

# STATE OF ARIZONA

---

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1992



Prepared by

Department of Administration  
Division of Finance  
General Accounting Office

STATE OF ARIZONA -- COMPREHENSIVE ANNUAL FINANCIAL REPORT

CONTENTS -- CONTINUED

FINANCIAL SECTION -- CONTINUED		Page
<b>Capital Projects Funds</b> . . . . .		101
Combining Balance Sheet . . . . .		102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances . . . . .		103
<b>Enterprise Funds</b> . . . . .		105
Combining Balance Sheet . . . . .		106
Combining Statement of Revenues, Expenses and Changes in Retained Earnings . . . . .		108
Combining Statement of Cash Flows . . . . .		110
<b>Internal Service Funds</b> . . . . .		115
Combining Balance Sheet . . . . .		116
Combining Statement of Revenues, Expenses and Changes in Retained Earnings . . . . .		118
Combining Statement of Cash Flows . . . . .		120
<b>Trust and Agency Funds</b> . . . . .		123
Combining Balance Sheet . . . . .		125
<b>Expendable Trust Funds</b> . . . . .		127
Combining Balance Sheet . . . . .		128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances . . . . .		130
<b>Non-Expendable Trust Funds</b> . . . . .		133
Combining Balance Sheet . . . . .		134
Combining Statement of Revenues, Expenses and Changes in Fund Balances . . . . .		135
Combining Statement of Cash Flows . . . . .		136
<b>Pension Trust Funds</b> . . . . .		137
Combining Balance Sheet . . . . .		138
Combining Statement of Revenues, Expenses and Changes in Fund Balances . . . . .		139
<b>Agency Funds</b> . . . . .		141
Combining Balance Sheet . . . . .		143
Combining Statement of Changes in Assets and Liabilities . . . . .		144
<b>General Fixed Assets</b> . . . . .		147
Schedule of General Fixed Assets by Function . . . . .		148
Schedule of Changes in General Fixed Assets by Function . . . . .		148
Schedule of General Fixed Assets by Source . . . . .		149
<b>University Funds</b> . . . . .		151
Combining Balance Sheet . . . . .		152

CONTENTS -- CONTINUED

STATISTICAL SECTION

Page

(Not covered by the Independent Auditors' Report)

Revenues by Source (Budgetary Basis)--General and Special Revenue Funds Only for the Last Ten Fiscal Years . . . . .	156
Expenditures by Function (Budgetary Basis)--General and Special Revenue Funds Only for the Last Ten Fiscal Years . . . . .	158
Property Tax Levies, Collections, Taxable Property Assessed and Estimated Actual Value, and Property Tax Rates for the Last Ten Fiscal Years . . . . .	160
Highway Construction Revenue Bond Coverage for the Last Ten Fiscal Years . . . . .	160
Arizona State University Revenue Bond Coverage for the Last Six Fiscal Years . . . . .	161
University of Arizona Revenue Bond Coverage for the Last Ten Fiscal Years . . . . .	161
Veterans' Memorial Coliseum and Exposition Center Revenue Bond Coverage for the Last Ten Fiscal Years . . . . .	162
Northern Arizona University Revenue Bond Coverage for the Last Ten Fiscal Years . . . . .	162
University Medical Center Revenue Bond Coverage for the Last Eight Fiscal Years . . . . .	163
Economic Indicators for the Last Ten Years . . . . .	163
Major Employers . . . . .	164
Population by Age Group . . . . .	164
Schedule of Bank and Savings and Loan Deposits for the Last Ten Fiscal Years . . . . .	165
Public School Enrollment - Grades K-12 for the Last Ten Academic Years	165
Public Higher Education Institutes Full-Time Equivalent Fall Enrollment for the Last Ten Years . . . . .	166
Average State Prison Adult Inmate Population for the Last Ten Fiscal Years . . . . .	166
Assessed Value of New Commercial and Residential Construction for the Last Ten Years . . . . .	167

*THIS PAGE INTENTIONALLY LEFT BLANK*

# INTRODUCTORY SECTION

*THIS PAGE INTENTIONALLY LEFT BLANK*



FIFE SYMINGTON  
GOVERNOR

J. ELLIOTT HIBBS  
DIRECTOR

## ARIZONA DEPARTMENT OF ADMINISTRATION

### OFFICE OF THE DIRECTOR

1700 WEST WASHINGTON, ROOM 801  
PHOENIX, ARIZONA 85007

(602) 542-1500

June 10, 1994

The Honorable Fife Symington  
Governor of the State of Arizona,  
Members of the Legislature, and  
Citizens and Taxpayers of  
the State of Arizona

Ladies and Gentlemen:

In accordance with Section 35-131 of the Arizona Revised Statutes, 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, 1992. Responsibility for the accuracy of data, 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, are accurate in all material respects and are reported in a manner which fairly presents the financial position and results of operations of the various funds and account groups of the State. All disclosures needed for the reader to gain a reasonable understanding of the State's financial activities have been included.

The report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this Letter of Transmittal, the State's organization chart and a list of principal State officials. The Financial Section begins with the State Auditor General's report and contains the General Purpose Financial Statements, Combining Financial Statements by Fund Type and Account Group, and other schedules. The Statistical Section includes selected financial, economic and demographic data.

#### FINANCIAL REPORTING ENTITY

The accompanying CAFR includes all funds and account groups for which the State exercises oversight responsibility. The determination of "oversight responsibility" is based on criteria established in the Codification of Governmental Accounting and Financial Reporting Standards, issued by the Governmental Accounting Standards Board, (Section 2100). Note 1.B of the Notes to the Financial Statements explains which units are included and excluded from the Financial Reporting Entity of the State.

#### SERVICES PROVIDED BY THE STATE

The services provided by the State are administered through various agencies, departments, boards, commissions 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.

**GENERAL GOVERNMENTAL FUNCTIONS**

General governmental activities are accounted for in four Governmental Fund types: (1) the General Fund, (2) Special Revenue Funds, (3) Debt Service Funds, and (4) Capital Projects Funds.

Revenues for governmental and expendable trust fund functions totaled \$7.313 billion for the fiscal year ended June 30, 1992, an increase of 13.0% over 1991. Taxes, the single largest source of general governmental revenue, produced 67.5% of revenue. The amount of revenues from various sources and changes from last year are shown as follows:

**GENERAL GOVERNMENT REVENUES**  
(Expressed in Thousands)

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) From 1991</u>	
			<u>Amount</u>	<u>Percent</u>
Sales Taxes.....	\$2,092,390	28.6%	\$143,275	7.4%
Income Taxes.....	1,447,437	19.8	160,442	12.5
Motor Vehicle and Fuel Taxes	803,133	11.0	4,183	0.5
Property Taxes.....	170,773	2.3	1,417	0.8
Unemployment Taxes.....	128,068	1.8	9,061	7.6
Intergovernmental Revenues..	1,977,665	27.0	458,635	30.2
Licenses, Fees and Permits..	121,039	1.7	15,649	14.8
Earnings on Investments.....	90,249	1.2	(16,199)	(15.2)
Other Taxes and Revenues....	<u>481,807</u>	<u>6.6</u>	<u>66,254</u>	15.9
Total	<u>\$7,312,561</u>	<u>100.0%</u>	<u>\$842,717</u>	13.0%

The total revenues increase of \$842.7 million or 13.0% was the result of several factors:

The 7.4% increase in sales taxes is a result of the increased economic growth in the State.

The 12.5% increase in income taxes is primarily a result of the State recognizing for the first time revenue relating to the Urban Revenue Sharing distributions to Arizona cities and counties for fiscal year 1992 (See Note 1.D.2 in the Notes to the Financial Statements for details on this change). Without this change, income taxes would have actually decreased 1.2% for fiscal year 1992.

The 30.2% increase in intergovernmental revenues resulted primarily from increased Federal revenues for the Arizona Health Care Cost Containment System (AHCCCS). Also, a change in accounting policy which enabled the State to recognize the Federal portion of the AHCCCS liability as revenue contributed to the increase in revenues (See Note 1.D.2 in the Notes to the Financial Statements for details on this change in accounting policy).

The 15.2% decrease in earning on investments reflects the decrease in interest rates paid on investments.

Expenditures for governmental and expendable trust fund functions totaled \$7.367 billion for the fiscal year ended June 30, 1992, an increase of 14.9% over 1991. State government expenditures and the changes from last year are as follows:



**GENERAL GOVERNMENT EXPENDITURES**  
(Expressed in Thousands)

<u>Expenditure Function</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/(Decrease) From 1991</u>	
			<u>Amount</u>	<u>Percent</u>
General Government.....	\$1,140,284	15.5%	\$361,831	46.5%
Health and Welfare.....	2,762,896	37.5	634,692	29.8
Inspection and Regulation....	74,665	1.0	263	0.4
Education.....	1,647,948	22.4	89,314	5.7
Protection and Safety.....	398,539	5.4	10,425	2.7
Transportation.....	857,691	11.6	(105,999)	(11.0)
Natural Resources.....	50,389	0.7	3,900	8.4
Capital Outlay.....	246,506	3.3	(55,104)	(18.3)
Debt Service.....	<u>187,737</u>	<u>2.6</u>	<u>14,514</u>	<u>8.4</u>
<b>Total</b>	<b><u>\$7,366,655</u></b>	<b><u>100.0%</u></b>	<b><u>\$953,836</u></b>	<b><u>14.9%</u></b>

The total expenditures increase of \$953.8 million or 14.9% was the result of several factors:

The 46.5% increase in general government expenditures resulted primarily from the State recognizing for the first time expenditures related to the Urban Revenue Sharing distributions to Arizona cities and counties for Fiscal Year 1992 (See Note 1.D.3 in the Notes to the Financial Statements for details on this change). Without this change, General Government expenditures would have only increased 23.9%. Also, contributing to this increase in expenditures is the additional distributions to cities and counties resulting from the increase in sales tax revenue and the continuing increase in the cost by the State to provide services to the public.

The 29.8% increase in health and welfare expenditures reflects the continuing increase in the cost by the State to provide Health and Welfare services to the public, in particular the increase in expenditures by the Arizona Health Care Cost Containment System and the Department of Economic Security.

The 11% decrease in transportation expenditures is the result of a reduction in highway construction.

The 18.3% decrease in capital outlay expenditures is the result of a reduction in construction in both the Maricopa Regional Area Road Fund and the Certificates of Participation Fund.

The 8.4% increase in debt service expenditures reflects the increased cost to service the debts of bonds and certificates of participation.

**GENERAL FUND BALANCE**

The General Fund ended the fiscal year with a \$123.2 million deficit fund balance, compared to the previous year deficit fund balance of \$12.3 million, as restated. This was caused primarily by the increased cost to provide health care through the Arizona Health Care Cost Containment System. The System reported a \$178 million increase in the liability for current portion of insurance losses over the previous fiscal year. This increase was partly due to medical inflation and capitation increases and also a 14.9% increase in new member years to be covered by AHCCCS.

**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 passage of appropriation bills by the Legislature and approval by the Governor. The appropriated funds are controlled by the executive branch through an allotment process. This process allocates the appropriation into quarterly allotments by legal appropriation level. The State also maintains an encumbrance

accounting system to further enhance budgetary control. With the exception of capital outlay items, encumbered amounts lapse as of the end of the fiscal year. Capital outlay appropriations and encumbrances continue from year to year.

The State's budgetary policies and procedures, fund accounting structure, and basis of accounting are explained in detail in Note 1 of the Notes to the Financial Statements.

#### 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 are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. 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 judgements by management. In the opinion of management, the State's internal controls are adequate to provide reasonable assurance that these objectives are met.

#### CASH MANAGEMENT

The responsibility for cash management of the State is shared by the Office of the Treasurer (Treasurer) and the General Accounting Office of the Department of Administration, Finance Division (GAO). The Treasurer is responsible for the depository, custodial and investment functions of cash. The GAO is responsible for drawing down monies available for State functions, and the expenditure or disbursement of those monies. Currently, the GAO is exploring alternatives regarding the consolidation of its cash management functions. The results will comply with potential Federal requirements and promote efficient use of cash.

The State requires that Treasurer's deposits and investments with financial institutions be entirely covered by Federal depository insurance or alternatively collateralized with surety equal to 102% of the deposit or investment. Component units may have collateralization policies that differ from those of the Treasurer.

The Legislature has passed statutes authorizing State investments. Note 2.A in the Notes to the Financial Statements describes the types of investment made by the State.

The Treasurer deposits receipts in accordance with applicable statutes and invests excess cash of the General Fund and other various funds. All interest, not otherwise apportioned by law, is deposited in the General Fund. Investment earnings for the General Fund totaled \$16.7 million for the fiscal year ended June 30, 1992.

#### ENTERPRISE FUNDS

Enterprise Funds are comprised of governmental and quasi-governmental agencies that provide goods and services to the public on a charge for service basis. For fiscal year 1992, the Enterprise funds ended the year with a combined equity of \$273.3 million as compared to the previous year-end equity of \$280.5 million. For additional information on the Enterprise Funds, see Note 11 in the Notes to the Financial Statements.

#### TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations and other governments, including the four State Retirement Systems. The Trust and Agency Funds reported a year-end fund balance of \$11.489 billion as compared to the previous year-end of \$10.675 billion. For additional information on the four State Retirement Systems, see Note 8 in the Notes to the Financial Statements.

## DEBT ADMINISTRATION

The Arizona State Constitution, under Article 9 Section 5, provides that the State may contract debts not to exceed \$350,000. This provision has been interpreted to restrict the State from pledging its credit as a sole source of payment for debts incurred for the operation of State government. As a result, the State, including the Enterprise Funds and The University Funds, finances most of its major capital needs by lease purchase transactions and by issuing revenue bonds. Lease purchase transactions are funded by Certificates of Participation (COPs). Revenue bonds are associated with specific State functions and are funded by dedicated revenue sources.

The State first issued COPs in 1985 to acquire a telecommunications system for Arizona State University. Since that time, ten more issues have been transacted for the construction and purchase of buildings and other structures as well as a telecommunications system for the University of Arizona. During fiscal year 1992, the State issued COPs which provide for the sale and leaseback of prison facilities at Florence, Arizona. The proceeds were used to reimburse the General Fund for the expenditures incurred in purchasing the ENSCO Hazardous Waste Facility. In all cases, the Attorney General determined that the issuance of the COPs was in accordance with the provisions of the Constitution.

COPs issued during the current fiscal year carry a rating of Aaa from Moody's Investors Service, Inc. and AAA from Standard and Poor's Corporation. During the fiscal year ended June 30, 1992, the State issued \$232.8 million of COPs and retired \$177.0 million. The State had \$361.4 million in COPs outstanding at year-end, an increase of \$55.8 million from fiscal year 1991. Principal and interest are covered by lease payments out of current revenues or appropriations from the fund responsible for utilization of the specific buildings.

The State has issued revenue bonds primarily to finance the construction of highways. They have also been issued for the construction of buildings and other facilities. The State's revenue bonds currently carry a Aa rating from Moody's Investors Service, Inc. and AAA from Standard and Poor's Corporation. During the fiscal year ended June 30, 1992, the State issued \$588.5 million of revenue bonds and retired \$339.6 million. The State had \$ 2.302 billion in bonds outstanding at the year-end, an increase of 248.9 million from fiscal year 1991. \$1.515 billion of the total bonds outstanding were for Arizona Department of Transportation Highway Revenue Bonds.

## RISK MANAGEMENT

The State purchases liability coverage whenever available on reasonable terms. Currently, the State is insured by an approved liability insurer for liability claims in excess of \$5 million but less than \$15 million. For claims less than or in excess of this coverage, or whenever such coverage is unavailable on reasonable terms, the State's self-insurance fund provides liability coverage.

The State pays its self-insurance losses out of a fund to which moneys are appropriated each year by the Legislature. Monies remaining in the fund at the end of the fiscal year carry over to the next fiscal year, but are part of the appropriation for that fiscal year to pay expected losses and costs. Self-insurance losses and claims-related expenses (excluding the cost of administering the program) have risen from approximately \$15.3 million in fiscal year 1988 to approximately \$43 million in fiscal year 1992. To meet such rising losses and claims-related expenses, yearly appropriations have also increased from approximately \$27.7 million in fiscal year 1988 to approximately \$48.3 million in fiscal year 1992. For fiscal year 1993, the State has appropriated \$48.3 million to continue the funding of all self-insurance losses and claims-related expenses. The 1993 appropriation is subject to modification by subsequent legislative enactments and similarly, there can be no assurances that amounts sufficient to cover all self-insurance losses and costs of claims administration will be appropriated by the Legislature in future years.

## SIGNIFICANT STATE ECONOMIC EVENTS

The following economic outlook is excerpted from the Arizona Department of Economic Security's (ADES) Arizona Economic Trends, February 1993.

Arizona's economy created jobs at a substantially faster pace in 1992 than the previous year. Non-farm payroll employment growth was 1.9 percent in 1992, more than four times higher than the growth rate for 1991. Improved Arizona payroll employment growth can be attributed to fewer job losses in manufacturing and much improved growth in the State's construction industry. But while 1992's growth rate was a welcome change from the slow growth of 1991, it was well below rates experienced in the mid-'80s.

The ADES Research Administration's forecast for 1993 and 1994 calls for continued improvement in wage and salary employment growth. The 1993 forecast calls for positive growth in all eight of Arizona's industry groups: manufacturing; construction; transportation, communications, and public utilities (TCPU); and finance, insurance and real estate (FIRE), although growth rates in manufacturing are expected to continue to lag those in other major industry groups in Arizona. In 1992, minor employment losses were experienced by the manufacturing and mining industries.

Continued cutbacks in defense spending will make it difficult for durable-goods manufacturers to increase production and employment. Durable-goods producers, especially those in the high-tech industries, will continue to pare employment, but at a slower pace than last year, as they restructure to become more competitive.

Arizona's construction industry enjoyed a good year in 1992, with the addition of 4,200 workers. Construction should continue to see substantial growth the next two years. Residential construction should provide most of the growth, but some large-scale projects and road and highway improvements should also contribute to the growth.

Arizona's mining industry is expected to show modest job growth in 1993 and 1994, increasing by 200 jobs in both years. Increased efficiency and lower production costs should lead to stable, but modest employment growth in the State's copper mining sector.

From 1983 through 1989, services added more than 20,000 new jobs a year. But employment growth dropped below 20,000 the past three years, growing 13,400 in 1990, 8,500 in 1991 and 14,500 in 1992. For 1993 and 1994, services are expected to make some improvement with job growth still below the 20,000 mark. A forecast of modest improvement in services employment is due to three factors. First, Arizona should see continued, but stable growth in business services and the catchall category "other services". Second, a rebound in the tourism industry should lead to improved employment growth in hotel services. Third, slower growth in the medical-services professions is expected, as hospitals attempt to hold the line on employment costs.

Like services, trade has had weaker-than-normal growth in the 1990s. Trade grew by less than two percent in the past three years, compared to growth rates of three-plus percent following the recessionary year of 1982. Trade's rate of growth is expected to improve to 2.6 percent in 1993 and 2.7 percent in 1994, but still well below the historical trend. This expected improvement can be attributed to improved retail trade growth in Maricopa County, which has accounted for most of the weakness in the State's retail trade sector for the last few years.

The transportation, communications and public utilities (TCPU) group, which was hurt by losses in both the air transportation and public utilities industries in 1991, added 400 jobs in 1992. All of the gains came in the communications and public utilities sectors. TCPU should experience improved job growth with forecasted gains of 1.8 percent in 1993 and 2.3 percent in 1994. Modest job growth is expected in transportation, as improved prospects at America West Airlines and continued growth at Southwest Airlines should help the transportation sector rebound from several years of weak growth.

The finance, insurance and real estate (FIRE) group added 1,200 positions in 1992, with all the gain occurring in the insurance and real estate industries. The forecast for 1993 calls for continued growth in insurance and real estate, with employment losses in the finance industry coming to an end. The opening of new credit card facilities in Maricopa County should help improve the finance industry's performance, bringing to an end two years of employment declines. Overall, FIRE employment should grow 3 percent in 1993 and 2.7 percent in 1994.

Government is projected to add 7,700 jobs in 1993 and 8,700 jobs in 1994. Increases in school employment should account for 70 percent of this gain in 1993 and 61 percent of the growth in 1994. Improved growth in state and local government accounts for the higher forecasted job growth in 1994.

Finally, Arizona's unemployment rate is expected to decline 1.2 percentage points in 1993, averaging 6.2 percent. The 7.4 percent rate of 1992 was the highest rate in nine years, but well below the rates of 9.9 percent and 9.1 percent in the recession years of 1982 and 1983, respectively. An improved jobless rate in 1993 would be due to better growth in total employment, combined with a decline in unemployment. The same scenario should occur for 1994, as the jobless rate is expected to improve to 5.8 percent.

In summary, the two year employment outlook for Arizona's economy remains positive. While the national recession certainly had a negative impact on Arizona, the State's economy rebounded in 1992 from the weak job growth experienced the year before. The national economy has begun to show signs of life, and the Research Administration forecasts that Arizona's economic recovery will continue over the next 24 months.

#### INDEPENDENT AUDIT

The Auditor General is appointed to a five-year term by the Joint Legislative Audit Committee with approval of the Legislature. The State Auditor General is responsible for the audit of all State agencies. The State statute (ARS 41-1279.03) requires at least a biennial single audit by the State Auditor General. This audit is required in conformity with the Single Audit Act of 1984 (PL98-502) and the U.S. Office of Management and Budget Circular A-128, "Audits of State and Local Governments".


#### AWARDS


The Government Finance Officers Association of the United States and Canada established the Certificate of Achievement for Excellence in Financial Reporting Program to recognize governments that produce outstanding financial reports. In order to be awarded this certificate, a governmental unit must publish an easily readable and efficiently organized CAFR, the contents of which must conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The certificate is valid for a period of one year.

It is a goal of the State to receive the certificate for the fiscal year 1995 CAFR.

#### ACKNOWLEDGEMENTS

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, and institution of higher education.

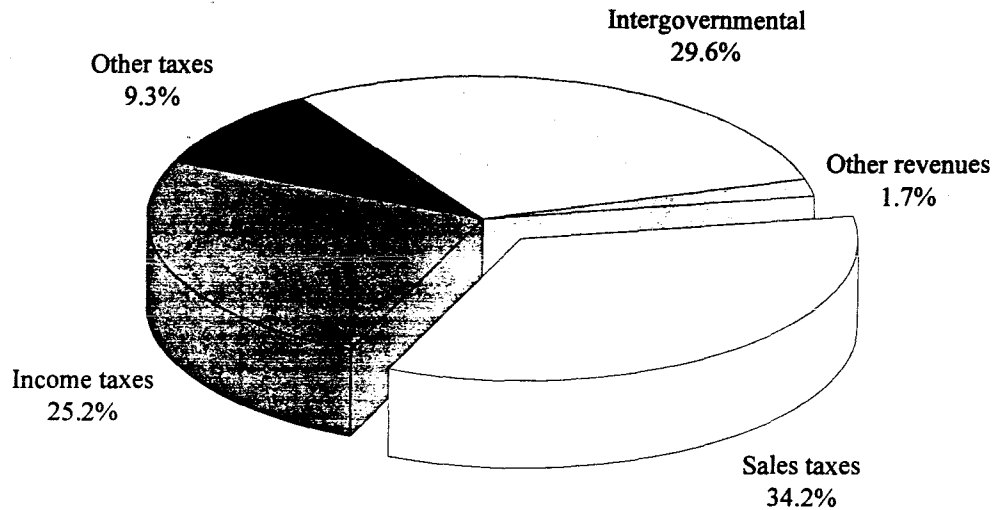
  
J. Elliott Hibbs  
Director

  
Robert Rocha  
State Comptroller

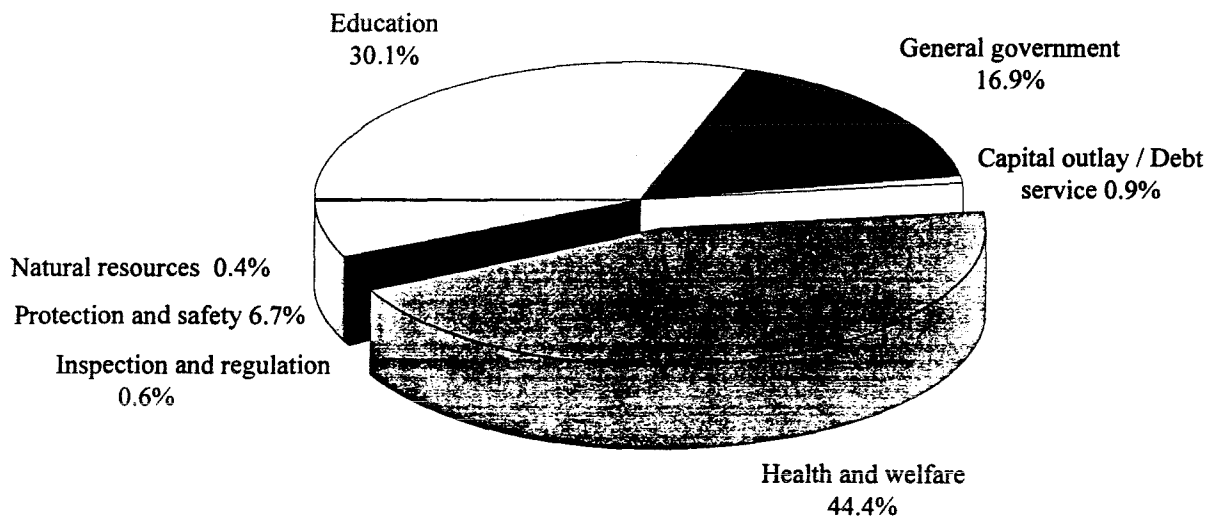
# STATE OF ARIZONA

Graphic Presentation of Revenues by Source  
and Expenditures by Function  
General Fund  
For the Fiscal Year Ended June 30, 1992

## Revenues by Source



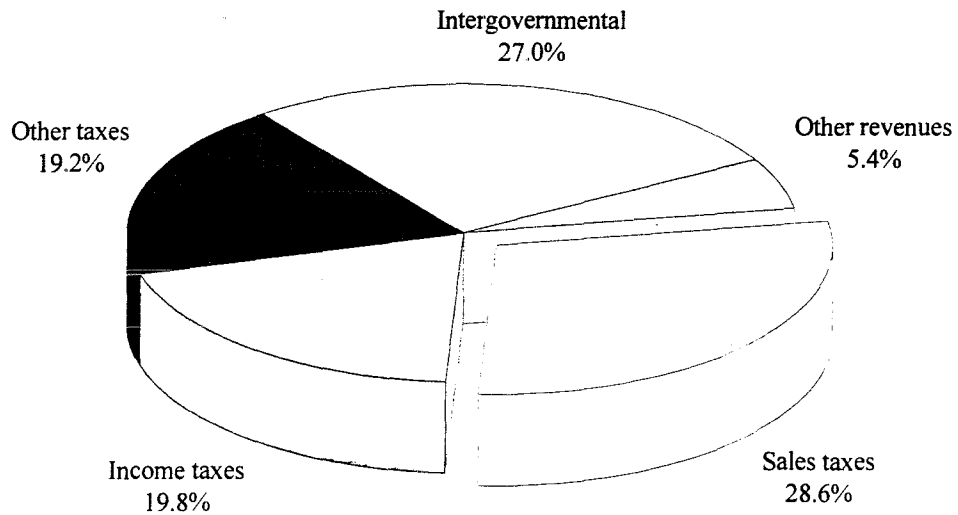
## Expenditures by Function



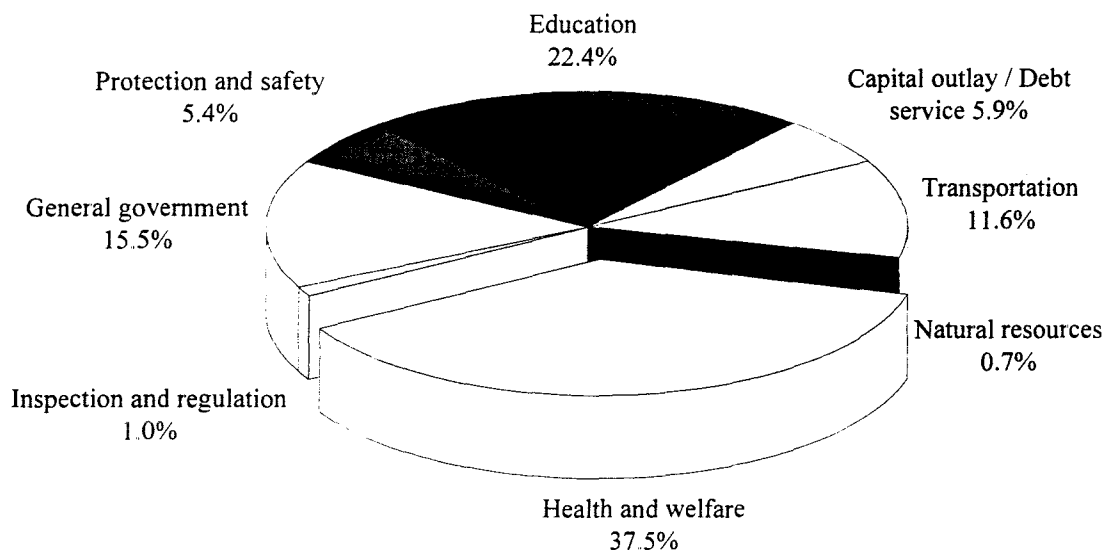
# STATE OF ARIZONA

Graphic Presentation of Revenues by Source  
and Expenditures by Function  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 1992

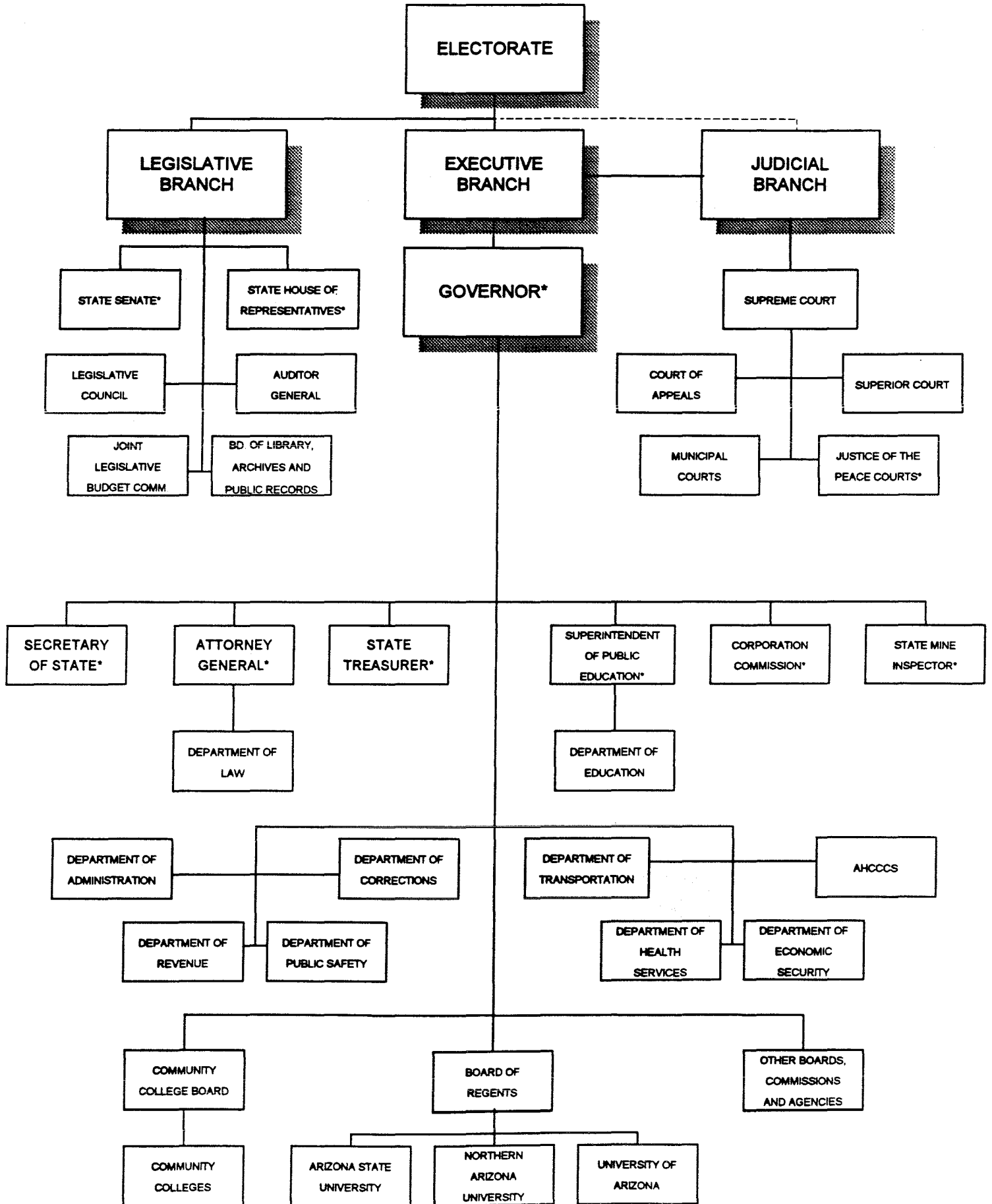
## Revenues by Source



## Expenditures by Function



# ARIZONA STATE GOVERNMENT ORGANIZATION



\* ELECTED OFFICIALS



**STATE OF ARIZONA**  
**PRINCIPAL STATE OFFICIALS**  
as of June 30, 1992

**Elected Officials**

Fife Symington, Governor	Grant Woods, Attorney General
Senator Peter Rios, President of the Senate	Tony West, State Treasurer
Representative Jane Dee Hull, Speaker of the House	C. Diane Bishop, Superintendent of Public Education
Stanley G. Feldman, Chief Justice	Renz D. Jennings, Commissioner, Corporation Commission
Richard Mahoney, Secretary of State	Douglas K. Martin, State Mine Inspector

**Appointed Officials**

**Executive Officials**

J. Elliott Hibbs, Director  
Department of Administration

Samuel A. Lewis, Director  
Department of Corrections

David A. Lowenberg, Acting Director  
Department of Economic Security

Paul Waddell, Director  
Department of Revenue

Col. F. J. Ayars, Director  
Department of Public Safety

Alethea O. Caldwell, Director  
Department of Health Services

Charles E. Cowan, Director  
Department of Transportation

Leonard J. Kirschner, M.D., Director  
Arizona Health Care Cost Containment  
System (AHCCCS)

**Legislative Officials**

Don Jansen, Director  
Legislative Council

Ted Ferris, Staff Director  
Joint Legislative Budget Committee

Douglas R. Norton, Auditor General

Sharon G. Womack, Director  
Board of Library, Archives  
and Public Records

**University Officials**

Lattie F. Coor, Ph.D., President  
Arizona State University

Eugene M. Hughes, Ph.D., President  
Northern Arizona University

Manuel Pacheco, Ph.D., President  
University of Arizona

*THIS PAGE INTENTIONALLY LEFT BLANK*

## FINANCIAL SECTION

*THIS PAGE INTENTIONALLY LEFT BLANK*

# INDEPENDENT AUDITORS' REPORT



**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

**DOUGLAS R. NORTON, CPA**  
AUDITOR GENERAL

**DEBRA S. DAVENPORT, CPA**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

The Honorable Fife Symington, Governor  
State of Arizona

The Honorable John Greene, President  
Arizona State Senate

The Honorable Mark W. Killian, Speaker  
Arizona House of Representatives

The Honorable Stanley G. Feldman, Chief Justice  
Arizona Supreme Court

We have audited the accompanying general purpose financial statements of the State of Arizona, as of and for the year ended June 30, 1992, or December 31, 1991, as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds and State Deferred Compensation Plan, which statements comprise 72 percent of the total assets of the Fiduciary Funds. We also did not audit the financial statements of the Arizona Health Care Cost Containment System, the Arizona Department of Transportation, the State Compensation Fund, the University Medical Center, the Arizona Power Authority, and the Lottery Commission, which statements comprise 22 percent of the assets and 14 percent of the revenues and other financing sources of the General Fund; 57 percent of the assets and 79 percent of the revenues and other financing sources of the Special Revenue Funds; 84 percent of the assets and 90 percent of the revenues and other financing sources of the Debt Service Fund; 80 percent of the assets and 85 percent of the revenues and other financing sources of the Capital Projects Funds; 85 percent of the assets and 90 percent of the revenues and other financing sources of the Enterprise Fund; 37 percent of the assets and 20 percent of the revenues and other financing sources of the Internal Service Funds; and 73 percent of the liabilities of the General Long-Term Debt Account Group. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the above-mentioned component units, is based solely on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

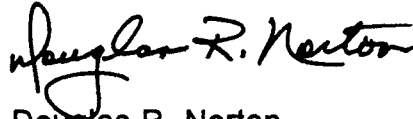
The records of the General Fixed Assets Account Group were incomplete as to cost. As a result of such incomplete records, we were unable to satisfy ourselves as to the stated cost of the assets included in the General Fixed Assets Account Group by appropriate audit tests or by other means.

