service provider has failover and recovery capabilities in the event of a disaster, system or equipment failure, or other interruption. We do use multi-availability zones for our enterprise systems. As part of the cloud services functionality, snapshots are taken from production and they are staged in a different environment, validating their viability. Our provider has redundancy and failover built into their network and infrastructure, plus the university has the ability to build the environment from scratch if needed with these snapshots.



Associate Vice President  
and Comptroller's Office

January 15, 2020

Lindsey Perry  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

A handwritten signature in black ink, appearing to read "Wendy Swartz", written over a light blue horizontal line.

Wendy Swartz

Associate Vice President & Comptroller

Wendy Swartz  
wendy.swartz@nau.edu  
nau.edu/comptroller

928.523.6081  
PO Box 4069  
Flagstaff, AZ 86011

Northern Arizona University  
Summary schedule of prior audit findings  
Year ended June 30, 2019

## Status of financial statement findings

### **Managing Risk**

Finding number: 2018-01 (2018-07 Statewide SA) and 2017-01 (2017-12 Statewide SA)

Status: Fully corrected

### **Information technology (IT) controls – access, configuration management, security, and contingency planning**

Finding number: 2018-02 (2018-08 Statewide SA) and 2017-02 (2017-13 Statewide SA); 2017-03; (2017-14 Statewide SA), 2017-04; (2017-15 Statewide SA); and 2017-05 (2017-16 Statewide SA)

Status: Fully corrected



THE UNIVERSITY OF ARIZONA  
Financial Services Office

**FINANCIAL SERVICES OFFICE**

University Services Building, Room 502  
888 N Euclid Ave  
Tucson, AZ 85719

Ofc: 520-621-3220  
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December 19, 2019

Lindsey Perry  
Auditor General  
2910 N. 44th St., Ste. 410  
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Nicole Salazar  
Vice President, Financial Services



University of Arizona  
Summary schedule of prior audit findings  
Year ended June 30, 2019

## Status of financial statement findings

### Managing Risk

Finding number: 2018-01 (2018-09 Statewide SA), 2017-02 (2017-18 Statewide SA), 2017-04 (2017-20 Statewide SA)

Status: Partially corrected

Efforts in fiscal year 2019 focused primarily on higher risk information systems, including those considered highly or moderately critical to the business of the university and those that handle sensitive information. Future efforts aim to broaden adoption to additional systems and to include a broader set of business functions.

On May 7, 2019, the new Information Security Risk Management and Security Planning Policy took effect. This policy establishes and constrains the Information Security Risk Management Program and the underlying process. It designates responsibility for executing the process to Information Owners and Information System Owners and makes the Information Security Office accountable for developing, testing, reviewing, and maintaining a university-wide Information Security Plan that incorporates elements of the security plans created and approved by Information Owners and Information System Owners.

The process is supported by a purpose built system that ensures the consistency, traceability, and visibility required to produce a University Security Plan that accurately represents the security posture of the university. This risk management system that produces security plans was built and ready for use as of June 30, 2019.

This program also maintains a continuously updated listing of the top ten administrative vulnerabilities of the university that provides the insights needed to make informed decisions about how to best allocate available information security resources.

The university will perform an annual entity-wide IT risk-assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.

The University will complete risk assessment processes for all enterprise applications by June 30, 2020 including the identification, inventory and classification of data.

### Information technology (IT) controls—access, security, and contingency planning

Finding number: 2018-02 (2018-10 Statewide SA), 2017-03 (2017-19 Statewide SA), 2017-05 (2017-21 Statewide SA)

Status: Partially Corrected

In fiscal year 2019, Information Security Policy Training was under development and is designed to help stakeholders understand their responsibilities for protecting university data, including their responsibility

University of Arizona  
Summary schedule of prior audit findings  
Year ended June 30, 2019

to support log collection and aggregation and to perform review of reports derived from these logs. The university also executed contingency plans for two significant university enterprise systems.

Logging and Monitoring is an on-going activity. Contingency planning for the remaining two applications will be completed by June 30, 2020 as well as system activity logging and log monitoring, particularly for users with administrative access privileges.

By June 30, 2020 the university will ensure stronger access and security controls are in place to protect data in accordance with State statutes and federal regulations, with essence on individuals with elevated privileges. An annual review will be put in place to ensure access and security controls are in place to protect data.

[The University should strengthen oversight of its information technology internal controls](#)

Finding number: 2017-01 (2017-17 Statewide SA)

Status: Fully Corrected