In our opinion, based on our audit and the reports of the other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the stated cost of the assets included in the General Fixed Assets Account Group as discussed in the above paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Arizona as of June 30, 1992, or December 31, 1991, and the results of its operations, the cash flows of its proprietary funds and similar trust funds, the changes in fund balances of its university funds, and the current operating funds revenues, expenditures, and other changes of its university funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1.D.2. to the general purpose financial statements, the State changed its method of recognizing federal grant revenues of the Arizona Health Care Cost Containment System in fiscal year 1991-92.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the State of Arizona taken as a whole. The combining and individual fund and account group financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of the other auditors, except for the effects of the matter discussed in the third paragraph, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The information included in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on such information.

A handwritten signature in black ink, reading "Douglas R. Norton". The signature is written in a cursive style with a large initial 'D'.

Douglas R. Norton  
Auditor General

September 22, 1993



**GENERAL PURPOSE FINANCIAL STATEMENTS**

STATE OF ARIZONA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
<b>Current Assets:</b>						
Cash and investments	\$ 150,903	\$ 399,171	\$ 28,343	\$ 203,043	\$ 73,371	\$ 42,980
Cash held by trustee	-	-	-	-	590	-
Receivables, net of allowances:						
Taxes	360,006	64,605	-	1,656	4,613	-
Interest	1,548	7,959	587	1,167	17,888	260
Other	7,789	9,772	-	-	84,950	1,436
Due from U.S. Government	161,029	23,687	-	-	-	-
Due from local governments	630	6,364	-	2,149	-	54
Due from others	6	14	-	-	-	-
Due from other Funds	32,050	8,741	108	2,289	427	9,591
Inventories, at cost	-	5,462	-	-	10,393	3,253
Other	1,039	-	-	-	19,255	3,260
<b>Total Current Assets</b>	<b>715,000</b>	<b>525,775</b>	<b>29,038</b>	<b>210,304</b>	<b>211,487</b>	<b>60,834</b>
<b>Long-term Assets:</b>						
Investments	-	-	-	-	1,145,572	-
Investments held by trustee	-	-	-	-	79,166	-
Receivables, net of allowances	-	-	-	-	-	-
Other	-	-	-	-	49,205	-
Fixed assets						
Property and equipment	-	-	-	-	220,791	116,546
Less: accumulated depreciation	-	-	-	-	(69,494)	(63,907)
<b>Total Long-term Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,425,240</b>	<b>52,639</b>
<b>Total Assets</b>	<b>715,000</b>	<b>525,775</b>	<b>29,038</b>	<b>210,304</b>	<b>1,636,727</b>	<b>113,473</b>
<b>Other Debits:</b>						
Amount available for retirement of long-term debt	-	-	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$ 715,000</b>	<b>\$ 525,775</b>	<b>\$ 29,038</b>	<b>\$ 210,304</b>	<b>\$ 1,636,727</b>	<b>\$ 113,473</b>

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

FIDUCIARY FUND TYPES	ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)	
	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	UNIVERSITY	1992
\$ 4,373,473	\$ -	\$ -	\$ 136,523	\$ 5,407,807	\$ 5,020,994
44	-	-	94,665	95,299	189,244
39,106	-	-	-	469,986	438,034
65,459	-	-	-	94,868	92,144
207,490	-	-	82,952	394,389	214,566
-	-	-	-	184,716	48,101
-	-	-	-	9,197	6,584
9	-	-	-	29	6
1,675	-	-	-	54,881	56,587
-	-	-	12,700	31,808	29,548
1,573	-	-	4,940	30,067	16,655
<u>4,688,829</u>	<u>-</u>	<u>-</u>	<u>331,780</u>	<u>6,773,047</u>	<u>6,112,463</u>
10,659,550	-	-	69,575	11,874,697	10,779,265
-	-	-	-	79,166	46,488
28,957	-	-	-	28,957	26,723
2,689	-	-	-	51,894	40,903
19,172	1,150,438	-	2,170,904	3,677,851	3,422,570
(1,853)	-	-	-	(135,254)	(468,934)
<u>10,708,515</u>	<u>1,150,438</u>	<u>-</u>	<u>2,240,479</u>	<u>15,577,311</u>	<u>13,847,015</u>
<u>15,397,344</u>	<u>1,150,438</u>	<u>-</u>	<u>2,572,259</u>	<u>22,350,358</u>	<u>19,959,478</u>
-	-	24,393	-	24,393	21,491
-	-	2,069,690	-	2,069,690	1,532,649
<u>\$ 15,397,344</u>	<u>\$ 1,150,438</u>	<u>\$ 2,094,083</u>	<u>\$ 2,572,259</u>	<u>\$ 24,444,441</u>	<u>\$ 21,513,618</u>

STATE OF ARIZONA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1992  
 (CONTINUED)  
 (Expressed in Thousands)

LIABILITIES AND FUND EQUITY	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
<b>Current Liabilities:</b>						
Accounts payable	\$ 126,072	\$ 33,036	\$ 5	\$ 7,873	\$ 16,693	\$ 10,296
Accrued expenses	30,254	7,545	-	55	84,584	1,120
Obligations under securities loan agreements	-	-	-	-	-	-
Tax refunds payable	6,603	-	-	-	-	-
Due to U.S. Government	-	-	-	-	-	-
Due to local governments	221,930	58,702	-	-	-	-
Due to others	2,080	1,946	-	-	-	-
Due to other Funds	14,689	12,304	4,640	287	10,524	107
Deferred revenue	151,026	540	-	-	52,760	240
Current portion of insurance losses	270,134	-	-	-	293,682	-
Current portion of long-term debt	-	-	-	-	1,271	4,566
Other	10,266	20	-	-	40,641	70
<b>Total Current Liabilities</b>	<b>833,054</b>	<b>114,093</b>	<b>4,645</b>	<b>8,215</b>	<b>500,155</b>	<b>16,399</b>
<b>Long-term Liabilities:</b>						
Accrued compensated absences	-	-	-	-	4,154	695
Accrued insurance losses	-	-	-	-	666,469	325,837
Liabilities to plan investors	-	-	-	-	-	-
Tax refunds payable	-	-	-	-	-	-
<b>Long-term debt:</b>						
Revenue bonds	-	-	-	-	169,981	-
Certificates of participation	-	-	-	-	15,400	-
Leases and installment purchases	-	-	-	-	3	5,535
Other	-	-	-	-	420	-
<b>Total Long-term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>856,427</b>	<b>332,067</b>
<b>Total Liabilities</b>	<b>833,054</b>	<b>114,093</b>	<b>4,645</b>	<b>8,215</b>	<b>1,356,582</b>	<b>348,466</b>
<b>Commitments and contingencies</b>	<b>5,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Equity and Other Credits:</b>						
Net investment in fixed assets	-	-	-	-	-	-
Contributed capital	-	-	-	-	6,830	14,459
Retained earnings	-	-	-	-	273,315	(249,452)
<b>Fund balances:</b>						
Reserved	103,253	276,225	24,393	23,693	-	-
Unreserved	(226,491)	135,457	-	178,396	-	-
<b>Total Fund Equity and Other Credits</b>	<b>(123,238)</b>	<b>411,682</b>	<b>24,393</b>	<b>202,089</b>	<b>280,145</b>	<b>(234,993)</b>
<b>Total Liabilities and Fund Equity and Other Credits</b>	<b>\$ 715,000</b>	<b>\$ 525,775</b>	<b>\$ 29,038</b>	<b>\$ 210,304</b>	<b>\$ 1,636,727</b>	<b>\$ 113,473</b>

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

FIDUCIARY FUND TYPES	ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)	
	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	UNIVERSITY	1992
\$ 51,956	\$ -	\$ -	\$ 42,954	\$ 288,885	\$ 285,060
2,626	-	-	15,874	142,058	50,757
369,040	-	-	-	369,040	413,330
-	-	-	-	6,603	9,431
-	-	-	-	-	30
1,469,889	-	-	-	1,750,521	1,413,054
2,187	-	-	-	6,213	7,315
10,929	-	-	1,401	54,881	56,587
34,830	-	-	30,884	270,280	258,181
-	-	-	-	563,816	297,193
-	-	-	21,611	27,448	27,184
1,825,784	-	-	16,717	1,893,498	1,567,142
<u>3,767,241</u>	<u>-</u>	<u>-</u>	<u>129,441</u>	<u>5,373,243</u>	<u>4,385,264</u>
-	-	90,218	-	95,067	70,161
-	-	-	-	992,306	856,952
140,805	-	-	-	140,805	119,816
-	-	200,866	-	200,866	-
-	-	1,545,706	570,129	2,285,816	2,038,969
-	-	230,723	83,435	329,558	255,142
-	-	26,570	11,797	43,905	46,363
-	-	-	2,626	3,046	2,886
<u>140,805</u>	<u>-</u>	<u>2,094,083</u>	<u>667,987</u>	<u>4,091,369</u>	<u>3,390,289</u>
<u>3,908,046</u>	<u>-</u>	<u>2,094,083</u>	<u>797,428</u>	<u>9,464,612</u>	<u>7,775,553</u>
-	-	-	-	5,184	10,684
-	1,150,438	-	1,520,344	2,670,782	2,174,148
2,284	-	-	-	23,573	22,822
-	-	-	-	23,863	167,628
11,487,014	-	-	-	11,914,578	11,204,472
-	-	-	254,487	341,849	158,311
<u>11,489,298</u>	<u>1,150,438</u>	<u>-</u>	<u>1,774,831</u>	<u>14,974,645</u>	<u>13,727,381</u>
<u>\$ 15,397,344</u>	<u>\$ 1,150,438</u>	<u>\$ 2,094,083</u>	<u>\$ 2,572,259</u>	<u>\$ 24,444,441</u>	<u>\$ 21,513,618</u>

STATE OF ARIZONA  
 COMBINED STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND  
 EXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST
<b>REVENUES:</b>					
Taxes:					
Sales	\$ 1,965,555	\$ 126,835	\$ -	\$ -	\$ -
Income	1,447,421	-	-	-	16
Motor vehicle and fuel	100,195	698,586	-	4,352	-
Property	169,584	1,091	-	98	-
Unemployment	-	-	-	-	128,068
Other	263,581	12,797	-	21,270	-
Intergovernmental	1,701,688	219,548	-	70	56,359
Licenses, fees and permits	35,788	77,344	-	1,221	6,686
Earnings on investments	16,693	17,760	9,867	7,073	38,856
Sales and charges for services	18,019	1,715	-	-	320
Fines, forfeitures and penalties	6,245	28,094	-	-	5,746
Other	24,974	20,750	-	2,739	75,557
<b>Total Revenues</b>	<b>5,749,743</b>	<b>1,204,520</b>	<b>9,867</b>	<b>36,823</b>	<b>311,608</b>
<b>EXPENDITURES:</b>					
General government	926,918	25,022	-	-	188,344
Health and welfare	2,429,163	24,055	-	-	309,678
Inspection and regulation	32,527	40,115	-	-	2,023
Education	1,645,051	2,208	-	-	689
Protection and safety	367,441	17,853	-	-	13,245
Transportation	-	857,428	263	-	-
Natural resources	23,273	26,026	-	-	1,090
Capital outlay	40,669	13,821	-	187,675	4,341
Debt service:					
Principal	7,375	559	68,760	-	415
Interest and other fiscal charges	1,343	38	109,247	-	-
<b>Total Expenditures</b>	<b>5,473,760</b>	<b>1,007,125</b>	<b>178,270</b>	<b>187,675</b>	<b>519,825</b>
Revenues Over (Under) Expenditures	275,983	197,395	(168,403)	(150,852)	(208,217)
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	94,873	47,388	173,338	2,858	137,548
Operating transfers out	(602,155)	(229,181)	-	(5,327)	(8,175)
Other financing sources (uses)	111,726	1,643	(2,033)	278,881	1,507
<b>Total Other Financing Sources (Uses)</b>	<b>(395,556)</b>	<b>(180,150)</b>	<b>171,305</b>	<b>276,412</b>	<b>130,880</b>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(119,573)	17,245	2,902	125,560	(77,337)
Beginning Fund Balances, as restated	(12,286)	397,443	21,491	77,179	607,455
Residual Equity Transfers	8,621	(3,006)	-	(650)	(10)
Ending Fund Balances	\$ (123,238)	\$ 411,682	\$ 24,393	\$ 202,089	\$ 530,108

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

TOTALS  
(MEMORANDUM ONLY)

1992	1991
\$ 2,092,390	\$ 1,949,115
1,447,437	1,286,995
803,133	798,950
170,773	169,356
128,068	119,007
297,648	271,034
1,977,665	1,519,030
121,039	105,390
90,249	106,448
20,054	11,192
40,085	32,805
124,020	100,522
7,312,561	6,469,844
1,140,284	778,453
2,762,896	2,128,204
74,665	74,402
1,647,948	1,558,634
398,539	388,114
857,691	963,690
50,389	46,489
246,506	301,610
77,109	69,008
110,628	104,215
7,366,655	6,412,819
(54,094)	57,025
456,005	353,122
(844,838)	(758,801)
391,724	291,766
2,891	(113,913)
(51,203)	(56,888)
1,091,282	1,107,077
4,955	2,972
\$ 1,045,034	\$ 1,053,161

STATE OF ARIZONA  
 COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
 APPROPRIATION (BUDGET) TO ACTUAL - BUDGETARY BASIS  
 GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Appropriation (Budget)	Actual	Variance Favorable (Unfavorable)	Appropriation (Budget)	Actual	Variance Favorable (Unfavorable)
REVENUES	\$ -	\$ 4,145,847	\$ -	\$ -	\$ 1,322,876	\$ -
EXPENDITURES:						
General Appropriations						
General government	245,519	239,389	6,130	1,576	1,396	180
Health and welfare	1,046,048	1,019,539	26,509	4,754	2,995	1,759
Inspection and regulation	37,176	35,181	1,995	31,116	29,118	1,998
Education	1,950,442	1,939,368	11,074	-	-	-
Protection and safety	345,515	336,524	8,991	4,106	4,095	11
Transportation	65	64	1	1,549,659	429,370	1,120,289
Natural resources	25,761	25,007	754	17,670	16,945	725
Capital outlay	31,624	5,746	25,878	-	-	-
Total General Appropriations	3,682,150	3,600,818	81,332	1,608,881	483,919	1,124,962
Other Appropriations						
General government	3,881	2,148	1,733	-	-	-
Health and welfare	961,961	851,893	110,068	-	-	-
Protection and safety	4,313	3,115	1,198	-	-	-
Total Other Appropriations	970,155	857,156	112,999	-	-	-
TOTAL EXPENDITURES	4,652,305	4,457,974	194,331	1,608,881	483,919	1,124,962
Revenues Over (Under) Expenditures	-	(312,127)	-	-	838,957	-
OTHER FINANCING SOURCES (USES):						
General Appropriations						
Operating transfers-in	-	15,022	-	-	20,564	-
Other financing sources (uses)	-	87,661	-	-	3,011	-
Total General Operations	-	102,683	-	-	23,575	-
Other Appropriations						
Operating transfers-in	-	84,582	-	-	-	-
Other financing sources (uses)	-	1,195	-	-	-	-
Total Other Appropriations	-	85,777	-	-	-	-
Total Other Financing Sources (Uses)	-	188,460	-	-	23,575	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ (123,667)	\$ -	\$ -	\$ 862,532	\$ -

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



CAPITAL PROJECTS FUNDS

<u>Appropriation (Budget)</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ 296,079	\$ -
33	33	-
-	-	-
-	-	-
-	-	-
897	897	-
49,874	26,069	23,805
<u>50,804</u>	<u>26,999</u>	<u>23,805</u>
-	-	-
-	-	-
-	-	-
<u>50,804</u>	<u>26,999</u>	<u>23,805</u>
-	269,080	-
-	2,054	-
-	7	-
-	2,061	-
-	-	-
-	-	-
-	-	-
-	2,061	-
<u>\$ -</u>	<u>\$ 271,141</u>	<u>\$ -</u>

STATE OF ARIZONA  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NON-EXPENDABLE TRUST	PENSION TRUST	1992	1991
<b>OPERATING REVENUES:</b>						
Sales and charges for services:						
Lottery	\$ 249,251	\$ -	\$ -	\$ -	\$ 249,251	\$ 230,449
Other	453,799	122,932	14,179	-	590,910	550,575
Taxes	21,825	-	-	-	21,825	24,327
Intergovernmental	18	-	-	-	18	93
Licenses, fees and permits	914	-	9,723	-	10,637	17,135
Earnings on investments	108,674	-	45,711	976,372	1,130,757	948,807
Retirement contributions	-	-	-	357,498	357,498	350,953
Other	19,636	4,529	1,061	946	26,172	31,169
<b>Total Operating Revenues</b>	<b>854,117</b>	<b>127,461</b>	<b>70,674</b>	<b>1,334,816</b>	<b>2,387,068</b>	<b>2,153,508</b>
<b>OPERATING EXPENSES:</b>						
Cost of sales and benefits	512,707	19,194	-	-	531,901	471,979
Retirement benefits and refunds	-	-	-	449,414	449,414	406,970
Personal services	112,247	24,373	212	-	136,832	121,541
Contractual services	26,697	20,601	1,082	-	48,380	42,403
Aid to local governments	30,654	663	57,460	-	88,777	95,566
Depreciation and amortization	12,929	13,833	422	58	27,242	26,233
Insurance	5,421	176,885	74	-	182,380	53,676
Other	55,658	4,381	2,500	31,675	94,214	119,946
<b>Total Operating Expenses</b>	<b>756,313</b>	<b>259,930</b>	<b>61,750</b>	<b>481,147</b>	<b>1,559,140</b>	<b>1,338,314</b>
<b>Operating Income (Loss)</b>	<b>97,804</b>	<b>(132,469)</b>	<b>8,924</b>	<b>853,669</b>	<b>827,928</b>	<b>815,194</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest income	5,082	517	-	-	5,599	19,189
Interest expense	(3,933)	-	-	-	(3,933)	(5,281)
Other	(4,159)	359	30,609	-	26,809	26,370
<b>Total Non-operating Income (Loss)</b>	<b>(3,010)</b>	<b>876</b>	<b>30,609</b>	<b>-</b>	<b>28,475</b>	<b>40,278</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>94,794</b>	<b>(131,593)</b>	<b>39,533</b>	<b>853,669</b>	<b>856,403</b>	<b>855,472</b>
<b>OPERATING TRANSFERS:</b>						
Operating transfers in	952	25	-	-	977	4,757
Operating transfers out	(76,415)	(2,765)	(489)	(4,070)	(83,739)	(78,388)
<b>Total Operating Transfers</b>	<b>(75,463)</b>	<b>(2,740)</b>	<b>(489)</b>	<b>(4,070)</b>	<b>(82,762)</b>	<b>(73,631)</b>
<b>Net Income (Loss)</b>	<b>19,331</b>	<b>(134,333)</b>	<b>39,044</b>	<b>849,599</b>	<b>773,641</b>	<b>781,841</b>
<b>Beginning Retained Earnings/Fund Balances, as restated</b>	<b>280,093</b>	<b>(113,630)</b>	<b>556,565</b>	<b>9,511,782</b>	<b>10,234,810</b>	<b>9,474,282</b>
<b>Residual Equity Transfers</b>	<b>(1,109)</b>	<b>(1,489)</b>	<b>(84)</b>	<b>-</b>	<b>(2,682)</b>	<b>(2,972)</b>
<b>Provision for Dividends</b>	<b>(25,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,000)</b>	<b>(18,200)</b>
<b>Ending Retained Earnings/Fund Balances</b>	<b>\$ 273,315</b>	<b>\$ (249,452)</b>	<b>\$ 595,525</b>	<b>\$ 10,361,381</b>	<b>\$ 10,980,769</b>	<b>\$ 10,234,951</b>

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

***THIS PAGE INTENTIONALLY LEFT BLANK***

STATE OF ARIZONA  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS	
	ENTERPRISE	INTERNAL	NON-EXPENDABLE	(MEMORANDUM ONLY)	
		SERVICE	TRUST	1992	1991
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 97,804	\$ (132,469)	\$ 8,924	\$ (25,741)	\$ 98,943
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation	12,929	13,833	422	27,184	26,078
Amortization of investment (premium)	(21,208)	-	-	(21,208)	(18,166)
Net (gain) on sale of investment	(134)	-	-	(134)	(103)
Net (gain) on sale of fixed assets	(99)	-	-	(99)	(3,757)
Dividends to policyholders	(25,000)	-	-	(25,000)	(27,261)
Amortization of bond issuance costs	-	-	-	-	97
Provision for long-term liabilities	2,404	-	-	2,404	2,846
Write off of preliminary survey and investigation costs	918	-	-	918	-
Total Adjustments	(30,190)	13,833	422	(15,935)	(20,266)
Changes in Assets and Liabilities:					
(Increase) in receivables, net of allowances	(4,959)	(577)	(10,312)	(15,848)	(9,443)
(Increase) decrease in due from local governments	-	56	-	56	(89)
(Increase) decrease in due from other Funds	951	2,008	2,506	5,465	(538)
(Increase) in inventories, at cost	(478)	(495)	-	(973)	(1,112)
(Increase) in other current assets	(7,908)	(374)	-	(8,282)	(1,630)
Increase (decrease) in accounts payable	(17,821)	3,349	(893)	(15,365)	13,246
Increase (decrease) in accrued expenses	79,416	(224)	58	79,250	1,732
(Decrease) in due to local governments	-	-	-	-	(8)
Increase (decrease) in due to other Funds	2,790	(1,591)	(2,621)	(1,422)	13,063
Increase (decrease) in deferred revenue	13,285	(328)	752	13,709	6,534
Increase in other current liabilities	93,583	70	-	93,653	6,290
Increase (decrease) in compensated absences	(67)	2	-	(65)	180
Increase (decrease) in long-term insurance losses	(1,376)	134,850	-	133,474	92,902
Net Changes in Assets and Liabilities	157,416	136,746	(10,510)	283,652	121,127
Net Cash Provided (Used) by Operating Activities	225,030	18,110	(1,164)	241,976	199,804
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Interest expense	(3,335)	-	-	(3,335)	(4,323)
Other non-operating revenues (expenses)	(1,201)	254	30,609	29,662	20,751
Operating transfers in	952	25	-	977	921
Operating transfers out	(76,415)	(2,765)	(489)	(79,669)	(74,552)
Residual equity transfers	(3)	(1,489)	(84)	(1,576)	(2,972)
Increase in advances for Hoover Upgrading Project	(11,688)	-	-	(11,688)	(6,123)
Contributions from U.S. Government	-	-	2,284	2,284	-
Net Cash Provided (Used) by Non-capital Financing Activities	(91,690)	(3,975)	32,320	(63,345)	(66,298)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of fixed assets	(22,179)	(10,696)	(507)	(33,382)	(30,097)
Proceeds from sale of fixed assets	1,552	829	-	2,381	8,001
Retirement of revenue bonds principal	(25,003)	-	-	(25,003)	(495)
Interest payments under certificate of participation or bonds	(598)	-	-	(598)	(958)
Principal payments under leases and installment purchases	(668)	(4,429)	-	(5,097)	(5,983)
Proceeds from other long-term debt	27,268	-	-	27,268	49,967
Proceeds in funds received by trustee	8,406	-	-	8,406	6,098
Payment for bond issuance and insurance costs	(2,697)	-	-	(2,697)	(1,781)
Contributions (to) from other Funds	50	(661)	1,024	413	1,187
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (13,869)	\$ (14,957)	\$ 517	\$ (28,309)	\$ 25,939

STATE OF ARIZONA  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (CONTINUED)  
 (Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS	
	ENTERPRISE	INTERNAL	NON-EXPENDABLE	(MEMORANDUM ONLY)	
		SERVICE	TRUST	1992	1991
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from sales and maturities of investments	\$ 25,800	\$ -	\$ 2,128,227	\$ 2,154,027	\$ 1,183,845
Purchase of investments	(143,073)	-	(2,160,485)	(2,303,558)	(1,392,147)
Interest and dividends on investments	4,828	399	-	5,227	15,114
Decrease in assets whose use is limited	5,961	-	-	5,961	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(106,484)</b>	<b>399</b>	<b>(32,258)</b>	<b>(138,343)</b>	<b>(193,188)</b>
<b>Net Increase (Decrease) in Cash and Short-term Investments</b>	<b>12,987</b>	<b>(423)</b>	<b>(585)</b>	<b>11,979</b>	<b>(33,743)</b>
Cash and Short-term Investments - Beginning	60,974	43,403	29,775	134,152	167,895
Cash and Short-term Investments - Ending	\$ 73,961	\$ 42,980	\$ 29,190	\$ 146,131	\$ 134,152

NON-CASH TRANSACTIONS

Enterprise Funds:

During fiscal year 1991-92, the University Medical Center advance refunded a portion of Hospital Revenue Bonds (Series 1986 and 1987) and wrote off certain costs related to the Series 1986 and 1987 Bonds resulting in a loss of \$3.3 million. The University Medical Center also retired \$2.9 million of its fixed assets resulting in a gain of \$88 thousand which is reported as other operating revenue.

During fiscal year 1991-92, the Coliseum and Exposition Center was mandated by the Legislature to transfer \$2.0 million to the State General Fund. This transaction is reported in the financial statements as a transfer of \$0.9 million of contributed capital and a residual equity transfer of \$1.1 million. However, since the effective date of ARS 23-987 mandating the transfer was September 30, 1992, as of June 30, 1992, the \$2.0 million had not been transferred, but the liability had been accrued.

Effective July 1, 1991, the Arizona Correctional Industries transferred ownership of their warehouse, sheet metal shop building, and the farm house at the Arizona State Prison Complex in Florence to the Arizona Department of Corrections. The total annual depreciation of these three buildings being charged to operating expenses was \$35 thousand and at June 30, 1991, they had a combined net value of \$1.0 million which was offset against contributed capital during fiscal year 1991.

Internal Service Funds:

During fiscal year 1991-92, mobile equipment of \$15 thousand was transferred from the General Fixed Assets Account Group to the Transportation Equipment Revolving Fund. The transfer of equipment was recorded as an increase in contributed capital.

During fiscal year 1991-92, the Telecommunications Fund entered into two installment purchase contracts to acquire various telecommunications equipment totaling \$0.3 million. At June 30, 1992, the outstanding principal balance on these contracts totaled \$0.2 million.

The Data Center entered into two installment purchase contracts to acquire various computer equipment totaling \$1.6 million. At June 30, 1992, the outstanding principal balance on these contracts totaled \$1.3 million.

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

STATE OF ARIZONA  
 COMBINED STATEMENT OF CHANGES IN FUND BALANCES  
 UNIVERSITY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	CURRENT OPERATING FUNDS				TOTAL CURRENT OPERATING FUNDS
	UNRESTRICTED				
	GENERAL OPERATING FUNDS	DESIGNATED FUNDS	AUXILIARY ENTERPRISES FUNDS	RESTRICTED FUNDS	
<b>REVENUES AND OTHER ADDITIONS:</b>					
Unrestricted current revenues	\$ 176,370	\$ 172,643	\$ 149,921	\$ -	\$ 498,934
Tuition and fees	-	-	-	302	302
Governmental grants and contracts	-	-	-	222,492	222,492
Private gifts, grants and contracts	-	-	-	78,610	78,610
Investment and endowment income	-	-	-	3,525	3,525
Additions to plant facilities including \$53,224 charged to current funds expenditures	-	-	-	-	-
Retirement of indebtedness including \$1,388 charged to current funds expenditures	-	-	-	-	-
Proceeds of bond refunding	-	-	-	-	-
Other additions	-	-	-	25	25
<b>Total Revenues and Other Additions</b>	<b>176,370</b>	<b>172,643</b>	<b>149,921</b>	<b>304,954</b>	<b>803,888</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>					
Educational and general expenditures	641,630	120,846	-	256,408	1,018,884
Auxiliary enterprises expenditures	-	-	123,243	-	123,243
Indirect costs recovered	-	-	-	46,075	46,075
Cancellation of loans and provision for bad debts	-	-	-	-	-
Administrative and collection costs Expended for plant facilities including expenditures not capitalized of \$1,775	-	-	-	21	21
Interest on indebtedness including \$7,852 capitalized as construction in progress	-	-	-	-	-
Disposal of plant facilities	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	-
Other deductions	-	-	-	515	515
<b>Total Expenditures and Other Deductions</b>	<b>641,630</b>	<b>120,846</b>	<b>123,243</b>	<b>303,019</b>	<b>1,188,738</b>
<b>TRANSFERS AMONG FUNDS AND ADDITIONS (DEDUCTIONS):</b>					
State general fund appropriations	516,687	-	-	1,332	518,019
Mandatory loan fund and matching grants	-	(91)	-	86	(5)
Mandatory debt indenture requirements	(55)	(28,766)	(16,924)	-	(45,745)
Other mandatory	(53,238)	(1,606)	(1,507)	465	(55,886)
Voluntary, net	375	(14,198)	(2,668)	(925)	(17,416)
<b>Net Transfers Among Funds</b>	<b>463,769</b>	<b>(44,661)</b>	<b>(21,099)</b>	<b>958</b>	<b>398,967</b>
<b>Net Increase (Decrease) for the Year</b>	<b>(1,491)</b>	<b>7,136</b>	<b>5,579</b>	<b>2,893</b>	<b>14,117</b>
<b>Beginning Fund Balances</b>	<b>4,496</b>	<b>40,660</b>	<b>16,895</b>	<b>20,051</b>	<b>82,102</b>
<b>Ending Fund Balances</b>	<b>\$ 3,005</b>	<b>\$ 47,796</b>	<b>\$ 22,474</b>	<b>\$ 22,944</b>	<b>\$ 96,219</b>

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

NON-OPERATING FUNDS

STUDENT LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS	PLANT FUNDS				TOTAL ALL FUNDS (MEMORANDUM ONLY)	
		UNEXPENDED PLANT FUNDS	DEBT SERVICE FUNDS	INVESTMENT IN PLANT	TOTAL PLANT FUNDS	1992	1991
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 498,934	\$ 485,763
-	362	-	711	-	711	1,375	1,339
137	-	13,152	48	-	13,200	235,829	215,993
41	1,572	5,029	-	7,278	12,307	92,530	80,897
524	2,173	3,938	4,505	-	8,443	14,665	18,469
-	-	-	-	191,937	191,937	191,937	219,559
-	-	-	-	214,571	214,571	214,571	25,648
-	-	-	207,940	(207,940)	-	-	-
683	681	1,642	48	-	1,690	3,079	2,195
<u>1,385</u>	<u>4,788</u>	<u>23,761</u>	<u>213,252</u>	<u>205,846</u>	<u>442,859</u>	<u>1,252,920</u>	<u>1,049,863</u>
-	-	-	-	-	-	1,018,884	994,315
-	-	-	-	-	-	123,243	128,507
42	-	-	-	-	-	46,117	44,230
381	-	-	-	-	-	381	6
606	-	-	28	-	28	655	720
-	-	132,636	-	-	132,636	132,636	148,583
-	-	-	47,133	-	47,133	47,133	47,209
-	-	-	-	44,830	44,830	44,830	56,758
-	-	-	213,183	-	213,183	213,183	23,976
48	-	2,678	15,232	-	17,910	18,473	4,341
<u>1,077</u>	<u>-</u>	<u>135,314</u>	<u>275,576</u>	<u>44,830</u>	<u>455,720</u>	<u>1,645,535</u>	<u>1,448,645</u>
50	259	1,614	-	-	1,614	519,942	520,066
5	-	-	-	-	-	-	-
-	-	(409)	46,154	-	45,745	-	-
-	-	154	7,385	-	7,539	(48,347)	(40,756)
61	(1,876)	110,828	2,627	(94,224)	19,231	-	-
<u>116</u>	<u>(1,617)</u>	<u>112,187</u>	<u>56,166</u>	<u>(94,224)</u>	<u>74,129</u>	<u>471,595</u>	<u>479,310</u>
424	3,171	634	(6,158)	66,792	61,268	78,980	80,528
<u>34,438</u>	<u>72,316</u>	<u>24,041</u>	<u>29,402</u>	<u>1,453,552</u>	<u>1,506,995</u>	<u>1,695,851</u>	<u>1,615,323</u>
<u>\$ 34,862</u>	<u>\$ 75,487</u>	<u>\$ 24,675</u>	<u>\$ 23,244</u>	<u>\$ 1,520,344</u>	<u>\$ 1,568,263</u>	<u>\$ 1,774,831</u>	<u>\$ 1,695,851</u>

STATE OF ARIZONA  
 COMBINED STATEMENT OF CURRENT OPERATING FUNDS  
 REVENUES, EXPENDITURES AND OTHER CHANGES  
 UNIVERSITY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	UNRESTRICTED FUNDS					TOTAL CURRENT OPERATING FUNDS	
	GENERAL OPERATING FUNDS	DESIGNATED FUNDS	AUXILIARY ENTERPRISES FUNDS	TOTAL UNRESTRICTED FUNDS	RESTRICTED FUNDS	1992	1991
<b>REVENUES:</b>							
Tuition and fees	\$ 168,971	\$ 84,911	\$ 10,043	\$ 263,925	\$ 349	\$ 264,274	\$ 254,141
Governmental grants and contracts	3,334	40,357	19	43,710	195,852	239,562	222,243
Private gifts, grants and contracts	-	12,312	1,674	13,986	55,324	69,310	66,408
Investment and endowment income	1,431	8,669	331	10,431	3,243	13,674	14,715
Sales and services of auxiliary enterprises	-	-	136,040	136,040	-	136,040	132,580
Internal services	-	-	1,566	1,566	-	1,566	49
Other	2,634	26,394	248	29,276	287	29,563	27,631
<b>Total Revenues</b>	<b>176,370</b>	<b>172,643</b>	<b>149,921</b>	<b>498,934</b>	<b>255,055</b>	<b>753,989</b>	<b>717,767</b>
<b>EXPENDITURES:</b>							
Educational and general:							
Instruction	271,459	38,400	-	309,859	18,396	328,255	333,907
Research	53,401	10,090	-	63,491	145,682	209,173	196,514
Public service	13,894	5,177	-	19,071	30,813	49,884	46,312
Academic support	109,962	10,349	-	120,311	665	120,976	120,302
Student services	33,414	8,959	-	42,373	2,446	44,819	45,874
Institutional support	56,176	29,398	-	85,574	859	86,433	89,197
Operation and maintenance of plant	70,432	8,746	-	79,178	7	79,185	73,669
Scholarships and fellowships	32,892	9,727	-	42,619	57,540	100,159	88,540
<b>Total Educational and General Expenditures</b>	<b>641,630</b>	<b>120,846</b>	<b>-</b>	<b>762,476</b>	<b>256,408</b>	<b>1,018,884</b>	<b>994,315</b>
Auxiliary enterprises	-	-	123,243	123,243	-	123,243	128,507
<b>Total Expenditures</b>	<b>641,630</b>	<b>120,846</b>	<b>123,243</b>	<b>885,719</b>	<b>256,408</b>	<b>1,142,127</b>	<b>1,122,822</b>
<b>MANDATORY TRANSFERS:</b>							
Debt indenture requirements	(55)	(28,766)	(16,924)	(45,745)	-	(45,745)	(52,626)
Loan fund and matching grants	-	(91)	-	(91)	86	(5)	-
Other mandatory	(53,238)	(1,606)	(1,507)	(56,351)	465	(55,886)	(47,515)
<b>Total Net Mandatory Transfers</b>	<b>(53,293)</b>	<b>(30,463)</b>	<b>(18,431)</b>	<b>(102,187)</b>	<b>551</b>	<b>(101,636)</b>	<b>(100,141)</b>
<b>OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):</b>							
State general fund appropriations	516,687	-	-	516,687	1,353	518,040	516,735
Restricted receipts over (under) transfers to revenues	-	-	-	-	3,358	3,358	(992)
Voluntary transfers, net	375	(14,198)	(2,668)	(16,491)	(925)	(17,416)	(14,800)
Other	-	-	-	-	(91)	(91)	(109)
<b>Total Other Transfers and Additions (Deductions)</b>	<b>517,062</b>	<b>(14,198)</b>	<b>(2,668)</b>	<b>500,196</b>	<b>3,695</b>	<b>503,891</b>	<b>500,834</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>\$ (1,491)</b>	<b>\$ 7,136</b>	<b>\$ 5,579</b>	<b>\$ 11,224</b>	<b>\$ 2,893</b>	<b>\$ 14,117</b>	<b>\$ (4,362)</b>

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



***THIS PAGE INTENTIONALLY LEFT BLANK***

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the State of Arizona have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units.

The measurement focus of the financial statements for Governmental, Expendable Trust and Agency Funds is the flow of current financial resources, measured by the modified accrual basis of accounting. The measurement focus of the financial statements for Proprietary, Non-Expendable Trust, Pension Trust and University Funds is the flow of economic resources, measured by the accrual basis of accounting.

The State classifies assets and liabilities as current or long-term on the balance sheet. Liabilities expected to be paid within the next 12 months, except for the General Long-Term Debt Account Group, along with the assets available to meet those liabilities, are classified as current. Other assets and liabilities are long-term.

Amounts in the 1992 and 1991 "Total-Memorandum Only" columns in the accompanying financial statements represent a summation of the combined financial statement line items. These are presented for analytical purposes only. Consequently, amounts shown in the "Total-Memorandum Only" columns are not comparable to a consolidation, and they do not represent the total resources available, total liabilities and fund balances or total revenues and expenditures/expenses of the State. Certain amounts have been reclassified in the 1991 column to conform to the 1992 presentation.

All financial statement information of the reporting entity is for the fiscal year-ended June 30, 1992, except for certain components of the Enterprise Funds. The State Compensation Fund's and the Social Service Contractors Indemnity Pool's, a component of the Other Enterprise Funds, information is for the calendar year-ended December 31, 1991.

B. FINANCIAL REPORTING ENTITY

The accompanying financial statements include financial transactions of all funds, account groups, elected offices, agencies, boards, commissions and universities over which the State's judicial, executive or legislative branches exercise primary oversight responsibility. Oversight responsibility includes selection of an entity's governing authority and ultimate accountability for fiscal matters.

The State reporting entity includes the three State universities (University of Arizona, Arizona State University, and Northern Arizona University), the University Medical Center Corporation, the Arizona Power Authority, and the four State retirement systems.

The State reporting entity does not include counties, municipalities, school districts, community colleges, the Central Arizona Water Conservation District or other political subdivisions of the State over which the State exercises little, if any, oversight responsibility.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. (CONTINUED)

C. FUND STRUCTURE

The State uses approximately 600 accounting funds. Each accounting fund is a separate accounting entity with its own self-balancing set of accounts that represent its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual accounting funds depending upon the purposes for which the State collects revenues or expends resources, and the means the State uses to control spending activities. For the purpose of preparing financial statements, the accounting funds have been combined by fund type. Account groups are used to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The four major fund types and the two account groups are described below.

1. Governmental Fund Types

The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund consists of four different sub-funds: 1) General Operations; 2) Federal Grants; 3) Other Appropriations; and 4) Other Non-Appropriations.

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds account for financial resources used to acquire or construct major capital facilities (other than those financed by Proprietary, Non-Expendable Trust, Pension Trust or University Funds).

2. Proprietary Fund Types

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.

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.

3. Fiduciary Fund Types

Expendable Trust Funds account for assets held by the State in a trustee capacity, where principal may be expended in the course of the funds' designated operations.

Non-Expendable Trust Funds account for assets held by the State in a trustee capacity, where the State must preserve the principal intact, and may expend only income derived from the principal for the funds' designated operations.

Pension Trust Funds account for transactions of the four public employee retirement systems for which the State acts as trustee.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. (CONTINUED)

Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the State, where the State acts as an agent for distribution to other governmental units or organizations.

4. University Funds

The University Funds account for the transactions of the State's three universities. For State reporting purposes, the University Funds combine the balances of each university's separate financial statements.

The University Funds include:

- \* Current Operating Funds which account for unrestricted resources over which the governing board retains full control in achieving the institutions' purposes and restricted resources which may be utilized only in accordance with externally restricted purposes.
- \* Loan funds account for loans made to assist students in financing their education.
- \* Endowment funds account for private gifts which specify income purpose and principal protection.
- \* Agency funds account for assets for which the university acts in a custodial manner.
- \* Plant funds which account for institutional property investment, acquisition, renewal, replacement and debt service.

5. General Fixed Assets Account Group

Fixed assets used in Governmental and Expendable Trust Fund operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the individual funds. Fixed assets related to Proprietary, Non-Expendable Trust, Pension Trust and the University Funds are accounted for in those funds.

6. General Long-Term Debt Account Group

The General Long-Term Debt Account Group reflects long-term liabilities expected to be retired with Governmental and Expendable Trust Fund resources. Acquisition liabilities related to Proprietary, Non-Expendable Trust, Pension Trust and University Funds are accounted for in those funds.

D. BASIS OF ACCOUNTING

1. Overview

The financial statements present the Governmental, Expendable Trust and Agency Funds on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and other financial resources are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. Expenditures and other uses of financial resources are recognized when the related fund liability is incurred.

The financial statements of the Proprietary, Non-Expendable and Pension Trust Funds are presented on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. (CONTINUED)

The financial statements of the University Funds use the accrual basis of accounting in accordance with generally accepted accounting principles.

**2. Revenue Recognition - Governmental Fund Types**

The State recognizes tax revenues and related receivables when the taxpayer incurs the corresponding liability, and the payment has been demanded, provided the State can reasonably estimate the amount of revenue to which it is entitled and can reasonably establish its collectibility, i.e., earned and collected or expected to be collected within the next 31 days. Otherwise, the State defers recognizing revenue until cash is received. Major revenues determined to be susceptible to accrual include income, sales, unemployment, and motor vehicle and fuel taxes. Any receivables not expected to be collected within the next 31 days are recorded as deferred revenue.

The State estimates the amount of taxes that will ultimately be uncollectible and excludes these from revenues. Tax refunds are based upon actual payments made within 31 days after fiscal year end and are recorded as a liability and a reduction in related revenue.

Property taxes are levied on the third Monday in August. The first half of collections are due October 1 and the second half are due the following March 1. Any property tax collections received within 31 days after fiscal year end are recognized as revenue. The lien date is the first day of January each year.

Federal grants and reimbursements are recorded as intergovernmental receivables and revenues when the State incurs the related expenditures or expenses, provided the State has complied with the terms of the grant award. Revenues from Federal entitlement awards are recorded as intergovernmental receivables and revenues when entitlement occurs.

Revenue from non-refundable licenses, permits and similar fees is recorded when cash is received. Other revenues are recorded when earned, or when the State becomes entitled to the revenue and can establish its collectibility; otherwise, the State defers recognition of revenue until cash is received.

Prior to fiscal year 1992, the State did not recognize the Federal grant revenue that is related to the expenditure accrued as an incurred but not reported liability of the Arizona Health Care Cost Containment System (AHCCCS). For fiscal year 1992, the State will recognize these Federal grant revenues to the extent that they are expected to be received by AHCCCS and are attributable to the related expenditures accrued at the current fiscal year end. This change in accounting policy resulted in a restatement of beginning fund balance of \$42.3 million in the General Fund. See Note 10 for details on the restatement of fund balance.

Beginning with fiscal year 1992, the State will recognize both the revenue and the related expenditure for those amounts distributed throughout the year to cities and counties as Urban Revenue Sharing. This change has no effect on fund balance and is not reflected on the accompanying comparative financial statements in the fiscal year 1991 total (memorandum only) column.

**3. Expenditure Recognition - Governmental Fund Types**

The State recognizes expenditures and related liabilities in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months, as a result of receiving property, goods or services, or when the beneficiary of a State program becomes entitled to receive benefits. Exceptions to this rule are:

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. (CONTINUED)

- \* The State does not recognize a liability or the related expenditure for expected future welfare, health and similar benefits if the beneficiary is entitled to benefits solely because of a current condition.
- \* The State recognizes interest in the Debt Service Funds to the extent it becomes payable during the current fiscal year.
- \* The State recognizes compensated absences in the period they are paid. The amounts earned and to be paid in the future are recorded in the General Long-Term Debt Account Group.
- \* The State recognizes a liability and the related expenditures for the accrued insurance losses of AHCCCS as they are incurred, without regard to when these expenditures are actually paid.

The portion of the liabilities which is expected to be paid beyond 12 months is recorded in the General Long-Term Debt Account Group.

Beginning with fiscal year 1992, the State will recognize both the revenue and the related expenditure for those amounts distributed throughout the year to cities and counties as Urban Revenue Sharing. This change has no effect on fund balance and is not reflected on the accompanying comparative financial statements in the fiscal year 1991 total (memorandum only) column.

4. Expenditure Classification - Governmental Function Types

General Government agencies provide general government services to other State agencies or to the general public.

Health and Welfare agencies provide health and welfare services to the general public.

Inspection and Regulation agencies provide inspection and regulatory services for the general public.

Education agencies provide education services to the general public.

Protection and Safety agencies provide law enforcement, military, custody and related services to the general public.

Transportation services to the general public are provided by the Arizona Department of Transportation.

Natural Resources agencies provide services with regard to the natural resources of the State.

E. VALUATION POLICIES

1. Cash and Cash Equivalents

Cash and cash equivalents include undeposited receipts, petty cash, bank accounts, and certificates of deposit.

2. Investments

Investments are stated at cost or amortized cost, except for investments in the Deferred Compensation Agency Fund which are reported at market value.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. (CONTINUED)

3. Inventories

Inventories consist of expendable supplies held for consumption in all funds, and merchandise intended for sale to customers in the Proprietary and University Funds. Inventories are stated at cost, using the first-in, first-out method. In Governmental Funds inventories are accounted for using the consumption method. Under this method, inventories are recorded as an expenditure as they are used.

4. General Fixed Assets

Fixed assets capitalized in the General Fixed Assets Account Group are recorded at the time of purchase as capital outlay or other expenditures in the funds from which the expenditures are made. Such assets are capitalized at historical cost or estimated historical cost if actual historical cost is unknown. Donated fixed assets are recorded at estimated fair market value on the date of contribution. Public domain (infrastructure) general fixed assets consisting of roads and bridges are not capitalized, as these assets are immovable and of value only to the government.

Prior to fiscal year 1992, the State computed depreciation on its general fixed assets. Beginning with fiscal year 1992, the State no longer computes depreciation on general fixed assets.

5. Proprietary and Similar Trust Fund Fixed Assets

Fixed assets acquired in Proprietary and Similar Trust Funds are capitalized at historical cost or estimated historical cost if actual cost is unknown. Donated fixed assets are recorded at estimated fair market value on the date of contribution. Depreciation is charged against operations in Proprietary and Similar Trust Funds on a straight-line basis over the estimated useful lives of the assets.

The State is trustee for approximately 9.6 million acres of land acquired through U.S. Government land grants. The State acquired a substantial portion of this land at no cost to the State, and its fair market value has not been reliably estimated. Accordingly, this land is not reported on the accompanying financial statements. A portion of the land that the State is trustee for has been sold and the buyers of the land have defaulted on the loans. The value of the land has been recorded at the sales price and properly included in the Non-Expendable Trust Funds fixed assets.

The State holds land and other assets in trust for the benefit of its public schools and other public institutions. The trust requires the principal to be held intact with only interest and rentals of property distributed for current operations. Accordingly, certain revenues, including gains on the sale of property, are added to principal rather than distributed for current operations. In addition, the State Constitution provides that certain State revenues be added to the principal of the trust. In 1992, the trust distributed all monies eligible for distribution to aid the State's educational system and other public institutions.

6. University Fixed Assets

Fixed assets capitalized in the University Funds are recorded at historical cost or estimated historical cost if actual historical cost is unknown. Donated fixed assets are recorded at fair value on the date of contribution. The University Funds do not record depreciation on fixed assets.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. (CONTINUED)

7. Leases

The State has capital leases for land, buildings, machinery and equipment. Although the terms of these leases vary, most are subject to annual appropriations by the Legislature. If a legislative appropriation is reasonably assured and the intent of the State is to continue the lease, a capital lease is considered non-cancellable for financial reporting purposes and is reported in the General Long-Term Debt Account Group, or in the appropriate Proprietary and Similar Trust or University Funds.

Assets acquired through capital leases are valued at cost. Capital leases for the Governmental Funds are reported in the General Long-Term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group. Capital leases for the Proprietary and Similar Trust or University Funds are reported in those funds as a long-term obligation, together with the related assets.

The State also leases land, buildings and equipment under operating leases. The related assets are not capitalized. Operating lease obligations are recorded when incurred as rental expenditures or expenses of the related funds.

F. BUDGETS AND BUDGETARY ACCOUNTING

1. Budget Process

Annually, no later than five days after the regular session of the Legislature convenes, the Governor must submit to the Legislature for approval, a proposed operating and capital outlay budget for the succeeding fiscal year. The Legislature must approve the budget by passing a general and a capital outlay appropriation bill. The budget can be amended throughout the year by special legislative appropriations and/or budget transfers. The State's budgeted expenditures may not exceed seven percent of aggregate personal income as estimated by the Economic Estimates Commission as stated in the State Constitution.

Funds which have legal budgets include the General Fund, Special Revenue Funds (except for minor funds), portions of Capital Projects Funds, State appropriations to the Coliseum and Exposition Center of the Enterprise Funds, certain Expendable, Non-Expendable and Pension Trust Funds, and State appropriations to the University Funds. However, Federal resources included in these Funds are not appropriated. The General Fund is the only fund for which a revenue budget is prepared.

State agencies are responsible for exercising budgetary control and ensuring that expenditures do not exceed appropriations. The State Department of Administration - Division of Finance exercises oversight and does not disburse funds in excess of appropriations.

The State prepares its annual budget on the cash basis of accounting. Encumbrances as of June 30 can be liquidated during a four week administrative period known as the 13th month. Anticipated revenue is estimated on the cash basis. The statements comparing budgeted and actual results are presented on the budgetary (or legal) basis. The State prepares an annual budgetary report which presents the individual funds comparisons at the level of budgetary control.



STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 1. (CONTINUED)

2. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation, is an extension of formal budgetary control. The Department of Administration - Division of Finance is authorized to draw warrants against the available balances of appropriations for one month after the end of the fiscal year in order to pay for goods or services received but not paid for at the close of the fiscal year.

Encumbrances outstanding more than one month after year end for goods or services that were not received before year end are cancelled. These can only be paid upon a subsequent appropriation by the Legislature. Encumbrances for goods and services received before year end can be paid in the subsequent year with the previous year appropriations.

One month after year end, the remaining available appropriations lapse and no further payments may be made except for continuing appropriations allowed under Arizona Revised Statutes (ARS) Section 35-190. Continuing appropriations primarily relate to multi-year commitments and automatically renew without further legislative action until altered or revoked.

NOTE 2. CASH AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are under the control of the State Treasurer, the retirement systems or other administrative bodies. In accordance with statutory requirements, the State invests temporary surpluses of cash in obligations issued or guaranteed by the U.S. Government, and commercial paper or bankers acceptances for a term not to exceed fifteen days. Most cash deposited with the State Treasurer by State agencies is maintained by the Treasurer in various pooled investment funds. The Treasurer deposits in the General Fund interest earned from investments purchased with such pooled monies. However, the Treasurer also invests a State agency's cash in a separate pool if specifically requested to do so by the agency; the Treasurer allocates interest earned from these investments monthly to the participating funds based on average daily cash balances.

Arizona Revised Statutes 23-703 requires that unemployment insurance contributions from Arizona employers be deposited in an unemployment trust fund account with the Secretary of the Treasury of the United States that is established and maintained pursuant to section 1104 of the Social Security Act. The cash on deposit in the trust fund account is pooled and invested. Interest earned from investments purchased with such pooled monies is deposited in the trust fund account.

The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. Provisions of Arizona law restrict these investments to obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposits (only if deposits in excess of the insured amount are secured by the depository), collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 2. (CONTINUED)

Statutes enacted by the Legislature authorize the retirement systems to make investments in accordance with the "Prudent Man" rule. This rule imposes the responsibility of making investments with the judgement and care that men of ordinary prudence would exercise in the management of their own affairs when considering both the probable safety of their capital and the probable income from that capital. Within this broad framework, the retirement systems have chosen to invest in short-term securities and repurchase agreements, obligations of the U.S. Government and its agencies, corporate bonds, common and preferred stocks and mortgages. The Statutes also place certain restrictions on the investment fund portfolios of the retirement systems.

The Statutes also allow the Arizona State Retirement System to lend securities to brokers under a security loan program. The System enters into agreements with brokers to loan securities and have the same securities redelivered at a later date. It is the policy of the System to receive and maintain as collateral at least 102% of the market value of the loaned securities in the form of cash. The system records the cash received and the same amount as an obligation for securities on loan. The cash received is invested in temporary investments. Interest income from the investment of the collateral is returned to the broker. The System receives a negotiated fee for its loan activities. At June 30, 1992 and 1991, the System had \$369.0 and \$413.3 million, respectively, outstanding as payable for securities on loan.

Due to the flow of securities to and from transfer agents and the security loan program, securities occasionally cannot be delivered for a sale or received for a purchase, resulting in a "failed" transaction. Securities with trade dates in June and settlement dates in July result in "outstanding" transactions. Since these securities have contractually changed ownership, receivables and payables result from these transactions. Such transactions resulted in a receivable for securities sold of \$166.0 and \$13.9 million at June 30, 1992 and 1991, respectively, and a payable for securities purchased of \$279.8 and \$28.1 million at June 30, 1992 and 1991, respectively.

B. RESTRICTED ASSETS

University Funds report as restricted assets cash and investments for bond and loan retirement funds (including advance refunding of bonds), as well as for maintenance and replacement reserves. The endowment and restricted funds also include restricted assets.

C. COLLATERAL AND INSURANCE

The State requires that deposits and investments with financial institutions be entirely covered by Federal depository insurance or, alternatively, collateralized with surety equal to at least 100% (102% for the Treasurer) of the deposits so collateralized. Cash deposited with banks is collateralized based on bank balances. Surety collateralization includes U.S. government obligations, State obligations, obligations of counties and municipalities within the State, and certain other securities.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 2. (CONTINUED)

D. DEPOSITS

At June 30, 1992 the carrying amount of the State's deposits was \$236.2 million and the bank balance was \$344.2 million. Of the bank balance, \$223.9 million was collateralized by Federal depository insurance. Of the remaining balance, \$91.5 million was collateralized by securities held by the bank's trust division in the State's name in book-entry form, and \$28.8 million was collateralized by securities held in the bank's custodial account with the Federal Reserve in the banks name and in the State's name in book-entry form.

E. INVESTMENTS

The following table summarizes the credit risk of the State's investments (expressed in millions). Category A includes investments that are insured or registered, or for which securities are held by the State or the State's agent in the State's name. Category B includes uninsured and unregistered investments for which securities are held by the counterparty's agent or trust department in the State's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty, or by its agent or trust department but not in the State's name.

Type of Deposit or Investment	Category			Carrying Amount	Market Value
	A	B	C		
U.S. Government securities	\$ 4,965.6	\$ 428.0	\$ 443.1	\$ 5,836.7	\$ 6,249.2
Corporate stocks	4,444.0	-	14.1	4,458.1	5,037.3
Corporate debt	2,112.7	450.9	5.5	2,569.1	2,669.9
State and local government securities	1,250.0	47.6	-	1,297.6	1,301.9
Repurchase agreements	379.7	-	-	379.7	379.7
Mortgages	223.4	38.6	-	262.0	262.0
Temporary investments	793.9	-	-	793.9	794.0
Other investments	826.9	314.2	75.6	1,216.7	1,223.1
Subtotal	<u>\$ 14,996.2</u>	<u>\$ 1,279.3</u>	<u>\$ 538.3</u>	<u>16,813.8</u>	<u>17,917.1</u>
United States Treasury Pooled Investment				<u>407.0</u>	<u>407.0</u>
Total Investments				<u>17,220.8</u>	<u>18,324.1</u>
Deposits				<u>236.2</u>	<u>236.2</u>
Total Cash and Investments				<u>\$ 17,457.0</u>	<u>\$ 18,560.3</u>

At June 30, 1992, the State had no commitments to resell securities under yield maintenance agreements.

During the year ended June 30, 1992, the State did not make significant investments in types of investments beyond those enumerated in the table above.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 3. RECEIVABLES/PAYABLES/OTHER REVENUES

A. TAXES RECEIVABLE

Taxes receivable represent amounts owed by taxpayers for the 1991 and prior calendar years including assessments for underpayment, penalties and interest totaling approximately \$151.5 million at June 30, 1992. Taxes receivable are accrued when they are earned, measurable, and available.

The income tax receivable is composed of individual and corporate estimated payments, withholding payments, payments with final returns and assessments which relate to income earned through June 30, 1992. The property tax receivable is composed of payments for real property owned and subject to tax through June 30, 1992. Sales and motor vehicle and fuel tax receivable represent amounts which are earned by the State in the fiscal period ending June 30, 1992, but not collected until the following month. The following table summarizes taxes receivable at June 30, 1992 (expressed in millions).

<u>Type of Tax</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>Expendable Trust Funds</u>
Sales	\$ 236.8	\$ 11.0	\$ -	\$ -	\$ -
Income-Individual and Corporate	268.2	-	-	-	-
Property	11.8	-	-	-	-
Insurance Premium	14.3	-	-	4.6	-
Motor Vehicle and Fuel	7.9	53.6	-	-	-
Luxury	5.5	-	1.7	-	-
Unemployment	-	-	-	-	39.1
Allowance for uncollectible taxes	<u>(184.5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Taxes Receivable	<u>\$ 360.0</u>	<u>\$ 64.6</u>	<u>\$ 1.7</u>	<u>\$ 4.6</u>	<u>\$ 39.1</u>

B. OTHER RECEIVABLES

The total amount of other current receivables at June 30, 1992 is \$394.4 million. The following schedule summarizes other current receivables over \$5 million (expressed in millions).

<u>Fund</u>	<u>Type of Receivable</u>	<u>Amount</u>
Pension Trust	Securities sold	\$ 166.0
University	Student loans and fees	83.0
Enterprise	Patient accounts	30.7
Expendable Trust	Unemployment Insurance Benefits	14.6
Non-expendable Trust	Land sales	11.2
Pension Trust	Contributions	10.5
General Fund	Loans to City of Phoenix	5.1
Enterprise	Lottery ticket sales	5.0

The State Compensation Fund had a receivable for premiums at December 31, 1991 of \$42.0 million.

Long-term accounts receivables consist primarily of receivables for land sales contracts of the Land Department, a Non-Expendable Trust Fund (\$29.0 million).

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 3. (CONTINUED)

C. DEFERRED REVENUES

Deferred revenues consist of payments to the State for goods and services not yet rendered. Delinquent taxes not collected within 31 days after June 30, 1992, have been deferred and, consequently, are not included in current year revenues. Funds with deferred revenues of \$10 million or more consist of the following (expressed in millions).

<u>Revenue Source</u>	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Trust and Agency Funds</u>	<u>University Funds</u>
Taxes	\$ 134.1	\$ -	\$ -	\$ -
Land Leases	10.4	-	10.0	-
Federal Grants	4.8	-	-	-
Insurance Premiums	-	47.6	24.8	-
Student Services	-	-	-	30.9
Other	1.7	5.1	-	-
Total	<u>\$ 151.0</u>	<u>\$ 52.7</u>	<u>\$ 34.8</u>	<u>\$ 30.9</u>

D. SALES AND CHARGES FOR SERVICES - OTHER

The total amount of sales and charges for services - other, of all Proprietary and Similar Trust Funds, for fiscal year end June 30, 1992 is \$590.9 million. The following schedule summarizes sales and charges for services - other, over \$10 million (expressed in millions).

<u>Fund</u>	<u>Types of Sales and Charges for Services</u>	<u>Amount</u>
State Compensation	Insurance premiums	\$ 248.6
University Medical Center	Medical services	153.6
Risk Management	Insurance premiums	35.8
Transportation Equipment	Equipment and warehouse supplies	22.8
Arizona Power Authority	Power sales	16.7
Workers' Compensation	Insurance premiums	14.9
Land Endowments	Land Sales	14.2
Data Processing	Data processing	13.0
Telecommunications	Telecommunications	12.2
Coliseum & Exposition Center	Entertainment related sales and rentals	12.0

NOTE 4. GOVERNMENTAL RECEIVABLES/PAYABLES

A. GOVERNMENTAL RECEIVABLES

Due from U.S. Government in the General Fund of \$161.0 million represents receivables from Federal Financial Assistance Programs. The amount of \$23.7 million in the Special Revenue Funds consists principally of amounts due to the Arizona Department of Transportation for reimbursement of highway construction costs from the U.S. Department of Transportation.

B. GOVERNMENTAL PAYABLES

Due to Local Governments in the General Fund of \$221.9 million, represents primarily education aid and sales tax collections (\$142.5 and \$74.3 million, respectively) that have not yet been remitted by the State to the respective local governments as of June 30, 1992.

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 5. INTERFUND TRANSACTIONS

A. OPERATING TRANSFERS

Interfund transactions include temporary loans, billings for services, appropriations and other obligations of one fund to another fund. Major operating transfers of \$10 million or more, other than those involving Internal Service Funds operations, during the year ended June 30, 1992 included the following (expressed in millions).

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	University Funds	
General Operations		\$ 519.9
Special Revenue	Debt Service	
Maricopa RARF	Dept. of Transportation	93.8
State Highway	Dept. of Transportation	66.6
University Funds	Expendable Trust	
	Employee Benefits	48.3
General Fund	Expendable Trust	
General Operations	Employee Benefits	40.9
Enterprise	General Fund	
Lottery	General Operations	35.9
Special Revenue	General Fund	
State Highway	General Operations	29.2
Enterprise	Special Revenue	
Lottery	Other	26.6
General Fund	Expendable Trust	
Federal Grants	Employee Benefits	20.4
Special Revenue	General Fund	
Highway Users	General Operations	12.5
Enterprise	Special Revenue	
Industrial Commission	Industrial Commission	12.2

Other interfund transactions included smaller operating transfers and quasi-external transactions, i.e., transactions for goods and services rendered for other funds primarily by Internal Service Funds.

B. DUE FROM/DUE TO

The following balances represent due from/to balances among funds and State agencies as of June 30, 1992 (expressed in millions).

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Funds:	
	Other	\$ 8.0
	Capital Projects Funds:	
	Other	0.2
	Debt Service Funds:	
	Certificates of Participation	4.7
	Enterprise Funds:	
	Lottery	6.8
	Coliseum and Exposition Center	2.0
	Expendable Trust Funds:	
	Employee Benefits	1.1
	Other	1.2
	Non-Expendable Trust Funds:	
	Land Endowments	5.8
	Agency Funds:	
	Other	0.9
	University Funds	1.4

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 5. (CONTINUED)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Funds:		
State Highway	General Fund	\$ 0.1
Game and Fish	Expendable Trust Funds:	
	Employee Benefits	0.1
Other	General Fund	6.9
	Enterprise Funds:	
	Lottery	1.0
	Expendable Trust Funds:	
	Employee Benefits	0.1
	Other	0.3
	Agency Funds:	
	Other	0.2
Capital Projects Funds:		
Other	General Fund	1.4
	Special Revenue Funds:	
	Highway Users	0.4
	Non-Expendable Trust Funds:	
	Other	0.5
	Agency Funds:	
	Other	0.1
Debt Service Funds:		
Certificates of Participation	Non-Expendable Trust Funds:	
	Land Endowments	0.1
Enterprise Funds:		
Industrial Commission	Special Revenue Funds:	
	Industrial Commission	0.3
Other	General Fund	0.1
Internal Service Funds:		
Transportation Equipment	Special Revenue Funds:	
	State Highway	2.6
Workers' Compensation	Enterprise Funds:	
	State Compensation	0.7
Data Processing	General Fund	2.0
	Special Revenue Funds:	
	Industrial Commission	0.1
	Other	0.1
Telecommunications	General Fund	1.0
	Special Revenue Funds:	
	Other	0.1
Motor Pool	General Fund	1.3
	Special Revenue Funds:	
	Other	0.4
Other	General Fund	1.0
	Special Revenue Funds:	
	Other	0.2
Expendable Trust Funds:		
Energy Conservation	Agency Funds:	
	Other	0.1

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 5. (CONTINUED)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other	General Fund	\$ 0.6
	Special Revenue Funds:	
	Other	0.2
	Agency Funds:	
	Other	0.1
Non-Expendable Trust Funds:		
Land Endowments	General Fund	0.3
	Agency Funds:	
	Other	0.4
	<u>Total</u>	<u>\$ 54.9</u>

C. RESIDUAL EQUITY TRANSFERS

The table below reflects residual equity transfers in and out and related activity which occurred during the fiscal year ended June 30, 1992 (expressed in thousands):

	Transfers In	Transfers Out
General Fund:		
General Operations	\$ 11,653	\$ -
Federal Grants	-	2
Other Non-Appropriations	-	3,030
Special Revenue Funds:		
State Highway Fund	348	-
Criminal Joint Enforcement Funds	272	-
90/10 Boards	-	8
Air Quality Fund	-	175
Other Funds	-	3,443
Capital Projects Funds:		
Special Revenue Funds Financed	-	650
Enterprise Funds:		
Coliseum and Exposition Center	-	1,106
Other Funds	-	3
Internal Service Funds:		
Risk Management	-	53
Transportation Equipment	-	930
Workers Compensation	-	10
Telecommunications	-	182
Other Funds	-	314
Expendable Trust Funds:		
Other Funds	-	10
Non-Expendable Trust Funds:		
Land Endowments	-	4
Other Funds	-	80
<u>Total Residual Equity Transfers</u>	<u>\$ 12,273</u>	<u>\$ 10,000</u>



STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 5. (CONTINUED)

	Transfers In	Transfers Out
<b>Enterprise Funds:</b>		
Coliseum and Exposition Center return of Contributed Capital to the General Fund	\$ -	\$ 894
<b>Internal Service Funds:</b>		
Telecommunications return of Contributed Capital to the General Fund	-	240
Motor Pool return of Contributed Capital to the General Fund	-	1,040
Other Funds return of Contributed Capital to the General Fund	-	99
Total Residual Equity Transfers and Related Activity	\$ 12,273	\$ 12,273

NOTE 6. FIXED ASSETS

A. CAPITALIZATION POLICY

Land and buildings are capitalized regardless of cost. Improvements (other than buildings) with a project cost of \$5,000 or more, and furniture, vehicles, and equipment with a cost of \$1,000 or more are capitalized if they have useful lives longer than one year. Infrastructure is not capitalized.

B. GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in the general fixed assets account group follows (expressed in millions).

Asset	Restated Balance July 1, 1991	Additions	Deletions	Balance June 30, 1992
Land	\$ 52.7	\$ 9.4	\$ 0.4	\$ 61.7
Buildings and improvements	684.5	84.7	7.1	762.1
Other improvements	16.5	7.1	-	23.6
Furniture, vehicles and equipment	261.9	47.6	9.2	300.3
Subtotal	1,015.6	148.8	16.7	1,147.7
Construction in progress	47.9	16.7	61.8	2.8
Total General Fixed Assets	\$ 1,063.5	\$ 165.5	\$ 78.5	\$ 1,150.5

The July 1, 1991 beginning balance amounts for the General Fixed Asset Account Group's land, buildings and improvements, furniture, vehicles and equipment, and construction in progress asset classifications were restated by \$(2.0), \$1.8, \$(7.0) and \$0.5 million, respectively. Restatements are attributable to additional findings by agencies in fiscal year 1992 that consisted of fixed assets of the agency, which did not get recorded on the fixed asset listing or assets retired, but not yet deleted from the fixed asset listing.

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 6. (CONTINUED)

C. PROPRIETARY AND SIMILAR TRUST FUND FIXED ASSETS

Proprietary and Similar Trust Funds fixed assets consisted of the following as of June 30, 1992 (expressed in millions), except for State Compensation and the Social Service Contractors Indemnity Pool, a component of the Other Enterprise Funds, which contains balances as of December 31, 1991.

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Similar Trust Funds</u>	<u>Combined Total</u>
Land	\$ 8.6	\$ -	\$ 14.6	\$ 23.2
Buildings and improvements	143.2	1.4	2.6	147.2
Other improvements	1.4	-	-	1.4
Furniture, vehicles and equipment	60.0	115.1	2.0	177.1
Construction in progress	<u>7.6</u>	<u>-</u>	<u>-</u>	<u>7.6</u>
Subtotal	220.8	116.5	19.2	356.5
Less: Accumulated depreciation	<u>(69.5)</u>	<u>(63.9)</u>	<u>(1.9)</u>	<u>(135.3)</u>
Total	<u>\$ 151.3</u>	<u>\$ 52.6</u>	<u>\$ 17.3</u>	<u>\$ 221.2</u>

Fixed assets of the Proprietary and Similar Trust Funds are capitalized in the fund in which they are utilized and depreciated on a straight line basis over their useful lives. The estimated lives of fixed assets are as follows:

	<u>Years</u>
Building and improvements	40
Other improvements	20
Furniture, vehicles and equipment	3-15

D. UNIVERSITY FIXED ASSETS

The University fixed assets consist of the following (expressed in millions).

<u>Asset</u>	<u>Balance June 30, 1991</u>	<u>Balance June 30, 1992</u>
Land	\$ 148.0	\$ 150.7
Buildings and improvements	1,064.1	1,163.5
Other improvements	23.9	24.9
Furniture, vehicles and equipment	<u>652.7</u>	<u>679.2</u>
Subtotal	1,888.7	2,018.3
Construction in progress	<u>127.8</u>	<u>152.6</u>
Total	<u>\$ 2,016.5</u>	<u>\$ 2,170.9</u>

Universities construction projects included in Construction in Progress have a total estimated cost of \$203.6 million, a cost to date of \$152.6 million and a remaining cost to complete of \$51.0 million.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 7. EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

1. Annual Leave

In general, State employees accrue vested annual leave at a variable rate based on years of service. An employee forfeits accumulated annual leave in excess of 240 hours at the end of a calendar year, unless the Director of the Department of Administration authorizes an exception. An employee who separates from State service is paid for all unused and unforfeited annual leave at the employee's rate of pay at the time of separation.

2. Compensatory Leave

Some employees accumulate compensatory leave for time worked over 40 hours per week. Compensatory leave is treated like annual leave except that the employee must use any compensatory leave before using annual leave.

B. SICK LEAVE

Sick leave includes any approved period of paid absence granted 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. With minor exceptions, sick leave credits are forfeited upon separation. If more than 1,000 hours are accumulated upon retirement, the retiree will receive \$750 as a bonus. (See Note 12.E)

C. DEFERRED COMPENSATION PLAN

The State of Arizona Deferred Compensation Plan for State Employees (the Plan), established in accordance with section 457 of the Internal Revenue Code, allows employees to contribute to the Plan an amount not to exceed the lesser of \$7,500 or one-third of the employee's includable compensation. Employee contributions are deferred for income tax purposes until benefits are paid to the employees. Revenue sources are voluntary payroll deductions from employees and earnings on investments made therefrom. The State does not make any contributions to the Plan.

The State has stewardship responsibility under the terms of the Plan. Plan assets are the sole property of the State subject to claims of State creditors. The rights of the employees or their beneficiaries are equivalent to that of a general creditor. Employees may withdraw the value of their Plan account upon termination of employment, retirement, death, disability or financial hardship. Employees may select from various annuity options.

The State appointed an independent administrator for the Plan. Participants direct the administrator to invest their accounts among various investment options. The administrator receives commissions from the investment of participant contributions.

As of June 30, 1992, assets invested on behalf of the participants and available for Plan benefits totaled \$140.8 million. Of this amount and its liability, \$140.0 million is reported in investments and \$0.8 million is reported as contributions receivable. These amounts are reported at market value in an Agency Fund.

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 7. (CONTINUED)

D. SOCIAL SECURITY PARTICIPATION COSTS

As an employer, the State participates in the Social Security Program. In accordance with the terms of the Social Security program, the State matched the employee payment of 7.65% of up to \$53,400 and \$57,600 in employee earnings in calendar years 1991 and 1992, respectively. The total Social Security participation costs to the State for fiscal year 1991-92 were \$103.0 million.

NOTE 8. RETIREMENT PLANS

A. PLAN DESCRIPTIONS

The State maintains two cost-sharing and two agent, multiple-employer retirement systems: the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS), the Elected Officials' Retirement Plan (EORP), and the Corrections Officer Retirement Plan (CORP). The systems publish their own Component Unit Financial Reports containing historical trend and other data to provide information on progress made in accumulating sufficient assets to pay benefits when due.

The systems provide retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions.

The number of participating local government employers as of June 30, 1992 are shown below.

<u>EMPLOYER</u>	<u>ASRS</u>	<u>PSPRS</u>	<u>EORP</u>	<u>CORP</u>
Cities and towns	55	101	13	-
Counties	14	15	15	10
State	1	1	1	1
Special districts	11	15	-	-
School districts	214	-	-	-
Community college districts	10	-	-	-

The number of members and benefit recipients of the retirement systems as of June 30, 1992 are shown below.

	<u>ASRS</u>	<u>PSPRS</u>	<u>EORP</u>	<u>CORP</u>
Retirees and beneficiaries currently receiving benefits and inactive or terminated employees entitled to benefits but not yet receiving them	56,668	3,184	415	233
Current employees:				
Vested	74,392	5,432	386	863
Nonvested	65,241	5,254	272	6,228

B. FUNDING AND BENEFIT POLICIES

The Arizona State Legislature prescribes requirements relating to membership, benefits, and employee/employer contribution requirements for each system. The following summarizes those requirements.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 8. (CONTINUED)

**ASRS** is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Members retiring at age 65, or at age 62 with ten years of total credited service, or when age plus total credited service equals 80, receive full retirement benefits. The benefit is based on two percent of the participant's highest 36-month average monthly compensation (in the last 120 months of employment) multiplied by years of total credited service.

In addition to the pension benefits described, the ASRS offers health care benefits to retired and disabled members that are no longer eligible for health care benefits through their former member employer's group health plan. This program is administered in accordance with ARS 38-781.25 and 38-781.41. The ASRS reimbursed approximately \$23.7 million towards the cost of group health insurance coverage for the year. This figure represents an increase of 28.11% over the previous year.

**PSPRS** is an agent multiple-employer pension system that benefits fire fighters and police officers employed by the State and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Members retiring at age 62 with 15 years service, or at any age with 20 or more years service, receive benefits. Retirees with at least 20 years of credited service, but less than 25 years of credited service receive 50% of average compensation plus two percent of average compensation for each year over 20. For retirees with less than 20 years of credited service the 50% of average compensation is reduced by four percent of average compensation for each year of credited service under 20 years. Retirees with 25 years or more of credited service receive 50% of average compensation plus two and one-half percent of average compensation for each year of credited service over 20 years up to a maximum of 80%. Average compensation is described as the average for the highest paid three consecutive years out of the last twenty. Members with ten years service may also vest certain benefits provided they do not withdraw their contributions prior to attaining age 62.

**EORP** is a cost-sharing, multiple-employer pension plan that benefits all elected State and county officials and judges (except La Paz County elected officials), and certain elected city officials. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of credited service. Vested members retiring at age 60 with 25 years or more of credited service, or at age 62 with ten or more years of credited service, or at age 65 with five years or more of credited service receive benefits. The benefit is four percent of the member's final annual salary multiplied by the years of the member's credited service. The maximum is 80% of a member's final annual salary.

**CORP** is an agent multiple-employer pension plan that benefits county detention officers and certain employees of the State Department of Corrections. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after ten years of credited service. Vested members retiring with 25 years of credited service, or at age 62 with ten years of credited service receive annual benefits. The benefit is two percent of the member's average monthly salary multiplied by the member's years of credited service. The amount of a member's pension shall not exceed 75% of the member's average monthly salary. Average monthly salary is defined as one-thirty-sixth (1/36) of total base salary paid a member during the highest three consecutive years out of the last ten years of credited service.

Upon termination of employment, a member may withdraw contributions made to the system plus accrued interest. The acceptance of a refund forfeits the individual's rights and benefits in the system.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 8. (CONTINUED)

C. FUNDING STATUS AND PROGRESS

The Pension Benefit Obligation (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The PBO is the actuarial present value of credited projected benefits and is intended to: (1) help users assess the plans' funding status on a going-concern basis, (2) assess progress being made in accumulating sufficient assets to pay benefits when due, and (3) allow for comparisons among public employee retirement plans. The PBO is independent of the actuarial funding method used to determine contributions to the plan.

Significant actuarial assumptions used to compute the PBO at June 30, 1992 are summarized below.

	<u>ASRS</u>	<u>PSPRS</u>	<u>EORP</u>	<u>CORP</u>
Annual interest rate (compounded annually)	8.0%	9.0%	9.0%	9.0%
Inflation and other factors	5.5%	6.5%	7.0%	6.5%
Merit or seniority increases	0.5%-3.0%	0%-3.0%	none	0.1%-0.3%
Post-retirement benefit increases	none	none	none	none

The total PBO and net assets available to meet the obligation for each system at June 30, 1992 are summarized below (expressed in millions).

	<u>ASRS</u>	<u>PSPRS</u>	<u>EORP</u>	<u>CORP</u>	<u>TOTAL</u>
Net assets available for benefits, at cost or amortized cost	\$ 8,459	\$ 1,596	\$ 116	\$ 168	\$ 10,339
Pension benefit obligation-- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	3,312	541	48	17	3,918
Current employees: Accumulated employee contributions including allocated investment income	1,932	245	12	50	2,239
Employer financed-vested	2,217	599	43	32	2,891
Employer financed-non-vested	619	84	3	30	736
Health Insurance	-	34	2	6	42
Total pension benefit obligation	<u>8,080</u>	<u>1,503</u>	<u>108</u>	<u>135</u>	<u>9,826</u>
Net assets in excess of pension benefit obligation	<u>\$ 379</u>	<u>\$ 93</u>	<u>\$ 8</u>	<u>\$ 33</u>	<u>\$ 513</u>
Net assets available for benefits, at market	<u>\$ 9,437</u>	<u>\$ 1,903</u>	<u>\$ 141</u>	<u>\$ 189</u>	<u>\$ 11,670</u>

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 8. (CONTINUED)

Estimated increases in the PBO of June 30, 1992 resulting from changes (expressed in millions) are as follows.

	<u>ASRS</u>	<u>PSPRS</u>	<u>EORP</u>	<u>CORP</u>
Assumption changes	\$ 199	\$ -	\$ -	\$ -
Benefit provision changes and ad hoc increase for retirees and beneficiaries	81	16	1	-
Changes in retirees and beneficiaries	<u>710</u>	<u>114</u>	<u>5</u>	<u>19</u>
Net changes in PBO	<u>\$ 990</u>	<u>\$ 130</u>	<u>\$ 6</u>	<u>\$ 19</u>

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The systems' consulting actuaries determine employer contributions. The systems use the projected benefit method with entry age normal cost for this purpose. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation. At June 30, 1992, the remaining unfunded accrued liability liquidation period in years were as follows.

<u>ASRS</u>	<u>PSPRS</u>	<u>EORP</u>	<u>CORP</u>
11	26	30	37

Actual contributions (expressed in millions) for the fiscal year ended June 30, 1992 were as follows.

	<u>Employer Contributions</u>	<u>% of Covered Payroll</u>	<u>Employee Contributions</u>	<u>% of Covered Payroll</u>
ASRS	\$ 132.3	3.6	\$ 132.3	3.6
PSPRS	35.8	8.1	30.5	7.3
EORP	4.8	17.4	2.1	7.6
CORP	9.5	6.1	10.2	6.5

E. TREND INFORMATION

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal years ended June 30, 1990, 1991 and 1992 follows.

	<u>ASRS</u>	<u>PSPRS</u>	<u>EORP</u>	<u>CORP</u>
Net assets available for benefits as a percentage of the pension benefit obligation:				
June 30, 1992	104.7%	106.2%	107.4%	124.6%
June 30, 1991	110.3%	104.3%	100.9%	120.2%
June 30, 1990	109.8%	105.8%	98.4%	109.2%
Excess (unfunded) pension benefit obligation as a percentage of annual covered payroll:				
June 30, 1992	10.5%	22.4%	28.8%	21.3%
June 30, 1991	21.1%	14.6%	3.3%	15.2%
June 30, 1990	20.2%	19.2%	(5.8)%	6.7%
Employer contributions as a percentage of annual covered payroll:				
June 30, 1992	3.6%	8.1%	17.4%	6.1%
June 30, 1991	3.8%	7.0%	14.9%	6.4%
June 30, 1990	2.0%	6.7%	11.8%	6.1%

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 8. (CONTINUED)

The State's contribution to the ASRS met the actuarially determined requirements for fiscal year ended June 30, 1992 and June 30, 1991. The Arizona Legislature pre-empted the actuarially computed contribution amount for the ASRS for the year ended June 30, 1990 by passing a law which set the rate at two percent for employers and employees. The actual contribution amounts made for the year ended June 30, 1990 were \$128.9 million (\$64.45 million each for employers' and employees' portions). The actuarial computed contribution amounts for the years ended June 30, 1991 and June 30, 1992 were \$266.8 million (\$133.4 million each for employers' and employees' portions) and \$264.6 million (\$132.3 million each for employers' and employees' portions) respectively.

The State's contributions to the PSPRS and CORP met the actuarially determined requirements for the fiscal years ended June 30, 1990, 1991 and 1992. For the EORP, the following schedule details employer contributions (in thousands):

Fiscal Year June 30	Valuation Date June 30	Contribution Rates as Percentage of Valuation Payroll	Valuation Payroll	Dollar Contribution for Fiscal Year	
				Computed	Actual
1990	1989	15.94%	\$ 24,605	\$ 3,922	\$ 3,048
1991	1990	16.83	25,776	4,338	4,142
1992	1991	16.55	27,838	4,607	4,830

F. UNIVERSITIES DEFINED CONTRIBUTION PLANS

Eligible faculty, academic professionals and administrators at the three universities (Arizona State University, Northern Arizona University, and University of Arizona) may select one of three retirement plans: Arizona State Retirement System, as discussed above, Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF) or Variable Annuity Life Insurance Company (VALIC). The former is a defined benefit plan and the latter two are defined contribution plans. The two defined contribution plans are administered by independent insurance and annuity companies approved by the Arizona Board of Regents. Eligible classified staff belong to the Arizona State Retirement System. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. State statute requires that both the employee and the university contribute an amount equal to seven percent of the employee's base salary.

The three universities total payroll in fiscal year 1992 was \$667.6 million. The universities' contributions were calculated using the base salary amount of \$203.1 million for those employees who selected the TIAA/CREF Retirement Plan and \$32.6 million for those employees who selected the VALIC Retirement Plan. Both the university and the covered employees made the required seven percent contribution. For the TIAA/CREF Retirement Plan each source contributed \$14.2 million for a total of \$28.4 million. For the VALIC Retirement Plan each source contributed \$2.3 million for a total of \$4.6 million.



STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. LONG-TERM DEBT

A. REVENUE BONDS

1. Department of Transportation

The Department of Transportation (DOT) issued Highway Improvement Bonds in 1980, and Highway Revenue Bonds in 1986, 1987, 1990, 1991 and 1992. These bonds are secured by a prior lien on, and a first pledge of, motor vehicle and related fuel fees and taxes of the State Highway Fund. Arizona Revised Statutes prohibit the total principal amount of Arizona Highway Revenue Bonds, excluding refunded bonds, to exceed \$800 million unless the additional amount is authorized by the legislature.

The 1980 State of Arizona Highway Improvement Bonds are subject to redemption prior to their maturity dates on any interest payment date in inverse order of maturity. The bonds may be redeemed by payment of all principal and accrued interest plus an amount equal to 0.25% of the principal amount for each six-month period elapsing between the date of redemption and the stated maturity date, not to exceed 2.5%.

The 1986, 1987 and 1990 State of Arizona Highway Revenue Bonds are subject to redemption prior to their maturity dates on July 1, 1996, 1997, and 2000, respectively, or on any interest payment date thereafter. The bonds may be redeemed at redemption prices ranging from 100 percent to 103 percent of principal, plus accrued interest to the date fixed for redemption. The 1990 State of Arizona Highway Revenue Bonds include \$46.8, \$49.2, and \$18.4 million of term bonds maturing on July 1, 2006, 2009, 2010, respectively. The 1990 Term Bonds maturing on July 1, 2006 and 2009 are subject to mandatory sinking fund redemptions in 2004 to 2008.

On October 17, 1991, DOT issued the State of Arizona Transportation Board Subordinated Highway Revenue Bonds, Series 1991A (Series 1991A Subordinated Bonds) (\$171.1 million principal amount) as follows: The Series 1991A Serial Bonds (\$87.1 million principal amount) due July 1, 2003 through 2008; and the Series 1991A Term Bonds (\$84.0 million principal amount) due July 1, 2011. The Term Bonds maturing on July 1, 2011 are subject to mandatory sinking fund redemption on July 1 of the years 2009 to 2011.

On March 26, 1992, DOT issued \$75.5 million in Subordinated Highway Revenue Bonds to advance refund \$69.8 million of the 1986 Highway Revenue Bonds. The net proceeds of \$74.5 million (after payment of \$1.0 million in underwriting fees and original issue discount) plus an additional \$2.2 million of Highway Improvement Bond Principal Redemption and Interest Fund monies were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the partial future debt service payments on the 1986 Series bonds. As a result, a portion of the 1986 Series bonds are considered to be defeased and the liability for these bonds has been removed from the General Long-term Debt Account Group. DOT advance refunded a portion of the 1986 Series bonds to reduce its total debt service payments over the next nine years by \$3.4 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2.7 million.

The 1992 Series B Revenue Bonds, authorized by the Transportation Board on March 26, 1992, are due in varying annual installments beginning in 2002. The 1992 Series B Revenue Bonds include \$33.3 million of term bonds maturing on July 1, 2011. These term bonds are subject to mandatory sinking redemptions on July 1 of the years 2009 to 2011.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. (CONTINUED)

DOT also issued Series A Transportation Excise Tax Revenue Bonds in 1986, 1987, 1988, 1989, and 1991. These bonds are secured by transportation excise taxes collected by the Arizona Department of Revenue on behalf of Maricopa County and held in trust by the State Treasurer. The Transportation Board may issue additional transportation excise tax revenue bonds as long as the amount of transportation excise tax (plus any other monies deposited during the period) deposited with the Maricopa Regional Area Road Fund in any 12 consecutive months out of the 18 months prior to the issuance date of the proposed bonds is 115 percent of the greatest combined adjusted aggregate debt service in the current or future bond years, including any proposed bonds.

The 1986 and 1987 Series A State of Arizona Transportation Excise Tax Revenue Bonds maturing on or after July 1, 1997, and 1998, respectively, are subject to redemption prior to their maturity dates on or after July 1, 1996 and 1997, respectively. The bonds may be redeemed in any order for the 1986 bonds and in inverse order of maturity (in random order within a maturity) for the 1987 bonds, at redemption prices ranging from 100 percent to 102 percent of principal plus accrued interest to the date fixed for redemption.

The 1988 Series A Arizona Transportation Excise Tax Revenue Bonds maturing July 1, 2002 through July 1, 2005 are callable for redemption prior to their stated maturity dates on or after July 1, 1998. The bonds may be redeemed in any order of maturity at redemption prices ranging from 100 percent to 102 percent of principal, plus accrued interest at the date fixed for redemption. The 1988 Series A Capital Appreciation Bonds maturing July 1, 2002 through July 1, 2005 are not subject to redemption prior to maturity.

The 1989 Series A Bonds maturing on and after July 1, 2000 are callable for optional redemption prior to their stated maturity dates at the election of the Transportation Board on or after July 1, 1999, in whole or in part. The bonds may be redeemed in any order of maturity determined by the Transportation Board (in random order within a maturity) at redemption prices ranging from 100 percent to 102 percent of principal plus accrued interest to the date fixed for redemption. The 1989 Series A Bonds include \$126.5 million of term bonds maturing on July 1, 2005 which are subject to mandatory sinking fund redemption in 2002 to 2005.

The Bond Resolution adopted by the Transportation Board on July 25, 1986 established a debt service reserve requirement equal to the maximum annual interest due in the current year or future years on any series of outstanding bonds. The Second Supplemental Transportation Excise Tax Revenue Bond Resolution adopted by the Transportation Board on September 22, 1988 gives the Board the option, which it has elected, of acquiring debt service reserve insurance policies in lieu of the debt service reserve requirement. The policies (aggregating \$64.3 million) were issued by Financial Guaranteed Insurance Company (for the 1986 Series A, 1987 Series A, 1988 Series A, and 1991 Series A bonds) and by Municipal Bond Investors Assurance Corporation (for the 1989 Series A bonds). These policies are noncancelable and insure the payment of the bond principal and interest on their respective payment dates. The policies shall terminate on the earlier of July 1, 2005 or the date when no bonds are outstanding under the Bond Resolution. Accordingly, no debt service reserve is reflected in the accompanying financial statements. The premiums on these insurance policies are recorded as expenditures in the year of payment.

As of June 30, 1992, the principal balance of defeased, refunded bonds is \$101.9 million, which accordingly is not included as a liability in the accompanying financial statements.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. (CONTINUED)

2. Arizona Power Authority

The Arizona Power Authority issued short-term Revenue Bonds in 1985 to obtain funding for the Hoover Upgrading Project. Through a secondary offering, the bonds were converted to fixed rate bonds in April 1987 after execution of power contracts with new power allottees.

3. Coliseum and Exposition Center

Coliseum and Exposition Center Revenue Bonds, Project of 1964, were issued to provide funds for constructing and equipping the Veterans' Memorial Coliseum in Phoenix. Interest and principal requirements of the bond issue are secured by net revenues from Coliseum operations and pari-mutuel racing receipts.

4. Wastewater Management Authority of Arizona

On December 1, 1991, the Wastewater Management Authority of Arizona (the Authority) issued the Wastewater Treatment Financial Assistance Revenue Bonds, Series 1991 (\$26.7 million principal amount) and the Wastewater Revolving Fund Capitalization Revenue Bonds, Series 1991 (\$3.7 million principal amount). The bonds are being issued by the Authority to the City of Phoenix to finance the construction, reconstruction and enlarging of certain wastewater treatment facilities. The bonds are subject to redemption prior to maturity. The funds and the accounts pledged to the payment of the financial assistance bonds include a fund into which the proceeds of federal capitalization grants, in respect of the City of Phoenix's project will be deposited. The funds and accounts pledged to the payment of the capitalization bonds include a debt service reserve fund initially funded with proceeds of the capitalization bonds.

5. University Medical Center

In March 1992, the University Medical Center issued \$28.4 million of Hospital Revenue Bonds (the Series 1992 Bonds) secured by a security interest in the University Medical Center's gross revenues. The proceeds of the Series 1992 Bonds were used to advance refund a portion of the Series 1986 and 1987 Bonds. Under the advance refunding, assets were irrevocably placed in trust to be used solely for satisfying scheduled payments of both interest and principal of the refunded debt. While the advance refunding will result in a significant savings to the University Medical Center, certain costs related to the original issue were written off resulting in a loss of \$3.3 million.

In January 1991, the University Medical Center issued \$50.7 million of Hospital Revenue Bonds (the Series 1991 Bonds). The proceeds of the Series 1991 Bonds are being used for the construction of an imaging center, a 110 bed tower for expanded programs, a new emergency room, a parking facility, and the expansion and renovation of the surgical suites and of other existing facilities.

In June 1986, the University Medical Center issued \$20.0 million of Hospital Revenue Bonds (the Series 1986 Bonds). On August 6, 1987, the University Medical Center reissued the Series 1986 Bonds along with an additional offering of \$7.0 million of Series 1987 Hospital Revenue Bonds.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. (CONTINUED)

The University Medical Center is subject to certain financial covenants under the Master Trust Indenture (the Indenture), of which the most restrictive is that the University Medical Center shall at all times maintain a debt service coverage ratio (the ratio), as defined by the Indenture, of 1.5 to 1. The ratio was 4.44 to 1 and 5.65 to 1 at June 30, 1992 and 1991, respectively. In addition, the Indenture places certain restrictions on the incurrence of additional indebtedness and the sale or acquisition of property.

The University Medical Center has established and maintains separate funds for borrowings not yet expended for construction. These funds are held by the trustee and are reflected in "Long-term investments" in the accompanying combined balance sheets, consisting principally of investments in securities, at cost which approximates market value.

6. Universities

a. University of Arizona

On December 4, 1991, the University sold \$9.7 million of System Revenue Bonds, Series of 1991 under the Series of 1991 Resolution. The \$9.7 million proceeds were put in trust for the 1991 costs of issuance and construction project.

On February 15, 1992 the University sold \$113.2 million of System Revenue Bonds, Series 1992. Of the proceeds, \$2.6 million was placed in trust to pay costs of issuance and the original discount, and \$110.6 million was placed in a Depository Trust to advance refund \$79.1 million of the then outstanding \$105.7 million Series of 1986 Revenue Bonds, and \$24.1 million of the then outstanding \$30.6 million Series of 1988 Revenue Bonds.

As a result of advance refundings, the Series of 1986 Revenue Bonds and the Series of 1988 Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The advance refundings decreased the University's total debt requirements by \$2.1 million and the University obtained an economic gain (difference between the present values of the old and new debt service payments) of \$1.7 million.

Cash and securities on deposit with trustees, restricted for retirement of bonded indebtedness and renewals and replacements, are \$1.9 million and \$0.8 million respectively, at June 30, 1992, as required by the bond indentures. In addition, \$19.4 million was held by trustees for payment of future construction costs. The University has recorded a liability of \$0.3 million for potential arbitrage rebates to the Federal government. The rebate is calculated on earnings from the temporary investment of the construction proceeds in excess of the interest yield limitation on each bond issue issued after 1986.

In 1977, 1983, 1986, 1990 and 1992 the University refunded in advance of maturity certain outstanding revenue bonds. At June 30, 1992, the outstanding principal balance of the refunded bonds was \$161.0 million which will be paid by investments held in trust with a carrying value of \$155.6 million. These amounts are not included in the accompanying financial statements.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. (CONTINUED)

b. Northern Arizona University

On March 1, 1992, the University issued \$37.1 million in revenue bonds to advance refund \$33.8 million of the outstanding System Revenue Bonds, Series of 1986. The Revenue Bonds, Series of 1992, were issued at a discount of \$0.3 million. The net proceeds of \$36.2 million (after payment of \$0.6 million in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded revenue bonds. As a result, the refunded revenue bonds are considered to be defeased, and the liability for those bonds has been removed from the Investment in Plant Fund.

Although the recognition of the Series 1986 advance refunding resulted in a net decrease in fund balance of \$2.6 million for the year ended June 30, 1992, the University in effect reduced its aggregate debt service payments by \$1.3 million over the next 15 years, and obtained an economic gain (i.e., difference between the present values of the old and new debt service payments) of \$1.3 million.

In prior years, the University defeased certain revenue bonds by either placing the proceeds of new bonds, or cash and investments accumulated in the sinking fund, in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 1992, \$57.0 million of such bonds outstanding are considered defeased.

c. Arizona State University

In January, 1992, the University issued \$31.7 million of system revenue refunding bonds to advance refund portions of the Series 1986A and Series 1989 outstanding System Revenue Bonds totaling \$29.0 million. The net proceeds of \$30.6 million, after consideration of \$1.1 million for bond discount and other issuance costs, plus an additional \$0.6 million from University sources were used to purchase U.S. government securities. The securities were deposited to an irrevocable trust with an escrow agent in order to provide for all future debt service payments for the refunded portions of the Series 1986A and Series 1989 System Revenue Bonds. As a result, portions of the refunded Series 1986A and Series 1989 System Revenue Bonds are considered to be in substance defeased, with the liability for these bonds having been removed from the Investment in Plant Fund.

The Series 1986A and Series 1989 advance refunding, after consideration of all issuance costs, increased plant fund debt by \$2.7 million for the year ended June 30, 1992, and in conjunction with the University's funding of \$0.6 million had a net effect charged to the Debt Service Fund of \$3.3 million. The issuance of refunding debt at a lower interest rate than the previous rate for the refunded debt, however, resulted in a \$4.3 million reduction to future debt service payments over the next 24 years. The economic gain of these debt service savings, defined as the difference between the present values of the old and new debt service payments, is \$1.7 million.

In December, 1985, certain system revenue bonds of the University were also in substance defeased through an advance refunding by depositing sufficient U.S. Government securities to pay all future debt service in an irrevocable trust. Accordingly, the trust account assets and liabilities for these defeased bonds are also not included in the accompanying financial statements. The principal amount of all refunded bonds outstanding at June 30, 1992 is \$54.2 million.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. (CONTINUED)

The housing revenue bonds are payable from housing revenues as defined in the bond indentures. The Series 1985 and 1992 System Revenue Refunding Bonds, and the outstanding Series 1986, 1986A, 1988, 1989, and 1991 System Revenue Bonds are payable from Main Campus tuition and fees, certain auxiliary enterprises revenues, and certain other revenues as defined in the bond indentures.

Securities and cash restricted for bond retirement funds and maintenance and replacement reserves held by trustees at June 30, 1992 totaled \$16.9 million. Total principal and interest installments for fiscal 1993 will be \$6.4 and \$17.3 million, respectively.

7. Summary of Revenue Bonds

The following schedule summarizes revenue bonds outstanding at June 30, 1992 (expressed in millions).

<u>Revenue Bonds Outstanding</u>	<u>Dates Issued</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Outstanding Balance at June 30, 1992</u>
Department of Transportation 1987 Arizona	1980-1992	1995-2011	4.3-8.75%	\$ 1,793.9	\$1,793.9	\$ 1,515.3
Power Authority	1987	2017	5.4-7.2%	89.8	89.8	89.8
1964 Coliseum and Exposition Center	1964	1994	4.375%	7.2	6.9	1.8
Wastewater Management Authority of Az.	1992	2006-2011	5.2-6.55%	30.4	30.4	30.4
University Medical Center	1986-1992	1995-2021	6.11-7.82%	106.1	106.1	78.8
University Revenue Bonds	1953-1992	1992-2019	2.75-9.9%	900.1	898.4	585.7

Future debt service principal payments on revenue bond issues for fiscal years ended June 30 are summarized below (expressed in millions).

<u>Fiscal Year</u>	<u>Principal</u>						
	<u>ADOT</u>	<u>Arizona Power Authority</u>	<u>Coliseum &amp; Expo. Center</u>	<u>Wastewater Management Authority of Az.</u>	<u>Univ. Medical Center</u>	<u>Univ.</u>	<u>Total Principal</u>
1993	\$ 69.2	\$ -	\$ -	\$ -	\$ 0.4	\$ 15.6	\$ 85.2
1994	74.4	0.8	1.8	-	0.4	16.9	94.3
1995	79.5	0.9	-	1.2	0.5	18.5	100.6
1996	84.9	1.0	-	1.2	1.5	19.7	108.3
1997	90.8	1.1	-	1.2	1.6	20.9	115.6
Thereafter	<u>1,116.5</u>	<u>86.0</u>	<u>-</u>	<u>26.8</u>	<u>74.4</u>	<u>494.1</u>	<u>1,797.8</u>
Total	<u>\$ 1,515.3</u>	<u>\$ 89.8</u>	<u>\$ 1.8</u>	<u>\$ 30.4</u>	<u>\$ 78.8</u>	<u>\$ 585.7</u>	<u>\$ 2,301.8</u>

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 9. (CONTINUED)

Principal and interest debt service payments on revenue bonds outstanding at June 30, 1992 are as follows (expressed in millions).

<u>Annual Debt Service</u>			
<u>Fiscal Year</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Amount Required</u>
1993	\$ 87.0	\$ 158.7	\$ 245.7
1994	92.5	149.9	242.4
1995	100.6	143.5	244.1
1996	108.3	136.7	245.0
1997	115.6	129.2	244.8
Thereafter	1,797.8	1,052.1	2,849.9
Total	\$ 2,301.8	\$ 1,770.1	\$ 4,071.9

Changes in Revenue Bonds for Fiscal Year 1992 are summarized below (expressed in millions).

Balance at July 1, 1991	\$ 2,052.9
New Bonds Issued	588.5
Bonds Retired	(339.6)
Balance at June 30, 1992	\$ 2,301.8

**B. CERTIFICATES OF PARTICIPATION**

The State has issued Certificates of Participation (COPs) to finance construction or improvements of office buildings which are primarily leased to State agencies. The COPs mature serially at six-month intervals. The State lease payments are made to a trustee. The lease provides that the obligation of the State to make lease payments is subject to annual appropriation by the State Legislature.

The State is recording the COPs at the outstanding balance less cash with trustee except for the Universities and the Industrial Commission which are recorded at the outstanding balance. The cash with trustee includes \$1.6 million to complete the construction under the Arizona Municipal Financing Program (AMFP) COP, \$1.5 million to complete construction under the School for Deaf and Blind COP and the remainder as a reserve for the other COPs as well as AMFP and the School for the Deaf and Blind.

Capitalized interest costs include interest incurred during the construction of an asset.

The 1985 COPs for the Industrial Commission were issued to refund the 1984 certificates which were issued to finance the cost of acquiring and constructing a building. The lease agreement provides that the title will pass to the Industrial Commission at the end of the lease term, once the COP is completely redeemed. The refunded amount was \$17.5 million. This amount has been paid and is not included in the outstanding amounts.

On February 1, 1992, the Department of Administration (DOA) issued \$22.1 million in COPs to advance refund \$24.8 million of the outstanding COPs dated August 1, 1986. As a result of the advance refunding, the August 1986 COPs are considered to be defeased and the liability for those certificates have been removed from the financial statements. The advance refunding resulted in a reduction in cash flow requirements of \$6.2 million and an economic gain on the transaction of \$4.7 million.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. (CONTINUED)

On June 1, 1992, the DOA issued \$129.6 million in COPs to advance refund \$118.7 million of the outstanding COPs dated October 27, 1988. As a result of the advance refunding, the October 1988 COPs are considered to be defeased and the liability for those certificates have been removed from the financial statements. The advance refunding resulted in a reduction in cash flow requirements of \$3.9 million and an economic gain on the transaction of \$5.3 million.

In addition, the University of Arizona sold \$26.0 million of COPs, Series 1991, pursuant to an amended and restated lease agreement. The COPs were dated December 1, 1991 and had an average interest rate of 6.3%. Of the proceeds, \$0.9 million was placed in trust to pay costs of issuance and the original discount, and \$25.1 million was placed in an Escrow Fund to advance refund the remaining outstanding \$24.3 million 1988 COPs. The refunded COPs had an average interest rate of 7.4%. Additionally, of the \$3.5 million of funds held by the Trustee for the benefit of the 1988 COPs, \$2.6 million was placed in the new Reserve Fund, and \$0.9 million was placed in an Escrow Fund to complete the refunding. As a result of the advance refunding, the 1988 COPs are considered to be defeased and the liability for those certificates have been removed from the financial statements. The advance refunding resulted in an increase in cash flow requirements of \$9.3 million and an economic loss of \$0.2 million.

The University of Arizona has recorded a liability of \$0.5 million for potential arbitrage rebate to the Federal government. The rebate for the COPs is calculated on earnings from the temporary investment of the construction proceeds in excess of the interest yield limitation on each COP.

A summary of the COPs issued as of June 30, 1992, is as follows (expressed in millions).

Project	Issue Date	Maturity Date	Interest Rates
Arizona State University:			
Telecommunications	1985	1993	8.50 - 8.90%
West Campus	1989	2009	7.00 - 7.75%
Towers Project	1991	2010	5.50 - 7.05%
Industrial Commission Special Fund	1985	2005	Varies-Approx. 2.55%
Department of Revenue/ Department of Economic Security	1992	2005	5.00 - 6.50%
Capitol Centre	1986	2007	4.75 - 6.75%
Arizona Municipal Financing Program	1992	2004	3.40 - 6.10%
Game and Fish	1989	2010	5.80 - 7.00%
University of Arizona:			
Telecommunications	1991	2012	4.60 - 6.50%
School for the Deaf and Blind	1990	2011	6.00 - 7.38%
Prisons *	1991	2005	4.50 - 6.40%



STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 9. (CONTINUED)

<u>Project</u>	<u>Amount Authorized and Issued</u>	<u>Outstanding Balance</u>	<u>Cash with Trustee</u>	<u>Net COP Liability</u>
Arizona State University:				
Telecommunications	\$ 9.9	\$ 4.1	\$ 1.5	\$ 2.6
West Campus	55.4	52.7	7.0	45.7
Towers Project	4.5	4.5	0.5	4.0
Industrial Commission				
Special Fund	17.5	16.0	2.9	13.1
Department of Revenue/ Department of Economic				
Security	22.1	22.1	0.1	22.0
Capitol Centre	20.8	18.3	2.2	16.1
Arizona Municipal				
Financing Program	129.6	129.6	14.3	115.3
Game and Fish	12.2	11.4	1.2	10.2
University of Arizona:				
Telecommunications	26.0	26.0	4.9	21.1
School for the Deaf and Blind	21.8	21.6	3.6	18.0
Prisons *	55.1	55.1	6.0	49.1
Total	<u>\$ 374.9</u>	<u>\$ 361.4</u>	<u>\$ 44.2</u>	<u>\$ 317.2</u>

\* The Prison COPs issue was a sales-leaseback transaction involving two prison units that are a portion of the Eymann Complex at the Arizona State Prison in Florence, Arizona. The proceeds of the COP issue were used to reimburse the General Fund for the ENSCO settlement.

Principal and interest debt service requirements on COPs outstanding at June 30, 1992 are as follows (expressed in millions).

<u>Fiscal Year</u>	<u>Annual Debt Service</u>		
	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Amount Required</u>
1993	\$ 7.4	\$ 21.0	\$ 28.4
1994	13.0	22.0	35.0
1995	10.6	21.4	32.0
1996	11.3	20.8	32.1
1997	13.0	20.1	33.1
Thereafter	<u>306.1</u>	<u>165.9</u>	<u>472.0</u>
Total	<u>\$ 361.4</u>	<u>\$ 271.2</u>	<u>\$ 632.6</u>

Changes in COPs for Fiscal Year 1992 are summarized below (expressed in millions).

Balance at July 1, 1991	\$ 305.6
New COPs Issued	232.8
COPs Retired	<u>(177.0)</u>
Balance at June 30, 1992	<u>\$ 361.4</u>

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 9. (CONTINUED)

C. LEASES AND INSTALLMENT PURCHASES

1. Leases

The total operating lease expenditures for the fiscal year-ended June 30, 1992 were \$24.4 million. The future minimum leases payments for long-term operating leases as of June 30, 1992 are summarized below (expressed in millions).

<u>Fiscal Year</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>University Funds</u>
1993	\$ 8.6	\$ 2.9	\$ 0.8
1994	6.5	2.1	0.6
1995	5.7	1.0	0.4
1996	4.4	0.5	0.1
1997	3.8	-	0.1
Thereafter	<u>15.4</u>	<u>-</u>	<u>0.6</u>
Total Future Minimum Payments	<u>\$ 44.4</u>	<u>\$ 6.5</u>	<u>\$ 2.6</u>

Many operating leases are for buildings and land leased by State agencies. Although these leases are considered to be long-term, they are cancelable under certain circumstances.

- \* An agency must be able to cancel the lease if the funds are not appropriated to cover the lease expenditures.
- \* If an agency is ordered to move into State-owned property and a 60-day notice is given, the lease can be cancelled without penalty.
- \* In situations where the use of the leased property is dependent on the use of Federal monies, the lease must be cancellable in the event Federal funds are no longer available.

The State has incurred capital leases for the acquisition of telephone systems, copy machines and other equipment.

The future minimum lease payments for long-term capital leases as of June 30, 1992 are summarized below (expressed in millions).

<u>Fiscal Year</u>	<u>General Long-Term Debt Account Group</u>	<u>University Funds</u>
1993	\$ 0.7	\$ 1.1
1994	0.5	1.0
1995	0.3	1.0
1996	-	1.0
1997	-	0.7
Thereafter	<u>-</u>	<u>6.8</u>
Total Future Minimum Payments	1.5	11.6
Less: Interest and Executory Costs	<u>0.1</u>	<u>4.4</u>
Net Liability at June 30, 1992	<u>\$ 1.4</u>	<u>\$ 7.2</u>

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 9. (CONTINUED)

2. Installment Purchases

The State has installment purchase contracts payable for acquisitions of computer and other equipment. Installment purchases for the Governmental Funds are reported in the General Long-Term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group. Installment purchases for the Proprietary and University Funds are reported in those funds as a long-term obligation, together with the related assets.

A summary of installment purchase payments required in future years follows (expressed in millions).

<u>Fiscal Year</u>	<u>General Long-Term Debt Account Group</u>	<u>Proprietary Funds</u>	<u>University Funds</u>
1993	\$ 9.8	\$ 5.2	\$ 2.1
1994	7.9	2.1	2.5
1995	5.8	1.4	1.2
1996	3.1	1.0	1.0
1997	1.0	1.0	0.7
Thereafter	<u>1.0</u>	<u>1.5</u>	<u>0.7</u>
Total	28.6	12.2	8.2
Less: Interest and Executory Costs	<u>3.4</u>	<u>1.7</u>	<u>1.5</u>
Net Liability at June 30, 1992	<u>\$ 25.2</u>	<u>\$ 10.5</u>	<u>\$ 6.7</u>

3. Summary of changes

A summary of the changes in capital leases and installment purchase obligations follows (expressed in millions).

	<u>Restated Balance July 1, 1991</u>	<u>New Contracts</u>	<u>Principal Reduction</u>	<u>Balance June 30, 1992</u>
General Long-Term Debt Account Group	\$ 23.7	\$ 11.7	\$ 8.8	\$ 26.6
Proprietary Funds	12.7	2.3	4.5	10.5
University Funds	<u>18.7</u>	<u>0.6</u>	<u>5.4</u>	<u>13.9</u>
Total	<u>\$ 55.1</u>	<u>\$ 14.6</u>	<u>\$ 18.7</u>	<u>\$ 51.0</u>

The restatement of the beginning balance is mainly attributed to an omitted installment purchase contract. The contract, for computer equipment, was entered into by the Supreme Court on August 2, 1990, for \$0.6 million. As of July 1, 1991, the outstanding balance on this contract was \$0.4 million.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 9. (CONTINUED)

D. SUMMARY OF CHANGES IN THE GENERAL LONG-TERM DEBT ACCOUNT GROUP

The following is a summary of changes in the General Long-Term Debt Account Group (expressed in millions).

<u>Type of Debt</u>	<u>Restated Balance July 1, 1991</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 1992</u>
Revenue Bonds	\$ 1,311.5	\$ 368.5	\$ 134.3	\$ 1,545.7
Certificates of Participation	153.5	195.6	118.4	230.7
Capital Leases	0.4	1.5	0.5	1.4
Installment Contracts	23.3	10.2	8.3	25.2
Tax Refunds Payable	-	200.9	-	200.9
Subtotal	1,488.7	<u>\$ 776.7</u>	<u>\$ 261.5</u>	2,003.9
Compensated Absences	65.8			90.2
Total	<u>\$ 1,554.5</u>			<u>\$ 2,094.1</u>

NOTE 10. FUND EQUITY

A. FUND BALANCE/RETAINED EARNINGS RESTATEMENT

Fund Balance/Retained Earnings at June 30, 1991 has been restated as follows (expressed in thousands):

	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Fund Balance/Retained Earnings at June 30, 1991 as Previously Reported	\$ (51,431)	\$ 280,498	\$ (112,870)
Accounting Policy Change	42,345		
Prior Year Adjustments:			
Refundable Deposits	(3,200)	-	-
Capital Outlay	-	-	(760)
Insurance Losses	-	595	-
Contributed Capital	-	(1,000)	-
Fund Balance/Retained Earnings as Restated at July 1, 1991	<u>\$ (12,286)</u>	<u>\$ 280,093</u>	<u>\$ (113,630)</u>

1. Accounting Policy Change

Recognition of the Federal Government receivable of AHCCCS prior to fiscal year 1992 was limited to federal funding made available to the State in accordance with ARS 36-2913 section C.7. GASB Codification Section G60.109, allows for revenue recognition of Federal Government receivables when the related qualified expenditure has been incurred, without regard to when the Federal Government receivable is collected. The effect of the accounting change on fund equity at June 30, 1991 as previously reported is an increase of \$42.3 million

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 10. (CONTINUED)

2. Prior Year Adjustments

a. Refundable Deposits

General Fund - From September 1985 through October 1986 the Department of Revenue Excise and Privilege Tax Collection Fund recorded a liability reduction for cash refunds totaling \$3.2 million of previously recorded Excise and Privilege Taxes. The Department of Revenue recognized the reduction of tax revenue resulting from the refunds in October 1991.

b. Capital Outlay

Prior to fiscal year 1990-91, the Telecommunications Fund capitalized various telephone equipment that had a unit cost less than \$1,000 resulting in a restatement of beginning retained earnings of \$0.8 million.

c. Insurance Losses

Enterprise Funds - Insurance losses (net of income taxes) of the Social Service Contractors Indemnity Pool Fund were \$0.6 million higher than the actuaries' recommendation. In 1991, the Social Service Contractors Indemnity Pool elected to retroactively correct this error in it's previously issued financial statements.

d. Contributed Capital

Enterprise Funds - Previously reported retained earnings of \$1.0 million at December 31, 1989 for the Social Service Contractors Indemnity Pool Fund was retroactively reclassified as Contributed Capital at December 31, 1991.

3. Changes in Contributed Capital

The following transactions occurred in fiscal year 1992 which increased (decreased) contributed capital amounts of the Proprietary Funds (expressed in thousands):

<u>Enterprise Funds</u>	<u>Increase (Decrease)</u>
Coliseum and Exposition Center return of capital to the General Fund	\$ (894)
Arizona Correctional Industries transfer of buildings ownership to the General Fund	(1,043)
Social Service Contractors Indemnity Pool retroactive reclassification of prior year retained earnings	1,000
State Park Enhancement Fund transfer to the Tonto Natural Bridge Revolving Fund	50

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 10. (CONTINUED)

<u>Internal Service Funds</u>	
State Highway Fund transfer to the Transportation Equipment Fund	15
Telecommunications Fund return of capital to the General Fund	(240)
Motor Pool Fund:	
Return of capital to the General Fund	(1,040)
Vehicle Expansion funding	718
Other Funds return of capital to the General Fund	(99)
Fiscal Year Ended June 30, 1992 change in Contributed Capital	\$ (1,533)

4. Fund Reclassification

a. Homeless Trust Fund

During fiscal year 1991, the Legislature established the Homeless Trust Fund. For the first twelve months of operations expenditures were limited to \$0.2 million of receipts and all expenditures subsequent to the first twelve months of operations are limited to the amount of interest earnings for the Homeless Trust Fund from Treasurer pooled investments. The limitation of expenditures to the amount of interest earnings took effect during fiscal year 1992 resulting in the Homeless Trust Fund being reclassified from an Expendable Trust Fund to a Non-expendable Trust Fund for fiscal year 1992. The reclassification of the Homeless Trust Fund during fiscal year 1992 increased Non-expendable Trust Fund fund balance by \$1.0 million and decreased Expendable Trust Fund fund balance by \$1.0 million.

B. FUND BALANCE/RETAINED EARNINGS DETAIL

The following schedule details fund balances at June 30, 1992 (expressed in millions).

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Trust</u>	<u>University</u>
Fund Balance:						
Appropriated:						
Reserved for:						
Highway Construction	\$ -	\$ 86.9	\$ -	\$ -	\$ -	\$ -
Inventory	-	5.5	-	-	-	-
Unclaimed property	57.4	-	-	-	-	-
Retirement benefits	-	-	-	-	10,361.4	-
Trust principal	-	-	-	-	1,124.6	-
Continuing appropriations	42.8	183.4	-	23.7	1.0	-
Debt service	-	-	24.4	-	-	-
Other	3.1	0.4	-	-	-	-
Unreserved:						
Restricted	-	-	-	-	-	149.1
Unrestricted:						
Designated	-	-	-	-	-	105.4
Undesignated	(299.5)	135.5	-	178.4	-	-
Non-Appropriated	73.0	-	-	-	-	-
Total Fund Balance	\$ (123.2)	\$ 411.7	\$ 24.4	\$ 202.1	\$11,487.0	\$ 254.5

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 10. (CONTINUED)

Restricted fund balance for University Funds represents restrictions for U.S. Government grants refundable, endowments, quasi-endowments, restrictions for outstanding purchase orders, and other restrictions of \$28.4, \$43.1, \$17.8, \$13.2 and \$46.6 million, respectively.

Designated fund balance for University Funds represents designations for outstanding purchase orders and other commitments, quasi-endowments, summer sessions and other designations of \$8.7, \$13.6, \$5.9 and \$77.2 million, respectively.

Total retained earnings for Enterprise Funds include reservations for Arizona Power Authority and University Medical Center of \$5.1 and \$0.7 million, respectively.

C. DEFICIT FUND EQUITY

The deficit in the General Fund at June 30, 1992 of \$123.2 million was caused by: 1) expenditures exceeding revenues and fund balance determined under the modified accrual basis of accounting; 2) AHCCCS accrued medical costs which will not be paid until the following fiscal year. This condition is likely to continue throughout the existence of the AHCCCS program.

The Internal Service Fund deficit results from the Risk Management and Workers' Compensation Funds net losses in prior years. The Risk Management and Workers' Compensation Fund deficits of \$224.2 and \$80.7 million respectively, are primarily due to the State's policy of funding 60% of the actuarially determined liability. However, 100% of the liability is recorded for financial statement purposes. The Risk Management and Workers' Compensation Fund accumulated deficits at June 30, 1992 should be recovered through annual adjustments to insurance billings. The entire liability is reflected in the Internal Service Funds, rather than being allocated to other funds, to assist financial statement users in their understanding and analysis of the Risk Management and Workers' Compensation Funds.

D. BUDGET TO GAAP RECONCILIATION

The accompanying "Combined Statement of Revenues and Expenditures - Appropriation (Budget) to Actual - Budgetary Basis - General, Special Revenue and Capital Projects Funds" presents comparisons of the legally adopted budget with actual data on a budgetary basis. Budget amounts are not presented for revenues as the State does not have a legal adopted budget for revenues. Actual amounts are presented for revenues, transfers in and other financing sources/uses on the "Combined Statement of Revenues and Expenditures - Appropriation (Budget) to Actual - Budgetary Basis - General, Special Revenue and Capital Projects Funds." Since the budgetary and GAAP presentations of actual data differ, a reconciliation of the two is presented below (amounts expressed in thousands):

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 10. (CONTINUED)

	<u>General Fund Actual</u>	<u>Special Revenue Funds Actual</u>	<u>Capital Projects Funds Actual</u>
Cash Basis Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (123,667)	\$ 862,532	\$ 271,141
Expenditures from non-appropriated funds	(19,967)	(862,457)	(148,573)
Appropriated expenditures reclassified for GAAP	5,262	-	-
Cash Basis Fund Balance, July 1, 1991	<u>13,086</u>	<u>332,817</u>	<u>78,796</u>
Cash Basis Fund Balance, June 30, 1992	<u>(125,286)</u>	<u>332,892</u>	<u>201,364</u>
Adjustments made to General Fund for Annual Financial Report	130,512	-	-
Annual Financial Report Unreserved Fund Balance for General Fund as of June 30, 1992	5,226	-	-
Less adjustments to arrive at Annual Financial Report Unreserved Fund Balance for General Fund as of June 30, 1992	130,512	-	-
Basis of Accounting Differences			
Increases to Fund Balance:			
Taxes receivable, net of allowances	220,253	64,605	1,656
Interest receivable	1,271	7,024	1,167
Other receivables	369	5,102	-
Due from U.S. Government	101,997	20,323	-
Due from local governments	-	3,124	355
Due from other Funds	116	7,950	-
Decreases to Fund Balance:			
Accounts payable	33,188	20	2,453
Tax refunds payable	6,603	-	-
Due to local governments	183,779	28,110	-
Due to other funds	2,740	668	-
Deferred revenue	11,174	540	-
Current portion of insurance losses	155,938	-	-
Perspective Differences			
General Fund - Federal Grants	(1,513)	-	-
General Fund - Other	<u>72,977</u>	<u>-</u>	<u>-</u>
Total GAAP Basis Fund Balance as of June 30, 1992	<u>\$ (123,238)</u>	<u>\$ 411,682</u>	<u>\$ 202,089</u>

Appropriation and corresponding expenditure amounts of Enterprise, Internal Service, Expendable Trust, Non-expendable Trust and Pension Trust Funds were \$55.0 million and \$48.1 million, respectively. No appropriation line item was over expended.



STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The State groups its Enterprise Funds as follows:

- \* State Compensation - Operates the State's workers' compensation program.
- \* Industrial Commission - Administers and enforces the employment laws of the State, including the regulation of workers' compensation.
- \* University Medical Center - Operates in connection with the University of Arizona Medical School and provides a variety of hospital and health care services.
- \* Arizona Power Authority - Manages the affairs of all electric energy and power in the State.
- \* Lottery - Operates the State's lottery.
- \* Coliseum and Exposition Center - Provides rental space to a variety of entertainment and promotional lessors, and sponsors the annual State Fair.
- \* Other Enterprise Funds - Consist of Arizona Highways Magazine, Historical Society Magazine, Geological Survey Printing, Arizona Correctional Industries, Arizona Industries for the Blind, Mines and Mineral Resources Printing, Solar Energy Support, Game and Fish Publications, Gift Shop, Land Resource Analysis, State Park Publications, Real Estate Printing, Education Commodity Funds, Tonto Natural Bridge, Indian Affairs Commission Publications, School for the Deaf and Blind Cooperative Services, Social Service Contractors Indemnity Pool and the Beef Council.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 11. (CONTINUED)

Segment information for the fiscal year ended June 30, 1992 (December 31, 1991 for State Compensation) is shown below (expressed in thousands).

<u>DESCRIPTION</u>	<u>STATE COMPENSATION</u>	<u>INDUSTRIAL COMMISSION</u>	<u>UNIVERSITY MEDICAL CENTER</u>
Operating Revenues:			
Taxes	\$ -	\$ 21,825	\$ -
Other	338,313	20,619	167,846
Operating Expenses:			
Depreciation	2,234	369	8,564
Other	<u>292,234</u>	<u>53,101</u>	<u>153,857</u>
Operating Income (Loss)	43,845	(11,026)	5,425
Non-Operating Revenues (Expenses)	(3,790)	(327)	(3,109)
Net Operating Transfers	<u>(137)</u>	<u>(11,619)</u>	<u>-</u>
Net Income (Loss)	<u>\$ 39,918</u>	<u>\$ (22,972)</u>	<u>\$ 2,316</u>
Current Assets	\$ 82,626	\$ 8,207	\$ 61,706
Current Liabilities	<u>316,579</u>	<u>128,838</u>	<u>22,392</u>
Net Working Capital	<u>\$ (233,953)</u>	<u>\$ (120,631)</u>	<u>\$ 39,314</u>
Property and Equipment:			
July 1, 1991, (January 1, 1991 for State Compensation)	\$ 47,280	\$ 17,548	\$ 105,077
Additions	-	70	18,969
Deletions	<u>(4,409)</u>	<u>(7)</u>	<u>(2,778)</u>
June 30, 1992 (December 31, 1991 for State Compensation)	<u>\$ 42,871</u>	<u>\$ 17,611</u>	<u>\$ 121,268</u>
Revenue Bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,341</u>
Certificates of Participation	<u>\$ -</u>	<u>\$ 15,400</u>	<u>\$ -</u>
Contributed Capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	\$ 1,080,238	\$ 196,190	\$ 185,947
Total Liabilities	<u>978,317</u>	<u>144,238</u>	<u>109,395</u>
Fund Equity	<u>\$ 101,921</u>	<u>\$ 51,952</u>	<u>\$ 76,552</u>

STATE OF ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 1992

NOTE 11. (CONTINUED)

ARIZONA POWER AUTHORITY	LOTTERY	COLISEUM AND EXPOSITION CENTER	OTHER ENTERPRISE FUNDS	TOTAL
\$ - 16,669	\$ - 249,728	\$ - 14,600	\$ - 24,517	\$ 21,825 832,292
75 <u>18,400</u>	214 <u>187,526</u>	732 <u>13,882</u>	741 <u>24,384</u>	12,929 <u>743,384</u>
(1,806)	61,988	(14)	(608)	97,804
1,478	-	960	1,778	(3,010)
<u>(28)</u>	<u>(62,860)</u>	<u>(197)</u>	<u>(622)</u>	<u>(75,463)</u>
<u>\$ (356)</u>	<u>\$ (872)</u>	<u>\$ 749</u>	<u>\$ 548</u>	<u>\$ 19,331</u>
\$ 13,810 <u>3,073</u>	\$ 19,017 <u>17,241</u>	\$ 890 <u>2,281</u>	\$ 25,231 <u>9,751</u>	\$ 211,487 <u>500,155</u>
<u>\$ 10,737</u>	<u>\$ 1,776</u>	<u>\$ (1,391)</u>	<u>\$ 15,480</u>	<u>\$ (288,668)</u>
\$ 1,101 5 <u>-</u>	\$ 6,564 - <u>(73)</u>	\$ 19,343 621 <u>(25)</u>	\$ 11,441 1,873 <u>(1,809)</u>	\$ 208,354 21,538 <u>(9,101)</u>
<u>\$ 1,106</u>	<u>\$ 6,491</u>	<u>\$ 19,939</u>	<u>\$ 11,505</u>	<u>\$ 220,791</u>
<u>\$ 89,820</u>	<u>\$ -</u>	<u>\$ 1,820</u>	<u>\$ -</u>	<u>\$ 169,981</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,400</u>
<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,821</u>	<u>\$ 6,830</u>
\$ 97,714 <u>92,893</u>	\$ 23,358 <u>17,490</u>	\$ 21,988 <u>4,239</u>	\$ 31,292 <u>10,010</u>	\$1,636,727 <u>1,356,582</u>
<u>\$ 4,821</u>	<u>\$ 5,868</u>	<u>\$ 17,749</u>	<u>\$ 21,282</u>	<u>\$ 280,145</u>

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 12. COMMITMENTS, CONTINGENCIES AND COMPLIANCE

A. INSURANCE LOSSES

The State is self-insured for most risk exposures, and maintains co-insurance for certain risks in excess of certain amounts including airport liability, boiler and machinery coverage, nuclear liability, and foreign corporation excess liability. The Risk Management Division of the Department of Administration administers the State's self-insurance program. According to a study performed by an independent consulting actuary, liabilities for losses incurred but not paid, including losses not yet reported, are estimated to be \$325.8 million at June 30, 1992. This amount has been accrued as a liability in the Internal Service Funds on the balance sheet.

B. LITIGATION

The State is administratively refunding \$197 million, including statutory interest, in taxes collected from Federal retirees on their pensions. This payment will be made over a four year period beginning with fiscal year 1994. A combination of tax refunds and tax credits will be used to satisfy this liability which has been recorded in the General Long-term Debt Account Group.

In a separate action, Hamilton vs. State, taxpayers have claimed that refundable property tax credit should be increased and the taxpayers should be allowed to use a definition of adjusted gross income in the Arizona Revised Statutes and not on the tax forms. The Tax Court has granted summary judgement to the plaintiffs. The amount of liability to the State is not readily determinable at this time.

The State is a party to several cases involving water rights settlements with Indian Nations. In two of the cases, the State has committed a total of \$5.5 million to be appropriated by the Legislature when the settlements are completed and ratified. The remaining cases are under negotiation and the Office of the Attorney General cannot presently determine the outcome of these pending cases. These losses, if any, are not expected to have a material, adverse impact on the financial position of the funds involved.

The State is also a defendant in a number of other pending lawsuits. All losses for any unsettled litigation or contingencies are determined on an actuarial basis and included in the Insurance Loss Liabilities of the Internal Service Funds.

C. FOOD STAMPS

DES is required by the U.S. Department of Agriculture to maintain an inventory of food stamps. The redemption value of food stamp inventory at June 30, 1992, was \$59.7 million and does not otherwise appear in the financial statements because the State acts as an agent for the U.S. Government in food stamp distribution. During fiscal year 1991-92, DES distributed \$362.1 million in food stamps for the U.S. Government to eligible Arizona citizens.

D. COMPONENT UNIT AUDITS

The four State pension plans and certain State agencies are audited by independent public accountants. Copies of these audits, as well as audits performed by the State Auditor General, are available from the State Library and Archives.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 12. (CONTINUED)

E. ACCUMULATED SICK LEAVE

Sick leave benefits (see Note 7.B) are cumulative, but do not vest with employees; thus, they are not accrued. Employees forfeit all accumulated sick leave upon termination prior to retirement. Employees with 1,000 or more hours of sick leave upon retirement receive \$750 in accordance with ARS 38-615. Unused accumulated sick leave of employees of the State at June 30, 1992 totaled \$96.6 million.

F. UNCLAIMED PROPERTY

The State of Arizona's Uniform Unclaimed Property Act requires deposit of certain unclaimed assets into a managed Agency Fund. Per A.R.S. 44-323 a separate trust fund of not less than \$100,000 is required to be retained for prompt payment of claims. The excess amount, above that which is required to be retained, is required to be deposited to the General Fund where it is included as Other Revenue. Under a law that took effect July 1, 1990, up to \$1.0 million in unclaimed utility deposits is deposited in the Utility Assistance Fund to help low-income and elderly people make utility deposits and repair. Thirty-five percent of the remaining net cash collected, after refunds, is transferred to the Department of Commerce Housing Fund to be used for low-cost housing. The balance is to be deposited in the General Fund. For FY 92, \$0.5 million was deposited in the Utility Assistance Fund, \$3.3 million was deposited in the Housing Fund and \$5.2 million was deposited in the General Fund. A total of approximately \$57.4 million has been remitted since inception of the fund. In addition, the State is also holding stock valued at \$1.0 million. 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 entire total of \$57.4 million is recorded as a reservation to Fund Balance in the General Fund.

G. CONSTRUCTION COMMITMENTS

The Arizona Department of Transportation had outstanding commitments under construction contracts of approximately \$247.0 million at June 30, 1992.

H. ARIZONA STATE LOTTERY

Annuities are purchased by the Arizona State Lottery for all prizes over \$0.4 million for which winners have elected to receive the jackpot in annual installments. These annuities are purchased from qualifying insurance companies rated A+ by A.M. Best Company. The Lottery remains contingently liable on all annuities. Aggregate future payments to prize winners on existing annuities totalled approximately \$543.0 million at June 30, 1992. Approximately \$444.0 million of the total aggregate future payments relates to annuities purchased from seven separate insurance companies, of which approximately \$179.0 million relates to a single insurance company.

During 1991, an insurance company from which the Lottery purchased annuities in 1982 and 1983 was placed under State supervision. At June 30, 1992, aggregate minimum future payments on the purchased annuities approximated \$0.9 million. As of October 13, 1992, the insurance company was current in its required annuity payments. In the opinion of Lottery management, the ultimate disposition of this matter will not have a material adverse effect on the operations or financial position of the Lottery.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 12. (CONTINUED)

I. INTERFUND TRANSACTION

During fiscal years 1989 and 1991, \$12.5 million in residual equity was transferred from the Internal Service Funds to the General Fund. Approximately \$1.0 million of the amount transferred was Federal equity and will be repaid to the Internal Service Funds, contingent upon the Legislature approving the required appropriation.

NOTE 13. RELATED PARTY TRANSACTIONS

A. ARIZONA STATE UNIVERSITY

Not included in the accompanying financial statements are eight financially interrelated organizations that are nonprofit corporations controlled by separate Boards of Directors whose goals are to support Arizona State University. Financial statements of these organizations are audited by independent accountants.

Five of these financially interrelated organizations (the Arizona State University Alumni Association, Arizona State University Foundation, Sun Devil Club, Sun Angel Foundation and the Sun Angel Endowment) receive funds primarily through donations and dues, and contribute funds to the University for support of various programs.

A sixth financially interrelated organization, Price-Elliott Research Park, Inc. (Park), is developing a research park to promote and support research activities, in coordination with the University. In developing the research park, the Park has issued bonds guaranteed by the University. In June, 1991, the Park issued \$18.5 million of refunding bonds at an average yield of 7.08% and final maturity date of 2021.

The debt service on the bonds is secured by a subordinated lien on University Main Campus revenues. Park revenues are not pledged in order to provide development flexibility to the Park. Annual debt service on the Park bonds varies from \$0.6 million, net of capitalized interest, in fiscal year 1993 to \$1.8 million in fiscal year 2004 and the University is obligated to pay the annual debt service, if not paid by the Park, under a debt service assurance agreement.

During fiscal year 1992, the University provided the Park cash transfers totaling \$0.3 million with the stipulation that the cash transfers are to be repaid (a) upon the Park becoming operationally self supporting, and (b) before any Park surpluses are transferred to the Arizona State University Foundation. The University also provided to the park during fiscal year 1992 in-kind services totaling \$0.4 million.

A seventh financially interrelated organization, the Arizona State Research Institute, handles various privately funded research grants and contracts. An eighth financially interrelated organization, the Sun Angel/Karsten Golf Course Foundation, operates a University owned golf course.

Assets, fund balances, and revenues for these financially interrelated organizations for the most recent fiscal years for which audits have been completed aggregated \$64.8, \$41.0, and \$22.7 million, respectively.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 13. (CONTINUED)

B. NORTHERN ARIZONA UNIVERSITY

The financial activities of the Northern Arizona University Foundation, Inc., are not included in the accompanying financial statements. The foundation is a nonprofit corporation, controlled by a separate Board of Directors. The goals of the foundation are to promote the cause of education and the objectives of the University.

C. UNIVERSITY OF ARIZONA

Not included in the accompanying financial statements are the operations of the University of Arizona Foundation, Inc., a nonprofit corporation controlled by a separate Board of Directors. The Foundation's principal goals are to support the University of Arizona through various fund-raising activities, and to contribute funds to the University for support of various programs. Assets, fund balances, and revenues of the Foundation for the year ended June 30, 1991, are \$94.9, \$21.8, and \$27.0 million, respectively, according to the audited financial statements of the Foundation.

NOTE 14. SUBSEQUENT EVENTS

A. BONDS

In July 1992, the Wastewater Management Authority of Arizona (the Authority) issued the Wastewater Treatment Financial Assistance Revenue Bonds, Series 1992A (\$18.2 million principal amount) and the Wastewater Revolving Fund Capitalization Revenue Bonds, Series 1992A (\$2.6 million principal amount). The bonds are being issued to provide funds with which the Authority will make a loan to the Cities of Avondale, Flagstaff and Kingman, Arizona in connection with the financing of wastewater treatment projects. The bonds mature July 1, 1993 through 2012.

In August 1992, Arizona State University issued \$161.7 million of system revenue refunding bonds, with an average interest rate of 5.88 percent, to advance refund portions of the Series 1985, 1986, 1988, 1989, and 1991 outstanding System Revenue Bonds totaling \$142.7 million, with an average interest rate of 7.41 percent.

In August 1992, Northern Arizona University sold \$36.0 million of revenue bonds, with an average interest rate of 5.56 percent, to advance refund \$31.4 million of the outstanding System Revenue Bonds, Series 1989, with an average interest rate of 7.648 percent.

In September 1992, the University of Arizona issued \$55.5 million of Series 1992B System Revenue Refunding Bonds, with interest rates ranging from 2.9 to 6.2 percent, to advance refund portions of the Series 1990A and 1990B System Revenue Bonds.

In October 1992, the Arizona Department of Transportation issued \$192.8 million in Transportation Excise Tax Revenue Bonds (1992 Series A) with an average interest rate of 6.0 percent to advance refund \$168.6 million of the 1986 Series A, 1987 Series A and 1988 Series A Transportation Excise Tax Revenue Bonds with an average interest rate of 7.2 percent.

In October 1992, the Arizona Department of Transportation issued \$30.7 million in Transportation Excise Tax Revenue Bonds to finance the acquisition of land and the design and construction of certain controlled access highways. The 1992 Series B Serial bonds are due July 1993 through 2005.

STATE OF ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1992

NOTE 14. (CONTINUED)

B. CERTIFICATES OF PARTICIPATION

In November 1992, the State issued COPs for \$32.9 million at interest rates that vary from 3.0 to 6.1 percent and mature in the year 2007. The COPs were partially used to refund all of the outstanding COPs issued in December 1986 for \$20.8 million. The remainder of the proceeds from the certificates will be used to acquire and improve several buildings located in Maricopa County and other parts of the State for use by various State agencies.

In February 1993, the State issued COPs for \$44.8 million at interest rates that vary from 3.0 to 4.0 percent and mature in the year 1997. The proceeds from the COPs will be used to construct one prison unit at a prison complex in Florence, Arizona and two prison units at a prison complex in Tucson, Arizona.

C. CAPITAL LEASES

In September 1992, the Coliseum and Exposition Center entered into a lease agreement classified as a capital lease for the purchase of a display system, scoreboards, an audio system, and related equipment. Total payments of \$0.9 million, including principal and finance charges, are to be made monthly over a six year period. The first monthly payment was made in September 1992.



**COMBINING FINANCIAL STATEMENTS AND SCHEDULES**

*THIS PAGE INTENTIONALLY LEFT BLANK*

# GENERAL FUND

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 GENERAL FUND  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	GENERAL OPERATIONS	FEDERAL GRANTS	OTHER APPROPRIATIONS	OTHER NON- APPROPRIATIONS	ELIMINATIONS
<b>Current Assets:</b>					
Cash and investments	\$ 9,700	\$ 39,995	\$ 29,236	\$ 71,972	\$ -
Receivables, net of allowances:					
Taxes	360,006	-	-	-	-
Interest	1,182	10	89	267	-
Other	819	1,271	26	5,673	-
Due from U.S. Government	-	9,054	150,898	1,077	-
Due from local governments	618	-	12	-	-
Due from others	6	-	-	-	-
Due from other Funds	38,205	7,225	34,993	3,350	(51,723)
Other	-	-	17	1,022	-
<b>Total Assets</b>	<b>\$ 410,536</b>	<b>\$ 57,555</b>	<b>\$ 215,271</b>	<b>\$ 83,361</b>	<b>\$ (51,723)</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 64,888	\$ 25,273	\$ 29,478	\$ 6,433	\$ -
Accrued expenses	17,236	11,933	111	974	-
Tax refunds payable	6,603	-	-	-	-
Due to U.S. Government	-	-	-	-	-
Due to local governments	220,940	469	299	222	-
Due to others	2,080	-	-	-	-
Due to other Funds	45,082	15,511	4,007	1,812	(51,723)
Deferred revenue	145,270	5,031	-	725	-
Current portion of insurance losses	-	-	270,134	-	-
Other	5,993	851	3,204	218	-
<b>Total Liabilities</b>	<b>508,092</b>	<b>59,068</b>	<b>307,233</b>	<b>10,384</b>	<b>(51,723)</b>
<b>Commitments and contingencies</b>	<b>5,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Reserved	95,207	66	7,979	1	-
Unreserved	(197,947)	(1,579)	(99,941)	72,976	-
<b>Total Fund Balances</b>	<b>(102,740)</b>	<b>(1,513)</b>	<b>(91,962)</b>	<b>72,977</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 410,536</b>	<b>\$ 57,555</b>	<b>\$ 215,271</b>	<b>\$ 83,361</b>	<b>\$ (51,723)</b>

TOTALS

1992	1991
\$ 150,903	\$ 193,376
360,006	340,632
1,548	2,030
7,789	3,661
161,029	20,301
630	627
6	6
32,050	24,317
1,039	161
<u>\$ 715,000</u>	<u>\$ 585,111</u>

\$ 126,072	\$ 99,093
30,254	23,199
6,603	9,431
-	30
221,930	228,656
2,080	1,572
14,689	8,833
151,026	157,815
270,134	91,954
10,266	5,275
<u>833,054</u>	<u>625,858</u>

<u>5,184</u>	<u>10,684</u>
--------------	---------------

103,253	81,387
(226,491)	(132,818)
<u>(123,238)</u>	<u>(51,431)</u>

<u>\$ 715,000</u>	<u>\$ 585,111</u>
-------------------	-------------------

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	GENERAL OPERATIONS	FEDERAL GRANTS	OTHER APPROPRIATIONS	OTHER NON- APPROPRIATIONS	ELIMINATIONS
<b>REVENUES:</b>					
Taxes:					
Sales	\$ 1,965,555	\$ -	\$ -	\$ -	\$ -
Income	1,447,421	-	-	-	-
Motor vehicle and fuel	100,195	-	-	-	-
Property	169,584	-	-	-	-
Other	244,465	-	-	19,116	-
Intergovernmental	11,740	783,392	855,701	50,855	-
Licenses, fees and permits	31,907	40	111	3,730	-
Earnings on investments	13,570	224	435	2,464	-
Sales and charges for services	6,254	11,053	493	219	-
Fines, forfeitures and penalties	4,965	5	-	1,275	-
Other	11,616	7,721	3,701	1,936	-
<b>Total Revenues</b>	<b>4,007,272</b>	<b>802,435</b>	<b>860,441</b>	<b>79,595</b>	<b>-</b>
<b>EXPENDITURES:</b>					
General government	870,676	17,949	31,664	6,629	-
Health and welfare	496,879	508,356	1,369,180	54,748	-
Inspection and regulation	31,348	829	258	92	-
Education	1,405,306	232,894	-	6,851	-
Protection and safety	339,448	23,728	2,656	1,609	-
Transportation	-	-	-	-	-
Natural resources	21,510	1,742	2	19	-
Capital outlay	29,823	9,156	595	1,095	-
Debt service:					
Principal	3,617	3,739	19	-	-
Interest	1,336	-	2	5	-
<b>Total Expenditures</b>	<b>3,199,943</b>	<b>798,393</b>	<b>1,404,376</b>	<b>71,048</b>	<b>-</b>
Revenues Over (Under) Expenditures	807,329	4,042	(543,935)	8,547	-
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	98,364	11,928	496,789	8,932	(521,140)
Operating transfers out	(1,080,993)	(33,299)	(1,507)	(7,496)	521,140
Other financing sources (uses)	81,811	234	(1,052)	30,733	-
<b>Total Other Financing Sources (Uses)</b>	<b>(900,818)</b>	<b>(21,137)</b>	<b>494,230</b>	<b>32,169</b>	<b>-</b>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(93,489)	(17,095)	(49,705)	40,716	-
Beginning Fund Balances, as restated	(20,904)	15,584	(42,257)	35,291	-
Residual Equity Transfers	11,653	(2)	-	(3,030)	-
<b>Ending Fund Balances</b>	<b>\$ (102,740)</b>	<b>\$ (1,513)</b>	<b>\$ (91,962)</b>	<b>\$ 72,977</b>	<b>\$ -</b>

TOTALS

1992	1991
\$ 1,965,555	\$ 1,828,694
1,447,421	1,286,978
100,195	90,532
169,584	168,209
263,581	236,444
1,701,688	1,289,206
35,788	38,763
16,693	22,409
18,019	7,424
6,245	5,188
24,974	25,901
<u>5,749,743</u>	<u>4,999,748</u>
926,918	608,951
2,429,163	1,897,789
32,527	32,936
1,645,051	1,556,038
367,441	366,748
-	8
23,273	25,311
40,669	46,186
7,375	6,685
1,343	803
<u>5,473,760</u>	<u>4,541,455</u>
275,983	458,293
94,873	82,752
(602,155)	(608,670)
111,726	9,901
<u>(395,556)</u>	<u>(516,017)</u>
(119,573)	(57,724)
(12,286)	(194)
8,621	6,487
<u>\$ (123,238)</u>	<u>\$ (51,431)</u>

*THIS PAGE INTENTIONALLY LEFT BLANK*



## SPECIAL REVENUE FUNDS

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	STATE HIGHWAY	HIGHWAY USERS	GAME & FISH	STATE AVIATION	INDUSTRIAL COMMISSION
<b>Current Assets:</b>					
Cash and investments	\$ 138,842	\$ 48,470	\$ 1,953	\$ 19,611	\$ 1,511
Receivables, net of allowances:					
Taxes	-	53,585	-	-	-
Interest	5,507	409	4	698	-
Other	1,802	84	1,301	199	-
Due from U.S. Government	17,717	-	-	954	-
Due from local governments	2,754	-	-	-	-
Due from others	-	-	-	-	-
Due from other Funds	32,256	8,373	609	-	20
Inventories, at cost	5,462	-	-	-	-
<b>Total Assets</b>	<b>\$ 204,340</b>	<b>\$ 110,921</b>	<b>\$ 3,867</b>	<b>\$ 21,462</b>	<b>\$ 1,531</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 20,363	\$ -	\$ 293	\$ 699	\$ 295
Accrued expenses	4,898	-	366	30	221
Due to local governments	2,177	53,272	-	686	-
Due to others	-	-	-	-	-
Due to other Funds	3,381	32,000	284	108	460
Deferred revenue	-	-	-	-	19
Other	-	-	1	-	-
<b>Total Liabilities</b>	<b>30,819</b>	<b>85,272</b>	<b>944</b>	<b>1,523</b>	<b>995</b>
<b>Fund Balances:</b>					
Reserved	251,934	-	127	16,001	-
Unreserved	(78,413)	25,649	2,796	3,938	536
<b>Total Fund Balances</b>	<b>173,521</b>	<b>25,649</b>	<b>2,923</b>	<b>19,939</b>	<b>536</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 204,340</b>	<b>\$ 110,921</b>	<b>\$ 3,867</b>	<b>\$ 21,462</b>	<b>\$ 1,531</b>

MARICOPA RARF	OTHER	ELIMINATIONS	TOTALS	
			1992	1991
\$ 44,497	\$ 144,287	\$ -	\$ 399,171	\$ 416,987
10,462	558	-	64,605	56,108
905	436	-	7,959	4,856
1	6,385	-	9,772	9,334
-	5,016	-	23,687	27,800
486	3,124	-	6,364	4,601
-	14	-	14	-
868	9,092	(42,477)	8,741	486
-	-	-	5,462	4,856
<u>\$ 57,219</u>	<u>\$ 168,912</u>	<u>\$ (42,477)</u>	<u>\$ 525,775</u>	<u>\$ 525,028</u>

\$ 1,240	\$ 10,146	\$ -	\$ 33,036	\$ 50,537
-	2,030	-	7,545	5,864
-	2,567	-	58,702	59,813
-	1,946	-	1,946	1,944
-	18,548	(42,477)	12,304	9,113
-	521	-	540	307
-	19	-	20	7
<u>1,240</u>	<u>35,777</u>	<u>(42,477)</u>	<u>114,093</u>	<u>127,585</u>
-	8,163	-	276,225	400,526
55,979	124,972	-	135,457	(3,083)
<u>55,979</u>	<u>133,135</u>	<u>-</u>	<u>411,682</u>	<u>397,443</u>
<u>\$ 57,219</u>	<u>\$ 168,912</u>	<u>\$ (42,477)</u>	<u>\$ 525,775</u>	<u>\$ 525,028</u>

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	STATE HIGHWAY	HIGHWAY USERS	GAME & FISH	STATE AVIATION	INDUSTRIAL COMMISSION
<b>REVENUES:</b>					
Taxes:					
Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Motor vehicle and fuel	338,734	318,910	-	452	-
Property	-	-	-	-	-
Other	-	-	-	6,934	-
Intergovernmental	164,510	-	301	4,369	1,209
Licenses, fees and permits	-	-	12,944	1,438	-
Earnings on investments	11,367	-	180	1,349	-
Sales and charges for services	-	-	15	-	3
Fines, forfeitures and penalties	-	-	-	-	-
Other	10,489	-	254	1,054	-
<b>Total Revenues</b>	<b>525,100</b>	<b>318,910</b>	<b>13,694</b>	<b>15,596</b>	<b>1,212</b>
<b>EXPENDITURES:</b>					
General government	-	-	-	-	-
Health and welfare	-	-	-	-	-
Inspection and regulation	-	-	-	-	11,868
Education	-	-	-	-	-
Protection and safety	-	-	-	-	-
Transportation	435,108	302,125	-	17,305	-
Natural resources	-	-	11,546	-	-
Capital outlay	5,001	-	866	25	377
Debt service:					
Principal	-	-	79	-	-
Interest	-	-	10	-	-
<b>Total Expenditures</b>	<b>440,109</b>	<b>302,125</b>	<b>12,501</b>	<b>17,330</b>	<b>12,245</b>
<b>Revenues Over (Under) Expenditures</b>	<b>84,991</b>	<b>16,785</b>	<b>1,193</b>	<b>(1,734)</b>	<b>(11,033)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	4,557	-	1,431	-	12,193
Operating transfers out	(107,295)	(12,453)	(2,390)	(112)	(1,259)
Other financing sources	896	-	-	-	179
<b>Total Other Financing Sources (Uses)</b>	<b>(101,842)</b>	<b>(12,453)</b>	<b>(959)</b>	<b>(112)</b>	<b>11,113</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(16,851)</b>	<b>4,332</b>	<b>234</b>	<b>(1,846)</b>	<b>80</b>
<b>Beginning Fund Balances</b>	<b>190,024</b>	<b>21,317</b>	<b>2,689</b>	<b>21,785</b>	<b>456</b>
<b>Residual Equity Transfers</b>	<b>348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balances</b>	<b>\$ 173,521</b>	<b>\$ 25,649</b>	<b>\$ 2,923</b>	<b>\$ 19,939</b>	<b>\$ 536</b>

MARICOPA RARF	OTHER	ELIMINATIONS	TOTALS	
			1992	1991
\$ 117,703	\$ 9,132	\$ -	\$ 126,835	\$ 40,593
-	40,490	-	698,586	704,346
-	1,091	-	1,091	1,053
-	5,863	-	12,797	13,285
-	49,159	-	219,548	228,903
-	62,962	-	77,344	62,535
2,133	2,731	-	17,760	17,530
-	1,697	-	1,715	3,514
-	28,094	-	28,094	20,993
3,023	5,930	-	20,750	20,111
<u>122,859</u>	<u>207,149</u>	<u>-</u>	<u>1,204,520</u>	<u>1,112,863</u>
-	25,022	-	25,022	26,365
-	24,055	-	24,055	19,122
-	28,247	-	40,115	39,215
-	2,208	-	2,208	1,882
-	17,853	-	17,853	17,052
28,406	74,484	-	857,428	963,558
-	14,480	-	26,026	20,384
-	7,552	-	13,821	16,036
-	480	-	559	827
-	28	-	38	47
<u>28,406</u>	<u>194,409</u>	<u>-</u>	<u>1,007,125</u>	<u>1,104,488</u>
<u>94,453</u>	<u>12,740</u>	<u>-</u>	<u>197,395</u>	<u>8,375</u>
164	34,876	(5,833)	47,388	64,374
(95,109)	(16,396)	5,833	(229,181)	(104,957)
-	568	-	1,643	1,359
<u>(94,945)</u>	<u>19,048</u>	<u>-</u>	<u>(180,150)</u>	<u>(39,224)</u>
(492)	31,788	-	17,245	(30,849)
56,471	104,701	-	397,443	431,807
-	(3,354)	-	(3,006)	(3,515)
<u>\$ 55,979</u>	<u>\$ 133,135</u>	<u>\$ -</u>	<u>\$ 411,682</u>	<u>\$ 397,443</u>

*THIS PAGE INTENTIONALLY LEFT BLANK*

## DEBT SERVICE FUNDS

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	DEPARTMENT	MARICOPA	CERTIFICATES	TOTALS	
	OF TRANSPORTATION	RARF	OF PARTICIPATION	1992	1991
<b>Current Assets:</b>					
Cash and investments	\$ 2,608	\$ 21,203	\$ 4,532	\$ 28,343	\$ 21,349
Interest receivable	99	488	-	587	318
Due from other Funds	-	-	108	108	-
<b>Total Assets</b>	<b>\$ 2,707</b>	<b>\$ 21,691</b>	<b>\$ 4,640</b>	<b>\$ 29,038</b>	<b>\$ 21,667</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 5	\$ -	\$ -	\$ 5	\$ -
Accrued expenses	-	-	-	-	176
Due to other Funds	-	-	4,640	4,640	-
<b>Total Liabilities</b>	<b>5</b>	<b>-</b>	<b>4,640</b>	<b>4,645</b>	<b>176</b>
<b>Fund Balances, all reserved</b>	<b>2,702</b>	<b>21,691</b>	<b>-</b>	<b>24,393</b>	<b>21,491</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,707</b>	<b>\$ 21,691</b>	<b>\$ 4,640</b>	<b>\$ 29,038</b>	<b>\$ 21,667</b>



STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	DEPARTMENT	MARICOPA	CERTIFICATES	TOTALS	
	OF	RARF	OF	1992	1991
	TRANSPORTATION		PARTICIPATION		
<b>REVENUES:</b>					
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 79,828
Earnings on investments	1,227	2,729	5,911	9,867	6,442
<b>Total Revenues</b>	<b>1,227</b>	<b>2,729</b>	<b>5,911</b>	<b>9,867</b>	<b>86,270</b>
<b>EXPENDITURES:</b>					
Transportation	179	84	-	263	76
Principal	26,185	38,410	4,165	68,760	61,490
Interest and other fiscal charges	39,956	54,544	14,747	109,247	103,365
<b>Total Expenditures</b>	<b>66,320</b>	<b>93,038</b>	<b>18,912</b>	<b>178,270</b>	<b>164,931</b>
Revenues (Under) Expenditures	(65,093)	(90,309)	(13,001)	(168,403)	(78,661)
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	66,577	93,760	13,001	173,338	72,114
Other financing (uses)	(2,033)	-	-	(2,033)	-
<b>Total Other Financing Sources</b>	<b>64,544</b>	<b>93,760</b>	<b>13,001</b>	<b>171,305</b>	<b>72,114</b>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(549)	3,451	-	2,902	(6,547)
Beginning Fund Balances	3,251	18,240	-	21,491	28,038
<b>Ending Fund Balances</b>	<b>\$ 2,702</b>	<b>\$ 21,691</b>	<b>\$ -</b>	<b>\$ 24,393</b>	<b>\$ 21,491</b>

*THIS PAGE INTENTIONALLY LEFT BLANK*

# CAPITAL PROJECTS FUNDS

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	DEPARTMENT	MARICOPA	CERTIFICATES	OTHER	TOTALS	
	OF TRANSPORTATION FINANCED	RARF FINANCED	OF PARTICIPATION FINANCED		1992	1991
<b>Current Assets:</b>						
Cash and investments	\$ 167,367	\$ -	\$ -	\$ 35,676	\$ 203,043	\$ 90,373
Receivables, net of allowances:						
Taxes	-	-	-	1,656	1,656	1,767
Interest	1,052	-	-	115	1,167	233
Other	-	-	-	-	-	1
Due from local governments	-	-	-	2,149	2,149	1,246
Due from other Funds	-	-	-	2,289	2,289	508
<b>Total Assets</b>	<b>\$ 168,419</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,885</b>	<b>\$ 210,304</b>	<b>\$ 94,128</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 2,754	\$ -	\$ -	\$ 5,119	\$ 7,873	\$ 16,860
Accrued expenses	-	-	-	55	55	40
Due to other Funds	5	-	-	282	287	49
<b>Total Liabilities</b>	<b>2,759</b>	<b>-</b>	<b>-</b>	<b>5,456</b>	<b>8,215</b>	<b>16,949</b>
<b>Fund Balances:</b>						
Reserved	-	-	-	23,693	23,693	25,266
Unreserved	165,660	-	-	12,736	178,396	51,913
<b>Total Fund Balances</b>	<b>165,660</b>	<b>-</b>	<b>-</b>	<b>36,429</b>	<b>202,089</b>	<b>77,179</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 168,419</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,885</b>	<b>\$ 210,304</b>	<b>\$ 94,128</b>

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	DEPARTMENT OF TRANSPORTATION FINANCED	MARICOPA RARF FINANCED	CERTIFICATES OF PARTICIPATION FINANCED	OTHER	TOTALS	
					1992	1991
<b>REVENUES:</b>						
Taxes:						
Motor vehicle and fuel	\$ -	\$ -	\$ -	\$ 4,352	\$ 4,352	\$ 4,072
Property	-	-	-	98	98	94
Other	-	-	-	21,270	21,270	21,305
Intergovernmental	-	-	-	70	70	35
Licenses, fees and permits	-	-	-	1,221	1,221	1,004
Earnings on investments	5,803	198	-	1,072	7,073	10,861
Other	-	-	-	2,739	2,739	1,631
<b>Total Revenues</b>	<b>5,803</b>	<b>198</b>	<b>-</b>	<b>30,822</b>	<b>36,823</b>	<b>39,002</b>
<b>EXPENDITURES:</b>						
Capital outlay	124,743	19,016	14,596	29,320	187,675	238,563
<b>Revenues Over (Under) Expenditures</b>	<b>(118,940)</b>	<b>(18,818)</b>	<b>(14,596)</b>	<b>1,502</b>	<b>(150,852)</b>	<b>(199,561)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	-	-	-	2,858	2,858	3,291
Operating transfers out	(2,125)	(1,043)	(678)	(1,481)	(5,327)	(41,187)
Other financing sources	263,607	-	15,274	-	278,881	280,510
<b>Total Other Financing Sources (Uses)</b>	<b>261,482</b>	<b>(1,043)</b>	<b>14,596</b>	<b>1,377</b>	<b>276,412</b>	<b>242,614</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>142,542</b>	<b>(19,861)</b>	<b>-</b>	<b>2,879</b>	<b>125,560</b>	<b>43,053</b>
<b>Beginning Fund Balances</b>	<b>23,118</b>	<b>19,861</b>	<b>-</b>	<b>34,200</b>	<b>77,179</b>	<b>34,126</b>
<b>Residual Equity Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(650)</b>	<b>(650)</b>	<b>-</b>
<b>Ending Fund Balances</b>	<b>\$ 165,660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,429</b>	<b>\$ 202,089</b>	<b>\$ 77,179</b>

*THIS PAGE INTENTIONALLY LEFT BLANK*

# ENTERPRISE FUNDS

STATE OF ARIZONA  
COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
JUNE 30, 1992  
(EXCEPT STATE COMPENSATION, DECEMBER 31, 1991)  
(Expressed in Thousands)

ASSETS	STATE COMPENSATION	INDUSTRIAL COMMISSION	UNIVERSITY MEDICAL CENTER	ARIZONA POWER AUTHORITY	LOTTERY
<b>Current Assets:</b>					
Cash and investments	\$ 18,574	\$ 405	\$ 13,728	\$ 10,849	\$ 13,761
Cash held by trustee	-	590	-	-	-
Receivables, net of allowances:					
Taxes	-	4,613	-	-	-
Interest	14,010	2,259	-	1,106	60
Other	42,046	11	32,851	1,855	4,951
Due from other Funds	-	329	-	-	-
Inventories, at cost	-	-	4,676	-	229
Other	7,996	-	10,451	-	16
<b>Total Current Assets</b>	<b>82,626</b>	<b>8,207</b>	<b>61,706</b>	<b>13,810</b>	<b>19,017</b>
<b>Long-term Assets:</b>					
Investments	962,088	172,665	-	-	-
Investments held by trustee	-	-	40,651	38,515	-
Other	-	-	4,348	44,854	-
Fixed assets:					
Property and equipment	42,871	17,611	121,268	1,106	6,491
Less: accumulated depreciation	(7,347)	(2,293)	(42,026)	(571)	(2,150)
<b>Total Long-term Assets</b>	<b>997,612</b>	<b>187,983</b>	<b>124,241</b>	<b>83,904</b>	<b>4,341</b>
<b>Total Assets</b>	<b>\$ 1,080,238</b>	<b>\$ 196,190</b>	<b>\$ 185,947</b>	<b>\$ 97,714</b>	<b>\$ 23,358</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ -	\$ 593	\$ 13,562	\$ -	\$ 722
Accrued expenses	75,767	-	8,420	-	-
Due to other Funds	700	-	-	-	7,780
Deferred revenue	47,636	-	-	-	-
Current portion of insurance losses	164,237	127,645	-	-	-
Current portion of long-term debt	-	600	410	-	-
Other	28,239	-	-	3,073	8,739
<b>Total Current Liabilities</b>	<b>316,579</b>	<b>128,838</b>	<b>22,392</b>	<b>3,073</b>	<b>17,241</b>
<b>Long-term Liabilities:</b>					
Accrued compensated absences	-	-	3,590	-	249
Accrued insurance losses	661,738	-	4,731	-	-
Long-term debt:					
Revenue bonds	-	-	78,341	89,820	-
Certificates of participation	-	15,400	-	-	-
Leases and installment purchases	-	-	-	-	-
Other	-	-	341	-	-
<b>Total Long-term Liabilities</b>	<b>661,738</b>	<b>15,400</b>	<b>87,003</b>	<b>89,820</b>	<b>249</b>
<b>Total Liabilities</b>	<b>978,317</b>	<b>144,238</b>	<b>109,395</b>	<b>92,893</b>	<b>17,490</b>
<b>Fund Equity:</b>					
Contributed capital	-	-	-	9	-
Retained earnings	101,921	51,952	76,552	4,812	5,868
<b>Total Fund Equity</b>	<b>101,921</b>	<b>51,952</b>	<b>76,552</b>	<b>4,821</b>	<b>5,868</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 1,080,238</b>	<b>\$ 196,190</b>	<b>\$ 185,947</b>	<b>\$ 97,714</b>	<b>\$ 23,358</b>



COLISEUM & EXPOSITION CENTER	OTHER	TOTALS	
		1992	1991
\$ 672	\$ 15,382	\$ 73,371	\$ 60,908
-	-	590	66
-	-	4,613	5,335
92	361	17,888	17,220
72	3,164	84,950	80,375
-	98	427	1,378
-	5,488	10,393	9,915
54	738	19,255	9,277
<u>890</u>	<u>25,231</u>	<u>211,487</u>	<u>184,474</u>
10,819	-	1,145,572	1,055,639
-	-	79,166	46,488
2	1	49,205	38,630
19,939	11,505	220,791	208,354
(9,662)	(5,445)	(69,494)	(64,414)
<u>21,098</u>	<u>6,061</u>	<u>1,425,240</u>	<u>1,284,697</u>
\$ 21,988	\$ 31,292	\$ 1,636,727	\$ 1,469,171
\$ 91	\$ 1,725	\$ 16,693	\$ 34,513
82	315	84,584	5,168
2,000	44	10,524	5,734
-	5,124	52,760	39,486
-	1,800	293,682	205,239
-	261	1,271	1,409
108	482	40,641	36,329
<u>2,281</u>	<u>9,751</u>	<u>500,155</u>	<u>327,878</u>
138	177	4,154	3,696
-	-	666,469	665,965
1,820	-	169,981	167,135
-	-	15,400	16,000
-	3	3	-
-	79	420	282
<u>1,958</u>	<u>259</u>	<u>856,427</u>	<u>853,078</u>
4,239	10,010	1,356,582	1,180,956
-	6,821	6,830	7,717
17,749	14,461	273,315	280,498
<u>17,749</u>	<u>21,282</u>	<u>280,145</u>	<u>288,215</u>
\$ 21,988	\$ 31,292	\$ 1,636,727	\$ 1,469,171

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENSES AND CHANGES IN RETAINED EARNINGS  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (EXCEPT STATE COMPENSATION,  
 FOR THE YEAR ENDED DECEMBER 31, 1991)  
 (Expressed in Thousands)

	STATE COMPENSATION	INDUSTRIAL COMMISSION	UNIVERSITY MEDICAL CENTER	ARIZONA POWER AUTHORITY	LOTTERY
<b>OPERATING REVENUES:</b>					
Sales and charges for services:					
Lottery	\$ -	\$ -	\$ -	\$ -	\$ 249,251
Other	248,630	-	153,616	16,669	-
Taxes	-	21,825	-	-	-
Intergovernmental	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	6
Earnings on investments	89,683	17,816	830	-	-
Other	-	2,803	13,400	-	471
Total Operating Revenues	<u>338,313</u>	<u>42,444</u>	<u>167,846</u>	<u>16,669</u>	<u>249,728</u>
<b>OPERATING EXPENSES:</b>					
Cost of sales and benefits	254,318	51,166	31,907	16,671	142,625
Personal services	20,299	-	78,134	811	3,663
Contractual services	1,484	897	19,529	-	420
Aid to local governments	-	-	-	-	30,650
Depreciation and amortization	2,234	369	8,564	75	214
Insurance	-	-	3,337	-	45
Other	16,133	1,038	20,950	918	10,123
Total Operating Expenses	<u>294,468</u>	<u>53,470</u>	<u>162,421</u>	<u>18,475</u>	<u>187,740</u>
Operating Income (Loss)	<u>43,845</u>	<u>(11,026)</u>	<u>5,425</u>	<u>(1,806)</u>	<u>61,988</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	-	277	-	3,966	-
Interest expense	-	(598)	-	(3,335)	-
Other	(3,790)	(6)	(3,109)	847	-
Total Non-operating Income	<u>(3,790)</u>	<u>(327)</u>	<u>(3,109)</u>	<u>1,478</u>	<u>-</u>
Income (Loss) Before Operating Transfers	<u>40,055</u>	<u>(11,353)</u>	<u>2,316</u>	<u>(328)</u>	<u>61,988</u>
<b>OPERATING TRANSFERS:</b>					
Operating transfers in	-	574	-	-	-
Operating transfers out	(137)	(12,193)	-	(28)	(62,860)
Total Operating Transfers	<u>(137)</u>	<u>(11,619)</u>	<u>-</u>	<u>(28)</u>	<u>(62,860)</u>
Net Income (Loss)	39,918	(22,972)	2,316	(356)	(872)
Beginning Retained Earnings, as restated	87,003	74,924	74,236	5,168	6,740
Residual Equity Transfers	-	-	-	-	-
Provision for Dividends	(25,000)	-	-	-	-
Ending Retained Earnings	<u>\$ 101,921</u>	<u>\$ 51,952</u>	<u>\$ 76,552</u>	<u>\$ 4,812</u>	<u>\$ 5,868</u>

COLISEUM & EXPOSITION CENTER	OTHER	TOTALS	
		1992	1991
\$ -	\$ -	\$ 249,251	\$ 230,449
11,979	22,905	453,799	424,252
-	-	21,825	24,327
-	18	18	9
-	908	914	875
-	345	108,674	82,748
2,621	341	19,636	27,453
<u>14,600</u>	<u>24,517</u>	<u>854,117</u>	<u>790,113</u>
1,933	14,087	512,707	454,598
5,877	3,463	112,247	101,573
3,652	715	26,697	24,538
-	4	30,654	31,154
732	741	12,929	12,435
647	1,392	5,421	4,952
1,773	4,723	55,658	60,682
<u>14,614</u>	<u>25,125</u>	<u>756,313</u>	<u>689,932</u>
(14)	(608)	97,804	100,181
520	319	5,082	18,626
-	-	(3,933)	(5,281)
440	1,459	(4,159)	8,411
<u>960</u>	<u>1,778</u>	<u>(3,010)</u>	<u>21,756</u>
946	1,170	94,794	121,937
-	378	952	908
(197)	(1,000)	(76,415)	(70,461)
<u>(197)</u>	<u>(622)</u>	<u>(75,463)</u>	<u>(69,553)</u>
749	548	19,331	52,384
18,106	13,916	280,093	246,314
(1,106)	(3)	(1,109)	-
-	-	(25,000)	(18,200)
<u>\$ 17,749</u>	<u>\$ 14,461</u>	<u>\$ 273,315</u>	<u>\$ 280,498</u>

STATE OF ARIZONA  
 COMBINING STATEMENT OF CASH FLOWS  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (EXCEPT STATE COMPENSATION, FOR THE YEAR ENDED DECEMBER 31, 1991)  
 (Expressed in Thousands)

	<u>STATE COMPENSATION</u>	<u>INDUSTRIAL COMMISSION</u>	<u>UNIVERSITY MEDICAL CENTER</u>	<u>ARIZONA POWER AUTHORITY</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 43,845	\$ (11,026)	\$ 5,425	\$ (1,806)
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	2,234	369	8,564	75
Amortization of investment (premium)	(21,208)	-	-	-
Net (gain) on sale of investment	(134)	-	-	-
Net (gain) on sale of fixed assets	(99)	-	-	-
Dividends to policyholders	(25,000)	-	-	-
Amortization of bond issuance costs	-	-	-	-
Provision for long-term liabilities	-	-	2,404	-
Write off of preliminary survey and investigation costs	-	-	-	918
<b>Total Adjustments</b>	<b>(44,207)</b>	<b>369</b>	<b>10,968</b>	<b>993</b>
<b>Changes in Assets and Liabilities:</b>				
(Increase) decrease in receivables, net of allowances	(2,769)	1,190	(5,165)	(55)
Decrease in due from other Funds	-	932	-	-
(Increase) decrease in inventories, at cost	-	-	(1,044)	-
(Increase) decrease in other current assets	(7,996)	-	-	98
Increase (decrease) in accounts payable	(19,008)	224	1,140	(25)
Increase (decrease) in accrued expenses	75,767	-	3,757	-
Increase in due to other Funds	-	-	-	-
Increase in deferred revenue	13,071	-	-	-
Increase (decrease) in other current liabilities	54,291	37,763	-	45
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in long-term insurance losses	(1,376)	-	-	-
<b>Net Changes in Assets and Liabilities</b>	<b>111,980</b>	<b>40,109</b>	<b>(1,312)</b>	<b>63</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>111,618</b>	<b>29,452</b>	<b>15,081</b>	<b>(750)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Interest expense	-	-	-	(3,335)
Other non-operating revenues (expenses)	(3,790)	-	-	691
Operating transfers in	-	574	-	-
Operating transfers out	(137)	(12,193)	-	(28)
Residual equity transfers	-	-	-	-
Increase in advances for Hoover Upgrading Project	-	-	-	(11,688)
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>\$ (3,927)</b>	<b>\$ (11,619)</b>	<b>\$ -</b>	<b>\$ (14,360)</b>

LOTTERY	COLISEUM & EXPOSITION CENTER	OTHER	TOTALS	
			1992	1991
\$ 61,988	\$ (14)	\$ (608)	\$ 97,804	\$ 100,181
214	732	741	12,929	12,338
-	-	-	(21,208)	(18,166)
-	-	-	(134)	(103)
-	-	-	(99)	(3,757)
-	-	-	(25,000)	(27,261)
-	-	-	-	97
-	-	-	2,404	2,846
-	-	-	918	-
214	732	741	(30,190)	(34,006)
1,018	84	738	(4,959)	(6,951)
-	-	19	951	715
77	-	489	(478)	(875)
105	(46)	(69)	(7,908)	435
(600)	(53)	501	(17,821)	5,713
-	(35)	(73)	79,416	1,629
2,775	-	15	2,790	3,715
-	-	214	13,285	5,607
373	(90)	1,201	93,583	6,289
(7)	(5)	(55)	(67)	56
-	-	-	(1,376)	84,025
3,741	(145)	2,980	157,416	100,358
65,943	573	3,113	225,030	166,533
-	-	-	(3,335)	(4,323)
-	439	1,459	(1,201)	6,450
-	-	378	952	908
(62,860)	(197)	(1,000)	(76,415)	(70,461)
-	-	(3)	(3)	-
-	-	-	(11,688)	(6,123)
\$ (62,860)	\$ 242	\$ 834	\$ (91,690)	\$ (73,549)

STATE OF ARIZONA  
 COMBINING STATEMENT OF CASH FLOWS  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (EXCEPT STATE COMPENSATION, FOR THE YEAR ENDED DECEMBER 31, 1991)  
 (CONTINUED)  
 (Expressed in Thousands)

	<u>STATE COMPENSATION</u>	<u>INDUSTRIAL COMMISSION</u>	<u>UNIVERSITY MEDICAL CENTER</u>	<u>ARIZONA POWER AUTHORITY</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of fixed assets	\$ (891)	\$ (70)	\$ (18,969)	\$ (5)
Proceeds from sale of fixed assets	1,552	-	-	-
Retirement of revenue bonds principal	-	-	(24,960)	-
Interest payments under certificates of participation or bonds	-	(598)	-	-
Principal payments under leases and installment purchases	-	(600)	-	-
Proceeds from other long-term debt	-	-	27,268	-
Proceeds in funds received by trustee	-	277	-	8,129
Payments for bond issuance and insurance costs	-	-	(2,697)	-
Contributions from other Funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	661	(991)	(19,358)	8,124
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from sales and maturities of investments	22,800	-	-	3,000
Purchase of investments	(125,138)	(16,577)	-	-
Interest and dividends on investments	-	-	-	3,902
Decrease in assets whose use is limited	-	-	5,961	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	(102,338)	(16,577)	5,961	6,902
	<hr/>	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Short-term Investments	6,014	265	1,684	(84)
Cash and Short-term Investments - Beginning	12,560	730	12,044	10,933
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and Short-term Investments - Ending	\$ 18,574	\$ 995	\$ 13,728	\$ 10,849
	<hr/>	<hr/>	<hr/>	<hr/>

LOTTERY	COLISEUM & EXPOSITION CENTER	OTHER	TOTALS	
			1992	1991
\$ (17)	\$ (620)	\$ (1,607)	\$ (22,179)	\$ (18,085)
-	-	-	1,552	6,842
-	(43)	-	(25,003)	(495)
-	-	-	(598)	(958)
-	-	(68)	(668)	(2,013)
-	-	-	27,268	49,967
-	-	-	8,406	6,098
-	-	-	(2,697)	(1,781)
-	-	50	50	-
<u>(17)</u>	<u>(663)</u>	<u>(1,625)</u>	<u>(13,869)</u>	<u>39,575</u>
-	-	-	25,800	47,577
-	(1,358)	-	(143,073)	(200,529)
-	607	319	4,828	13,943
-	-	-	5,961	-
<u>-</u>	<u>(751)</u>	<u>319</u>	<u>(106,484)</u>	<u>(139,009)</u>
3,066	(599)	2,641	12,987	(6,450)
<u>10,695</u>	<u>1,271</u>	<u>12,741</u>	<u>60,974</u>	<u>67,424</u>
<u>\$ 13,761</u>	<u>\$ 672</u>	<u>\$ 15,382</u>	<u>\$ 73,961</u>	<u>\$ 60,974</u>

*THIS PAGE INTENTIONALLY LEFT BLANK*



**INTERNAL SERVICE FUNDS**

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	WORKERS' COMPENSATION	DATA PROCESSING
<b>Current Assets:</b>				
Cash and investments	\$ 18,819	\$ 7,239	\$ 6,744	\$ 2,098
Receivables, net of allowances:				
Interest	-	258	-	-
Other	-	85	-	1,033
Due from local governments	-	22	-	-
Due from other Funds	1	2,650	716	2,155
Inventories, at cost	-	2,693	-	17
Other	3,128	-	-	39
<b>Total Current Assets</b>	<b>21,948</b>	<b>12,947</b>	<b>7,460</b>	<b>5,342</b>
<b>Long-term Assets:</b>				
Fixed assets:				
Property and equipment	322	66,067	12	23,102
Less: accumulated depreciation	(171)	(36,557)	(7)	(14,493)
<b>Total Long-term Assets</b>	<b>151</b>	<b>29,510</b>	<b>5</b>	<b>8,609</b>
<b>Total Assets</b>	<b>\$ 22,099</b>	<b>\$ 42,457</b>	<b>\$ 7,465</b>	<b>\$ 13,951</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 7,204	\$ 682	\$ 1,036	\$ 253
Accrued expenses	46	577	3	139
Due to other Funds	93	26	18	33
Deferred revenue	-	-	-	240
Current portion of long-term debt	-	-	-	3,680
Other	50	-	-	10
<b>Total Current Liabilities</b>	<b>7,393</b>	<b>1,285</b>	<b>1,057</b>	<b>4,355</b>
<b>Long-term Liabilities:</b>				
Accrued compensated absences	125	-	8	320
Accrued insurance losses	238,745	-	87,092	-
Leases and installment purchases	-	-	-	564
<b>Total Long-term Liabilities</b>	<b>238,870</b>	<b>-</b>	<b>87,100</b>	<b>884</b>
<b>Total Liabilities</b>	<b>246,263</b>	<b>1,285</b>	<b>88,157</b>	<b>5,239</b>
<b>Fund Equity:</b>				
Contributed capital	-	6,009	-	687
Retained earnings	(224,164)	35,163	(80,692)	8,025
<b>Total Fund Equity</b>	<b>(224,164)</b>	<b>41,172</b>	<b>(80,692)</b>	<b>8,712</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 22,099</b>	<b>\$ 42,457</b>	<b>\$ 7,465</b>	<b>\$ 13,951</b>

TELECOMMUNICATIONS	MOTOR POOL	OTHER	ELIMINATIONS	TOTALS	
				1992	1991
\$ 1,238	\$ 2,855	\$ 3,987	\$ -	\$ 42,980	\$ 43,403
-	-	2	-	260	142
164	9	145	-	1,436	859
-	-	32	-	54	110
1,163	1,854	1,290	(238)	9,591	10,964
-	-	543	-	3,253	2,758
4	-	89	-	3,260	2,886
<u>2,569</u>	<u>4,718</u>	<u>6,088</u>	<u>(238)</u>	<u>60,834</u>	<u>61,122</u>
9,426	14,968	2,649	-	116,546	108,906
(3,158)	(8,036)	(1,485)	-	(63,907)	(53,547)
<u>6,268</u>	<u>6,932</u>	<u>1,164</u>	<u>-</u>	<u>52,639</u>	<u>55,359</u>
\$ <u>8,837</u>	\$ <u>11,650</u>	\$ <u>7,252</u>	\$ <u>(238)</u>	\$ <u>113,473</u>	\$ <u>116,481</u>
\$ 94	\$ 342	\$ 685	\$ -	\$ 10,296	\$ 6,947
31	23	301	-	1,120	1,344
3	16	156	(238)	107	1,346
-	-	-	-	240	285
840	-	46	-	4,566	4,016
-	-	10	-	70	-
<u>968</u>	<u>381</u>	<u>1,198</u>	<u>(238)</u>	<u>16,399</u>	<u>13,938</u>
76	61	105	-	695	693
-	-	-	-	325,837	190,987
4,907	-	64	-	5,535	8,628
<u>4,983</u>	<u>61</u>	<u>169</u>	<u>-</u>	<u>332,067</u>	<u>200,308</u>
5,951	442	1,367	(238)	348,466	214,246
-	7,763	-	-	14,459	15,105
2,886	3,445	5,885	-	(249,452)	(112,870)
<u>2,886</u>	<u>11,208</u>	<u>5,885</u>	<u>-</u>	<u>(234,993)</u>	<u>(97,765)</u>
\$ <u>8,837</u>	\$ <u>11,650</u>	\$ <u>7,252</u>	\$ <u>(238)</u>	\$ <u>113,473</u>	\$ <u>116,481</u>

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENSES AND CHANGES IN RETAINED EARNINGS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	WORKERS' COMPENSATION	DATA PROCESSING
<b>OPERATING REVENUES:</b>				
Sales and charges for services	\$ 35,763	\$ 22,837	\$ 14,925	\$ 12,978
Other	333	1,892	8	255
<b>Total Operating Revenues</b>	<b>36,096</b>	<b>24,729</b>	<b>14,933</b>	<b>13,233</b>
<b>OPERATING EXPENSES:</b>				
Cost of sales and benefits	-	4,850	-	2,796
Personal services	1,509	6,223	68	4,930
Contractual services	13,705	5,139	248	336
Aid to local governments	-	-	-	-
Depreciation and amortization	114	5,229	6	4,729
Insurance	144,098	878	31,510	62
Other	635	635	600	490
<b>Total Operating Expenses</b>	<b>160,061</b>	<b>22,954</b>	<b>32,432</b>	<b>13,343</b>
<b>Operating Income (Loss)</b>	<b>(123,965)</b>	<b>1,775</b>	<b>(17,499)</b>	<b>(110)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest income	-	517	-	-
Other	262	105	-	2
<b>Total Non-operating Income (Loss)</b>	<b>262</b>	<b>622</b>	<b>-</b>	<b>2</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(123,703)</b>	<b>2,397</b>	<b>(17,499)</b>	<b>(108)</b>
<b>OPERATING TRANSFERS:</b>				
Operating transfers in	151	-	11	-
Operating transfers out	(290)	(684)	(158)	(608)
<b>Total Operating Transfers</b>	<b>(139)</b>	<b>(684)</b>	<b>(147)</b>	<b>(608)</b>
<b>Net Income (Loss)</b>	<b>(123,842)</b>	<b>1,713</b>	<b>(17,646)</b>	<b>(716)</b>
<b>Beginning Retained Earnings, as restated</b>	<b>(100,269)</b>	<b>34,380</b>	<b>(63,036)</b>	<b>8,741</b>
<b>Residual Equity Transfers</b>	<b>(53)</b>	<b>(930)</b>	<b>(10)</b>	<b>-</b>
<b>Ending Retained Earnings</b>	<b>\$ (224,164)</b>	<b>\$ 35,163</b>	<b>\$ (80,692)</b>	<b>\$ 8,025</b>

TELECOMMUNICATIONS	MOTOR POOL	OTHER	ELIMINATIONS	TOTALS	
				1992	1991
\$ 12,168	\$ 5,901	\$ 18,360	\$ -	\$ 122,932	\$ 114,513
2	109	1,930	-	4,529	2,895
<u>12,170</u>	<u>6,010</u>	<u>20,290</u>	<u>-</u>	<u>127,461</u>	<u>117,408</u>
7,152	1,328	3,068	-	19,194	17,381
996	718	9,929	-	24,373	19,764
44	11	1,118	-	20,601	17,660
-	-	663	-	663	450
1,147	2,191	417	-	13,833	13,367
10	308	19	-	176,885	48,667
912	25	1,084	-	4,381	5,526
<u>10,261</u>	<u>4,581</u>	<u>16,298</u>	<u>-</u>	<u>259,930</u>	<u>122,815</u>
1,909	1,429	3,992	-	(132,469)	(5,407)
-	-	-	-	517	563
-	16	(26)	-	359	162
<u>-</u>	<u>16</u>	<u>(26)</u>	<u>-</u>	<u>876</u>	<u>725</u>
1,909	1,445	3,966	-	(131,593)	(4,682)
-	-	13	(150)	25	7
(142)	(64)	(969)	150	(2,765)	(4,082)
<u>(142)</u>	<u>(64)</u>	<u>(956)</u>	<u>-</u>	<u>(2,740)</u>	<u>(4,075)</u>
1,767	1,381	3,010	-	(134,333)	(8,757)
1,301	2,064	3,189	-	(113,630)	(101,601)
(182)	-	(314)	-	(1,489)	(2,512)
<u>\$ 2,886</u>	<u>\$ 3,445</u>	<u>\$ 5,885</u>	<u>\$ -</u>	<u>\$ (249,452)</u>	<u>\$ (112,870)</u>

STATE OF ARIZONA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	<u>RISK MANAGEMENT</u>	<u>TRANSPORTATION EQUIPMENT</u>	<u>WORKERS' COMPENSATION</u>	<u>DATA PROCESSING</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ (123,965)	\$ 1,775	\$ (17,499)	\$ (110)
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	114	5,229	6	4,729
Total Adjustments	114	5,229	6	4,729
<b>Changes in Assets and Liabilities:</b>				
(Increase) decrease in receivables, net of allowances	-	(7)	-	(679)
(Increase) decrease in due from local governments	-	(22)	-	-
(Increase) decrease in due from other Funds	302	(769)	(15)	1,779
(Increase) in inventories, at cost	-	(6)	-	(17)
(Increase) decrease in other current assets	(718)	-	-	(10)
Increase (decrease) in accounts payable	4,421	303	(926)	(477)
Increase (decrease) in accrued expenses	16	42	1	27
(Decrease) in due to local governments	-	-	-	-
Increase (decrease) in due to other Funds	93	16	14	(72)
(Decrease) in deferred revenue	(283)	-	-	(45)
Increase in other current liabilities	50	-	-	10
Increase (decrease) in compensated absences	47	-	6	88
Increase in long-term insurance losses	115,334	-	19,516	-
Net Changes in Assets and Liabilities	119,262	(443)	18,596	604
Net Cash Provided (Used) by Operating Activities	(4,589)	6,561	1,103	5,223
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Other non-operating revenues (expenses)	262	-	-	2
Operating transfers in	151	-	11	-
Operating transfers out	(290)	(684)	(158)	(608)
Residual equity transfers	(53)	(930)	(10)	-
Net Cash Provided (Used) by Non-capital Financing Activities	70	(1,614)	(157)	(606)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of fixed assets	(15)	(5,013)	-	(1,452)
Proceeds from sale of fixed assets	-	591	-	-
Principal payments under leases and installment purchases	-	-	-	(3,503)
Contributions (to) from other funds	-	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	(15)	(4,422)	-	(4,955)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and dividends on investments	-	399	-	-
Net Cash Provided by Investing Activities	-	399	-	-
Net Increase (Decrease) in Cash and Short-term Investments	(4,534)	924	946	(338)
Cash and Short-term Investments - Beginning	23,353	6,315	5,798	2,436
Cash and Short-term Investments - Ending	\$ 18,819	\$ 7,239	\$ 6,744	\$ 2,098

TELECOMMUNICATIONS	MOTOR POOL	OTHER	ELIMINATIONS	TOTALS	
				1992	1991
\$ 1,909	\$ 1,429	\$ 3,992	\$ -	\$ (132,469)	\$ (5,407)
1,147	2,191	417	-	13,833	13,367
1,147	2,191	417	-	13,833	13,367
47	3	59	-	(577)	(596)
-	-	78	-	56	(89)
543	(544)	712	-	2,008	(2,238)
-	-	(472)	-	(495)	(237)
8	314	32	-	(374)	(2,065)
(255)	120	163	-	3,349	1,911
14	7	(331)	-	(224)	111
-	-	-	-	-	(8)
(115)	(345)	(1,182)	-	(1,591)	326
-	-	-	-	(328)	(174)
-	-	10	-	70	-
44	30	(213)	-	2	134
-	-	-	-	134,850	8,877
286	(415)	(1,144)	-	136,746	5,952
3,342	3,205	3,265	-	18,110	13,912
-	16	(26)	-	254	-
-	-	13	(150)	25	7
(142)	(64)	(969)	150	(2,765)	(4,082)
(182)	-	(314)	-	(1,489)	(2,512)
(324)	(48)	(1,296)	-	(3,975)	(6,587)
(704)	(2,852)	(660)	-	(10,696)	(11,689)
-	238	-	-	829	1,159
(883)	-	(43)	-	(4,429)	(3,970)
(240)	(322)	(99)	-	(661)	1,187
(1,827)	(2,936)	(802)	-	(14,957)	(13,313)
-	-	-	-	399	1,171
-	-	-	-	399	1,171
1,191	221	1,167	-	(423)	(4,817)
47	2,634	2,820	-	43,403	48,220
\$ 1,238	\$ 2,855	\$ 3,987	\$ -	\$ 42,980	\$ 43,403

*THIS PAGE INTENTIONALLY LEFT BLANK*



**TRUST AND AGENCY FUNDS**

*THIS PAGE INTENTIONALLY LEFT BLANK*

*THIS PAGE INTENTIONALLY LEFT BLANK*

**EXPENDABLE TRUST FUNDS**

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 EXPENDABLE TRUST FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS	ENERGY CONSERVATION	OTHER	ELIMINATIONS
<b>Current Assets:</b>					
Cash and investments	\$ 406,986	\$ 41,290	\$ 25,594	\$ 57,458	\$ -
Receivables, net of allowances:					
Taxes	39,106	-	-	-	-
Interest	8,351	-	168	124	-
Other	14,588	-	1,378	23	-
Due from others	-	-	-	9	-
Due from other Funds	-	48	80	880	(1)
Other	-	-	-	1,573	-
<b>Total Current Assets</b>	<b>469,031</b>	<b>41,338</b>	<b>27,220</b>	<b>60,067</b>	<b>(1)</b>
<b>Long-term Assets:</b>					
Investments	-	-	-	-	-
Other	-	-	-	2,689	-
<b>Total Long-term Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,689</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 469,031</b>	<b>\$ 41,338</b>	<b>\$ 27,220</b>	<b>\$ 62,756</b>	<b>\$ (1)</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 12,178	\$ 25,298	\$ 84	\$ 1,525	\$ -
Accrued expenses	-	10	35	42	-
Due to others	-	-	-	171	-
Due to other Funds	-	1,291	15	1,541	(1)
Deferred revenue	24,776	-	-	-	-
Other	1,254	-	-	2,017	-
<b>Total Liabilities</b>	<b>38,208</b>	<b>26,599</b>	<b>134</b>	<b>5,296</b>	<b>(1)</b>
<b>Fund Balances, all reserved</b>	<b>430,823</b>	<b>14,739</b>	<b>27,086</b>	<b>57,460</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 469,031</b>	<b>\$ 41,338</b>	<b>\$ 27,220</b>	<b>\$ 62,756</b>	<b>\$ (1)</b>

TOTALS	
1992	1991
\$ 531,328	\$ 594,729
39,106	34,192
8,643	10,833
15,989	14,917
9	-
1,007	758
1,573	-
<u>597,655</u>	<u>655,429</u>
-	1,264
2,689	2,273
<u>2,689</u>	<u>3,537</u>
\$ <u>600,344</u>	\$ <u>658,966</u>

\$ 39,085	\$ 19,905
87	63
171	328
2,846	5,423
24,776	22,583
3,271	2,185
<u>70,236</u>	<u>50,487</u>
530,108	608,479
\$ <u>600,344</u>	\$ <u>658,966</u>

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 EXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS	ENERGY CONSERVATION	OTHER	ELIMINATIONS
<b>REVENUES:</b>					
Taxes:					
Income	\$ -	\$ -	\$ -	\$ 16	\$ -
Unemployment	128,068	-	-	-	-
Intergovernmental	54,383	-	1,557	419	-
Licenses, fees and permits	-	-	27	6,659	-
Earnings on investments	36,066	-	1,497	1,293	-
Sales and charges for services	-	-	-	320	-
Fines, forfeitures and penalties	1,305	-	-	4,441	-
Other	-	32,870	-	42,687	-
<b>Total Revenues</b>	<b>219,822</b>	<b>32,870</b>	<b>3,081</b>	<b>55,835</b>	<b>-</b>
<b>EXPENDITURES:</b>					
General government	-	183,519	3,339	1,486	-
Health and welfare	291,156	-	-	18,522	-
Inspection and regulation	-	-	-	2,023	-
Education	-	-	-	689	-
Protection and safety	-	-	-	13,245	-
Transportation	-	-	-	-	-
Natural resources	-	-	-	1,090	-
Capital outlay	-	5	27	4,309	-
Debt service:					
Principal	-	-	-	415	-
<b>Total Expenditures</b>	<b>291,156</b>	<b>183,524</b>	<b>3,366</b>	<b>41,779</b>	<b>-</b>
Revenues Over (Under) Expenditures	(71,334)	(150,654)	(285)	14,056	-
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	-	136,014	-	1,841	(307)
Operating transfers out	(1,331)	-	(443)	(6,708)	307
Other financing sources (uses)	-	-	25	1,482	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,331)</b>	<b>136,014</b>	<b>(418)</b>	<b>(3,385)</b>	<b>-</b>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(72,665)	(14,640)	(703)	10,671	-
Beginning Fund Balances, as restated	503,488	29,379	27,789	46,799	-
Residual Equity Transfers	-	-	-	(10)	-
<b>Ending Fund Balances</b>	<b>\$ 430,823</b>	<b>\$ 14,739</b>	<b>\$ 27,086</b>	<b>\$ 57,460</b>	<b>\$ -</b>

TOTALS

1992	1991
\$ 16	\$ 17
128,068	119,007
56,359	886
6,686	3,088
38,856	49,206
320	254
5,746	6,624
75,557	52,879
<u>311,608</u>	<u>231,961</u>
188,344	143,137
309,678	211,293
2,023	2,251
689	714
13,245	4,314
-	48
1,090	794
4,341	825
415	6
<u>519,825</u>	<u>363,382</u>
(208,217)	(131,421)
137,548	130,591
(8,175)	(3,987)
1,507	(4)
<u>130,880</u>	<u>126,600</u>
(77,337)	(4,821)
607,455	613,300
(10)	-
<u>\$ 530,108</u>	<u>\$ 608,479</u>



*THIS PAGE INTENTIONALLY LEFT BLANK*

**NON-EXPENDABLE TRUST FUNDS**

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 NON-EXPENDABLE TRUST FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	LAND ENDOWMENTS	OTHER	TOTALS	
			1992	1991
<b>Current Assets:</b>				
Cash and investments	\$ 27,671	\$ 1,475	\$ 29,146	\$ 29,775
Cash held by trustee	-	44	44	-
Receivables, net of allowances:				
Interest	6,762	6	6,768	8,366
Other	11,160	-	11,160	1,484
Due from other Funds	665	3	668	3,174
<b>Total Current Assets</b>	<b>46,258</b>	<b>1,528</b>	<b>47,786</b>	<b>42,799</b>
<b>Long-term Assets:</b>				
Investments	528,465	2,284	530,749	498,491
Receivables, net of allowances	28,957	-	28,957	26,723
Fixed assets:				
Property and equipment	15,836	-	15,836	15,342
Less: accumulated depreciation	(1,384)	-	(1,384)	(975)
<b>Total Long-term Assets</b>	<b>571,874</b>	<b>2,284</b>	<b>574,158</b>	<b>539,581</b>
<b>Total Assets</b>	<b>\$ 618,132</b>	<b>\$ 3,812</b>	<b>\$ 621,944</b>	<b>\$ 582,380</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 7,595	\$ 17	\$ 7,612	\$ 8,505
Accrued expenses	62	-	62	4
Due to other Funds	5,926	479	6,405	9,026
Deferred revenue	10,054	-	10,054	9,302
Other	1	1	2	2
<b>Total Liabilities</b>	<b>23,638</b>	<b>497</b>	<b>24,135</b>	<b>26,839</b>
<b>Fund Equity:</b>				
Contributed capital	-	2,284	2,284	-
Fund Balances, all reserved	594,494	1,031	595,525	555,541
<b>Total Fund Equity</b>	<b>594,494</b>	<b>3,315</b>	<b>597,809</b>	<b>555,541</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 618,132</b>	<b>\$ 3,812</b>	<b>\$ 621,944</b>	<b>\$ 582,380</b>

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENSES AND CHANGES IN FUND BALANCES  
 NON-EXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	LAND		TOTALS	
	ENDOWMENTS	OTHER	1992	1991
<b>OPERATING REVENUES:</b>				
Sales and charges for services	\$ 14,179	\$ -	\$ 14,179	\$ 11,810
Intergovernmental	-	-	-	84
Licenses, fees and permits	9,723	-	9,723	16,260
Earnings on investments	45,619	92	45,711	43,821
Other	981	80	1,061	32
<b>Total Operating Revenues</b>	<b>70,502</b>	<b>172</b>	<b>70,674</b>	<b>72,007</b>
<b>OPERATING EXPENSES:</b>				
Personal services	212	-	212	204
Contractual services	1,082	-	1,082	205
Aid to local governments	57,078	382	57,460	63,962
Depreciation and amortization	422	-	422	373
Insurance	74	-	74	57
Other	2,309	191	2,500	3,037
<b>Total Operating Expenses</b>	<b>61,177</b>	<b>573</b>	<b>61,750</b>	<b>67,838</b>
<b>Operating Income (Loss)</b>	<b>9,325</b>	<b>(401)</b>	<b>8,924</b>	<b>4,169</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Other	30,609	-	30,609	17,797
<b>Income (Loss) Before Operating Transfers</b>	<b>39,934</b>	<b>(401)</b>	<b>39,533</b>	<b>21,966</b>
<b>OPERATING TRANSFERS:</b>				
Operating transfers in	-	-	-	6
Operating transfers out	(9)	(480)	(489)	(9)
<b>Total Operating Transfers</b>	<b>(9)</b>	<b>(480)</b>	<b>(489)</b>	<b>(3)</b>
<b>Net Income (Loss)</b>	<b>39,925</b>	<b>(881)</b>	<b>39,044</b>	<b>21,963</b>
<b>Beginning Fund Balances, as restated</b>	<b>554,573</b>	<b>1,992</b>	<b>556,565</b>	<b>534,038</b>
<b>Residual Equity Transfers</b>	<b>(4)</b>	<b>(80)</b>	<b>(84)</b>	<b>(460)</b>
<b>Ending Fund Balances</b>	<b>\$ 594,494</b>	<b>\$ 1,031</b>	<b>\$ 595,525</b>	<b>\$ 555,541</b>

STATE OF ARIZONA  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-EXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	LAND		TOTALS	
	ENDOWMENTS	OTHER	1992	1991
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income	\$ 9,325	\$ (401)	\$ 8,924	\$ 4,169
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	422	-	422	373
Total Adjustments	422	-	422	373
<b>Changes in Assets and Liabilities:</b>				
(Increase) decrease in receivables, net of allowances	(10,711)	399	(10,312)	(1,896)
(Increase) decrease in due from other Funds	2,509	(3)	2,506	985
Increase (decrease) in accounts payable	(910)	17	(893)	5,622
Increase (decrease) in accrued expenses	58	-	58	(8)
Increase (decrease) in due to other Funds	(3,100)	479	(2,621)	9,022
Increase in deferred revenue	752	-	752	1,101
Increase in other current liabilities	-	-	-	1
(Decrease) in compensated absences	-	-	-	(10)
Net Changes in Assets and Liabilities	(11,402)	892	(10,510)	14,817
Net Cash Provided (Used) by Operating Activities	(1,655)	491	(1,164)	19,359
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Other non-operating revenues	30,609	-	30,609	14,301
Operating transfers in	-	-	-	6
Operating transfers out	(9)	(480)	(489)	(9)
Residual equity transfers	(4)	(80)	(84)	(460)
Contributions from U.S. Government	-	2,284	2,284	-
Net Cash Provided by Non-capital Financing Activities	30,596	1,724	32,320	13,838
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of fixed assets	(507)	-	(507)	(323)
Contributions from other Funds	-	1,024	1,024	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(507)	1,024	517	(323)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from sales and maturities of investments	2,128,227	-	2,128,227	1,136,268
Purchase of investments	(2,158,201)	(2,284)	(2,160,485)	(1,191,618)
Net Cash (Used) by Investing Activities	(29,974)	(2,284)	(32,258)	(55,350)
Net Increase (Decrease) in Cash and Short-term Investments	(1,540)	955	(585)	(22,476)
Cash and Short-term Investments - Beginning	29,211	564	29,775	52,251
Cash and Short-term Investments - Ending	\$ 27,671	\$ 1,519	\$ 29,190	\$ 29,775

**PENSION TRUST FUNDS**

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 PENSION TRUST FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	STATE	PUBLIC	ELECTED	CORRECTIONS	TOTALS	
	RETIREMENT	SAFETY	OFFICIALS		1992	1991
<b>Current Assets:</b>						
Cash and investments	\$ 794,997	\$ 4,979	\$ 146	\$ 450	\$ 800,572	\$ 841,685
Receivables, net of allowances:						
Interest	22,195	17,220	1,483	1,142	42,040	42,366
Other	174,043	3,907	357	1,235	179,542	24,226
<b>Total Current Assets</b>	<b>991,235</b>	<b>26,106</b>	<b>1,986</b>	<b>2,827</b>	<b>1,022,154</b>	<b>908,277</b>
<b>Long-term Assets:</b>						
Investments	8,117,767	1,589,945	115,247	165,836	9,988,795	9,042,622
Fixed assets:						
Property and equipment	2,701	635	-	-	3,336	3,236
Less: accumulated depreciation	(406)	(63)	-	-	(469)	(399)
<b>Total Long-term Assets</b>	<b>8,120,062</b>	<b>1,590,517</b>	<b>115,247</b>	<b>165,836</b>	<b>9,991,662</b>	<b>9,045,459</b>
<b>Total Assets</b>	<b>\$ 9,111,297</b>	<b>\$ 1,616,623</b>	<b>\$ 117,233</b>	<b>\$ 168,663</b>	<b>\$ 11,013,816</b>	<b>\$ 9,953,736</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 3,591	\$ -	\$ -	\$ -	\$ 3,591	\$ 484
Obligations under securities loan agreements	369,040	-	-	-	369,040	413,330
Other current liabilities	279,804	-	-	-	279,804	28,140
<b>Total Liabilities</b>	<b>652,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>652,435</b>	<b>441,954</b>
Fund Balances, all reserved for retirement benefits	8,458,862	1,616,623	117,233	168,663	10,361,381	9,511,782
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,111,297</b>	<b>\$ 1,616,623</b>	<b>\$ 117,233</b>	<b>\$ 168,663</b>	<b>\$ 11,013,816</b>	<b>\$ 9,953,736</b>

STATE OF ARIZONA  
 COMBINING STATEMENT OF REVENUES,  
 EXPENSES AND CHANGES IN FUND BALANCES  
 PENSION TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

	STATE	PUBLIC	ELECTED	CORRECTIONS	ELIMINATIONS	TOTALS	
	RETIREMENT	SAFETY	OFFICIALS			1992	1991
<b>OPERATING REVENUES:</b>							
Earnings on investments	\$ 790,824	\$ 158,384	\$ 12,082	\$ 15,082	\$ -	\$ 976,372	\$ 822,238
Retirement contributions	264,547	66,301	6,928	19,722	-	357,498	350,953
Other	946	-	-	-	-	946	789
<b>Total Operating Revenues</b>	<b>1,056,317</b>	<b>224,685</b>	<b>19,010</b>	<b>34,804</b>	<b>-</b>	<b>1,334,816</b>	<b>1,173,980</b>
<b>OPERATING EXPENSES:</b>							
Retirement benefits and refunds	382,355	56,024	6,055	4,980	-	449,414	406,970
Depreciation and amortization	58	-	-	-	-	58	58
Other	31,082	388	34	171	-	31,675	50,701
<b>Total Operating Expenses</b>	<b>413,495</b>	<b>56,412</b>	<b>6,089</b>	<b>5,151</b>	<b>-</b>	<b>481,147</b>	<b>457,729</b>
<b>Operating Income</b>	<b>642,822</b>	<b>168,273</b>	<b>12,921</b>	<b>29,653</b>	<b>-</b>	<b>853,669</b>	<b>716,251</b>
<b>OPERATING TRANSFERS:</b>							
Operating transfers in	-	-	39	124	(163)	-	3,836
Operating transfers out	(3,809)	(324)	(27)	(73)	163	(4,070)	(3,836)
<b>Total Operating Transfers</b>	<b>(3,809)</b>	<b>(324)</b>	<b>12</b>	<b>51</b>	<b>-</b>	<b>(4,070)</b>	<b>-</b>
<b>Net Income</b>	<b>639,013</b>	<b>167,949</b>	<b>12,933</b>	<b>29,704</b>	<b>-</b>	<b>849,599</b>	<b>716,251</b>
<b>Beginning Fund Balances</b>	<b>7,819,849</b>	<b>1,448,674</b>	<b>104,300</b>	<b>138,959</b>	<b>-</b>	<b>9,511,782</b>	<b>8,795,531</b>
<b>Ending Fund Balances</b>	<b>\$ 8,458,862</b>	<b>\$ 1,616,623</b>	<b>\$ 117,233</b>	<b>\$ 168,663</b>	<b>\$ -</b>	<b>\$ 10,361,381</b>	<b>\$ 9,511,782</b>



*THIS PAGE INTENTIONALLY LEFT BLANK*

## **AGENCY FUNDS**

*THIS PAGE INTENTIONALLY LEFT BLANK*

STATE OF ARIZONA  
 COMBINING BALANCE SHEET  
 AGENCY FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

ASSETS	LOCAL	TREASURER	DEFERRED	OTHER	ELIMINATIONS	TOTALS	
	GOVERNMENT INVESTMENT POOL	CUSTODIAL SECURITIES	COMPENSATION			1992	1991
<b>Current Assets:</b>							
Cash and investments	\$ 1,224,629	\$ 1,512,585	\$ -	\$ 275,213	\$ -	\$ 3,012,427	\$ 2,603,725
Receivables, net of allowances:							
Interest	5,023	-	-	2,985	-	8,008	5,780
Other	-	-	799	-	-	799	700
Due from other Funds	5,624	-	-	-	(5,624)	-	3,730
<b>Total Current Assets</b>	<b>1,235,276</b>	<b>1,512,585</b>	<b>799</b>	<b>278,198</b>	<b>(5,624)</b>	<b>3,021,234</b>	<b>2,613,935</b>
<b>Long-term Assets:</b>							
Investments	-	-	140,006	-	-	140,006	119,116
<b>Total Assets</b>	<b>\$ 1,235,276</b>	<b>\$ 1,512,585</b>	<b>\$ 140,805</b>	<b>\$ 278,198</b>	<b>\$ (5,624)</b>	<b>\$ 3,161,240</b>	<b>\$ 2,733,051</b>
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 1,668	\$ -	\$ 1,668	\$ 1,697
Accrued expenses	-	-	-	2,477	-	2,477	2,629
Due to local governments	1,235,276	-	-	234,613	-	1,469,889	1,124,585
Due to others	-	-	-	2,016	-	2,016	3,471
Due to other Funds	-	-	-	7,302	(5,624)	1,678	4,166
Other	-	1,512,585	-	30,122	-	1,542,707	1,476,687
<b>Total Current Liabilities</b>	<b>1,235,276</b>	<b>1,512,585</b>	<b>-</b>	<b>278,198</b>	<b>(5,624)</b>	<b>3,020,435</b>	<b>2,613,235</b>
<b>Long-term Liabilities:</b>							
Liabilities to plan investors	-	-	140,805	-	-	140,805	119,816
<b>Total Liabilities</b>	<b>\$ 1,235,276</b>	<b>\$ 1,512,585</b>	<b>\$ 140,805</b>	<b>\$ 278,198</b>	<b>\$ (5,624)</b>	<b>\$ 3,161,240</b>	<b>\$ 2,733,051</b>

STATE OF ARIZONA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 1992  
 (Expressed in Thousands)

	<u>BALANCE</u> <u>JUNE 30, 1991</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 1992</u>
<u>LOCAL GOVERNMENT INVESTMENT POOL</u>				
ASSETS:				
Cash and investments	\$ 949,387	\$ 1,898,282	\$ 1,623,040	\$ 1,224,629
Interest receivable	3,202	5,023	3,202	5,023
Due from other Funds	-	5,624	-	5,624
	<u>\$ 952,589</u>	<u>\$ 1,908,929</u>	<u>\$ 1,626,242</u>	<u>\$ 1,235,276</u>
LIABILITIES:				
Due to local governments	\$ 952,589	\$ 1,903,305	\$ 1,620,618	\$ 1,235,276
	<u>\$ 952,589</u>	<u>\$ 1,903,305</u>	<u>\$ 1,620,618</u>	<u>\$ 1,235,276</u>
<u>TREASURER'S CUSTODIAL SECURITIES</u>				
ASSETS:				
Cash and investments	\$ 1,444,460	\$ 351,537	\$ 283,412	\$ 1,512,585
	<u>\$ 1,444,460</u>	<u>\$ 351,537</u>	<u>\$ 283,412</u>	<u>\$ 1,512,585</u>
LIABILITIES:				
Other current liabilities	\$ 1,444,460	\$ 1,512,585	\$ 1,444,460	\$ 1,512,585
	<u>\$ 1,444,460</u>	<u>\$ 1,512,585</u>	<u>\$ 1,444,460</u>	<u>\$ 1,512,585</u>
<u>DEFERRED COMPENSATION</u>				
ASSETS:				
Other receivables	\$ 700	\$ 799	\$ 700	\$ 799
Long-term investments	119,116	30,284	9,394	140,006
	<u>\$ 119,816</u>	<u>\$ 31,083</u>	<u>\$ 10,094</u>	<u>\$ 140,805</u>
LIABILITIES:				
Long-term liabilities to plan investors	\$ 119,816	\$ 31,083	\$ 10,094	\$ 140,805
	<u>\$ 119,816</u>	<u>\$ 31,083</u>	<u>\$ 10,094</u>	<u>\$ 140,805</u>

STATE OF ARIZONA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 1992  
 (CONTINUED)  
 (Expressed in Thousands)

<u>OTHER AGENCY FUNDS</u>	<u>BALANCE</u> <u>JUNE 30, 1991</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 1992</u>
<b>ASSETS:</b>				
Cash and investments	\$ 209,878	\$ 389,309	\$ 323,974	\$ 275,213
Interest receivable	2,578	2,985	2,578	2,985
Due from other Funds	3,730	-	3,730	-
<b>Total Assets</b>	<b>\$ 216,186</b>	<b>\$ 392,294</b>	<b>\$ 330,282</b>	<b>\$ 278,198</b>

<b>LIABILITIES:</b>				
Accounts payable	\$ 1,697	\$ 2,286	\$ 2,315	\$ 1,668
Accrued expenses	2,629	2,477	2,629	2,477
Due to local governments	171,996	163,443	100,826	234,613
Due to others	3,471	897	2,352	2,016
Due to other Funds	4,166	7,302	4,166	7,302
Other current liabilities	32,227	211,197	213,302	30,122
<b>Total Liabilities</b>	<b>\$ 216,186</b>	<b>\$ 387,602</b>	<b>\$ 325,590</b>	<b>\$ 278,198</b>

<u>COMBINED TOTAL ALL AGENCY FUNDS</u>	<u>BALANCE</u> <u>JUNE 30, 1991</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ELIMINATIONS</u>	<u>BALANCE</u> <u>JUNE 30, 1992</u>
<b>ASSETS:</b>					
Cash and investments	\$ 2,603,725	\$ 2,639,128	\$ 2,230,426	\$ -	\$ 3,012,427
Interest receivable	5,780	8,008	5,780	-	8,008
Other receivables	700	799	700	-	799
Due from other Funds	3,730	5,624	3,730	5,624	-
Long-term investments	119,116	30,284	9,394	-	140,006
<b>Total Assets</b>	<b>\$ 2,733,051</b>	<b>\$ 2,683,843</b>	<b>\$ 2,250,030</b>	<b>\$ 5,624</b>	<b>\$ 3,161,240</b>

<b>LIABILITIES:</b>					
Accounts payable	\$ 1,697	\$ 2,286	\$ 2,315	\$ -	\$ 1,668
Accrued expenses	2,629	2,477	2,629	-	2,477
Due to local governments	1,124,585	2,066,748	1,721,444	-	1,469,889
Due to others	3,471	897	2,352	-	2,016
Due to other Funds	4,166	7,302	4,166	5,624	1,678
Other current liabilities	1,476,687	1,723,782	1,657,762	-	1,542,707
Long-term liabilities to plan investors	119,816	31,083	10,094	-	140,805
<b>Total Liabilities</b>	<b>\$ 2,733,051</b>	<b>\$ 3,834,575</b>	<b>\$ 3,400,762</b>	<b>\$ 5,624</b>	<b>\$ 3,161,240</b>

*THIS PAGE INTENTIONALLY LEFT BLANK*

## GENERAL FIXED ASSETS



STATE OF ARIZONA  
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION  
JUNE 30, 1992  
(Expressed in Thousands)

FUNCTION	OTHER				TOTALS
	LAND	IMPROVEMENTS	BUILDINGS	EQUIPMENT	
General government	\$ 24,345	\$ 3,861	\$ 223,624	\$ 32,957	\$ 284,787
Health and welfare	9,545	8,735	51,286	82,838	152,404
Inspection and regulation	-	15	972	13,645	14,632
Education	3,087	162	9,642	6,553	19,444
Protection and safety	8,009	2,049	368,237	93,329	471,624
Transportation	8,357	2,851	81,180	46,362	138,750
Natural resources	8,327	5,923	27,188	24,569	66,007
<b>Total General Fixed Assets by Function</b>	<b>61,670</b>	<b>23,596</b>	<b>762,129</b>	<b>300,253</b>	<b>1,147,648</b>
Construction in progress	-	-	2,790	-	2,790
<b>Total General Fixed Assets</b>	<b>\$ 61,670</b>	<b>\$ 23,596</b>	<b>\$ 764,919</b>	<b>\$ 300,253</b>	<b>\$ 1,150,438</b>

STATE OF ARIZONA  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION  
JUNE 30, 1992  
(Expressed in Thousands)

FUNCTION	(RESTATED)			BALANCE JUNE 30, 1992
	BALANCE JULY 1, 1991	ADDITIONS	DELETIONS	
General government	\$ 242,651	\$ 42,677	\$ 541	\$ 284,787
Health and welfare	128,824	30,789	7,209	152,404
Inspection and regulation	16,572	1,453	3,393	14,632
Education	17,444	2,066	66	19,444
Protection and safety	426,025	47,885	2,286	471,624
Transportation	127,628	12,428	1,306	138,750
Natural resources	56,393	11,551	1,937	66,007
<b>Total General Fixed Assets by Function</b>	<b>1,015,537</b>	<b>\$ 148,849</b>	<b>\$ 16,738</b>	<b>1,147,648</b>
Construction in progress	47,919			2,790
<b>Total General Fixed Assets</b>	<b>\$ 1,063,456</b>			<b>\$ 1,150,438</b>

STATE OF ARIZONA  
 SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE  
 JUNE 30, 1992  
 (Expressed in Thousands)

<b>General Fixed Assets:</b>	
Land	\$ 61,670
Buildings and improvements	762,129
Other improvements	23,596
Furniture, vehicles, and equipment	300,253
Construction in progress	2,790
	<hr/>
Total General Fixed Assets	\$ 1,150,438
	<hr/>

<b>Investment in General Fixed Assets From:</b>	
General Fund:	
General operations	\$ 773,812
Construction in progress	2,041
Federal grants	15,720
Other appropriations	14,636
Other non-appropriations	710
Special Revenue Funds:	
Industrial Commission Administration Fund	3,135
CJEF Distributions	5
90/10 Boards Fund	803
DPS Peace Officers' Training Fund	3,874
Air Quality Fund	4
Department of Transportation	138,750
Abatement Revolving Fund	76
Other funds	6,644
Capital Projects Funds:	
Certificates of Participation Financed	180,133
General Fund Financed	1,492
Construction in progress	749
Special Revenue Funds Financed	2,544
Construction in progress	-
Expendable Trust Funds:	
Employee Benefits Fund	23
Donations	4,001
Other funds	1,286
	<hr/>
Total Investment in General Fixed Assets	\$ 1,150,438
	<hr/>

*THIS PAGE INTENTIONALLY LEFT BLANK*

**UNIVERSITY FUNDS**

STATE OF ARIZONA  
COMBINING BALANCE SHEET  
UNIVERSITY FUNDS  
JUNE 30, 1992  
(Expressed in Thousands)

	CURRENT OPERATING FUNDS				TOTAL CURRENT OPERATING FUNDS
	UNRESTRICTED				
<u>ASSETS</u>	GENERAL OPERATING FUNDS	DESIGNATED FUNDS	AUXILIARY ENTERPRISES FUNDS	RESTRICTED FUNDS	
Current Assets:					
Cash and investments	\$ 26,876	\$ 19,322	\$ 21,066	\$ 9,758	\$ 77,022
Cash held by trustee	-	-	-	-	-
Receivables, net of allowances	370	5,158	6,565	25,904	37,997
Due from other Funds	-	8,597	43	194	8,834
Inventories, at cost	57	114	12,401	-	12,572
Other	-	3,366	1,332	21	4,719
Total Current Assets	27,303	36,557	41,407	35,877	141,144
Long-term Assets:					
Investments	-	29,793	-	-	29,793
Fixed assets:					
Property and equipment	-	-	-	51	51
Total Long-term Assets	-	29,793	-	51	29,844
Total Assets	\$ 27,303	\$ 66,350	\$ 41,407	\$ 35,928	\$ 170,988
 <u>LIABILITIES AND FUND BALANCES</u>					
Current Liabilities:					
Accounts payable	\$ 5,356	\$ 3,428	\$ 5,981	\$ 3,721	\$ 18,486
Accrued expenses	9,632	1,433	1,056	3,682	15,803
Due to other Funds	6,108	-	489	1,467	8,064
Deferred revenue	3,202	13,591	9,954	4,114	30,861
Current portion of long-term debt	-	-	-	-	-
Other	-	102	1,453	-	1,555
Total Current Liabilities	24,298	18,554	18,933	12,984	74,769
Long-term Liabilities:					
Long-term debt:					
Revenue bonds	-	-	-	-	-
Certificates of participation	-	-	-	-	-
Leases and installment purchases	-	-	-	-	-
Other	-	-	-	-	-
Total Long-term Liabilities	-	-	-	-	-
Total Liabilities	24,298	18,554	18,933	12,984	74,769
Fund Balances:					
Restricted	-	-	-	22,944	22,944
Designated	3,005	47,796	22,474	-	73,275
Net investment in fixed assets	-	-	-	-	-
Total Fund Balances	3,005	47,796	22,474	22,944	96,219
Total Liabilities and Fund Balances	\$ 27,303	\$ 66,350	\$ 41,407	\$ 35,928	\$ 170,988

NON-OPERATING FUNDS

STUDENT LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS	AGENCY FUNDS	PLANT FUNDS	ELIMINATIONS	TOTAL ALL FUNDS	
					1992	1991
\$ 2,210	\$ 23,657	\$ 13,769	\$ 19,865	\$ -	\$ 136,523	\$ 124,684
-	7,560	-	87,105	-	94,665	189,178
32,625	1,050	587	10,693	-	82,952	79,009
3	-	-	58	(8,895)	-	11,272
-	-	128	-	-	12,700	12,019
42	-	179	-	-	4,940	4,331
<u>34,880</u>	<u>32,267</u>	<u>14,663</u>	<u>117,721</u>	<u>(8,895)</u>	<u>331,780</u>	<u>420,493</u>
-	37,869	1,913	-	-	69,575	62,133
-	5,618	-	2,165,235	-	2,170,904	2,016,537
-	43,487	1,913	2,165,235	-	2,240,479	2,078,670
<u>\$ 34,880</u>	<u>\$ 75,754</u>	<u>\$ 16,576</u>	<u>\$ 2,282,956</u>	<u>\$ (8,895)</u>	<u>\$ 2,572,259</u>	<u>\$ 2,499,163</u>
\$ 6	\$ 25	\$ 1,388	\$ 23,049	\$ -	\$ 42,954	\$ 46,519
5	-	66	-	-	15,874	12,270
-	240	-	1,992	(8,895)	1,401	12,897
7	2	-	14	-	30,884	28,403
-	-	-	21,611	-	21,611	21,759
-	-	15,122	40	-	16,717	18,517
<u>18</u>	<u>267</u>	<u>16,576</u>	<u>46,706</u>	<u>(8,895)</u>	<u>129,441</u>	<u>140,365</u>
-	-	-	570,129	-	570,129	560,306
-	-	-	83,435	-	83,435	85,625
-	-	-	11,797	-	11,797	14,412
-	-	-	2,626	-	2,626	2,604
-	-	-	667,987	-	667,987	662,947
<u>18</u>	<u>267</u>	<u>16,576</u>	<u>714,693</u>	<u>(8,895)</u>	<u>797,428</u>	<u>803,312</u>
34,568	61,885	-	29,712	-	149,109	148,492
294	13,602	-	18,207	-	105,378	93,807
-	-	-	1,520,344	-	1,520,344	1,453,552
<u>34,862</u>	<u>75,487</u>	<u>-</u>	<u>1,568,263</u>	<u>-</u>	<u>1,774,831</u>	<u>1,695,851</u>
<u>\$ 34,880</u>	<u>\$ 75,754</u>	<u>\$ 16,576</u>	<u>\$ 2,282,956</u>	<u>\$ (8,895)</u>	<u>\$ 2,572,259</u>	<u>\$ 2,499,163</u>

*THIS PAGE INTENTIONALLY LEFT BLANK*

## STATISTICAL SECTION



STATE OF ARIZONA  
REVENUES BY SOURCE (BUDGETARY BASIS)  
GENERAL AND SPECIAL REVENUE FUNDS ONLY  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 1992  
(Expressed in Thousands)

	FOR THE YEAR ENDED JUNE 30				
	1992	1991	1990	1989	1988
<b>TAXES:</b>					
General:					
Income	\$1,272,392	\$1,268,036	\$1,023,246	\$ 967,622	\$ 873,497
Property	170,644	166,898	119,660	87,996	62,278
Sales and Use	1,499,516	1,447,942	1,442,588	1,340,810	1,250,133
Motor Vehicle License	99,850	88,568	87,518	69,504	47,398
Luxury	72,258	70,404	65,662	69,053	70,805
Insurance Premium	100,544	92,533	116,709	79,720	76,835
Other	57,030	50,915	45,818	41,076	49,579
Special Revenue:					
Motor Vehicle Fuel	386,199	363,732	333,317	399,002	167,587
Sales and Use	125,548	120,515	140,104	4,811	4,861
Other	136,102	154,562	145,611	127,593	97,131
TOTAL	3,920,083	3,824,105	3,520,233	3,187,187	2,700,104
<b>LICENSES, FEES AND PERMITS:</b>					
General	34,511	33,228	30,898	31,397	32,801
Special Revenue	252,459	242,045	238,378	182,376	143,006
TOTAL	286,970	275,273	269,276	213,773	175,807
<b>CHARGES FOR SERVICES:</b>					
General	6,035	5,996	5,871	73,533	9,189
Special Revenue	42,402	69,938	7,102	4,669	2,949
TOTAL	48,437	75,934	12,973	78,202	12,138
<b>FINES AND FORFEITURES:</b>					
General	4,962	2,376	2,525	2,068	4,806
Special Revenue	25,450	22,208	21,092	19,478	20,183
TOTAL	30,412	24,584	23,617	21,546	24,989
INTERGOVERNMENTAL	1,138,026	877,865	472,751	308,278	755,665
INTEREST	30,668	47,710	46,669	54,566	26,797
<b>OTHER REVENUE:</b>					
General	9,653	12,713	11,562	6,802	59,001
Special Revenue	18,020	23,073	21,743	10,489	45,964
TOTAL	27,673	35,786	33,305	17,291	104,965
<b>TOTAL REVENUES</b>	<b>\$5,482,269</b>	<b>\$5,161,257</b>	<b>\$4,378,824</b>	<b>\$3,880,843</b>	<b>\$3,800,465</b>

Source: State of Arizona Annual Financial Report (Budgetary Basis)

FOR THE YEAR ENDED JUNE 30

1987	1986	1985	1984	1983
\$ 835,501	\$ 771,449	\$ 730,875	\$ 633,166	\$ 575,296
61,843	58,292	57,688	84,546	83,176
1,199,560	1,150,177	1,070,245	854,410	616,324
44,890	51,595	46,845	42,454	33,355
69,569	69,471	68,235	66,978	64,619
70,476	60,637	49,566	43,521	44,569
38,238	26,033	25,941	23,142	22,985
171,860	137,495	117,131	103,562	77,943
179,072	54,863	49,574	46,400	24,737
68,878	36,429	39,694	11,541	2,878
<u>2,739,887</u>	<u>2,416,441</u>	<u>2,255,794</u>	<u>1,909,720</u>	<u>1,545,882</u>
29,399	24,550	9,135	7,742	15,739
125,641	98,830	82,496	72,268	64,964
<u>155,040</u>	<u>123,380</u>	<u>91,631</u>	<u>80,010</u>	<u>80,703</u>
8,739	8,238	90,759	141,358	119,963
4,527	30,294	26,718	26,422	26,805
<u>13,266</u>	<u>38,532</u>	<u>117,477</u>	<u>167,780</u>	<u>146,768</u>
1,358	865	713	818	417
17,162	16,668	13,316	14,018	3,770
<u>18,520</u>	<u>17,533</u>	<u>14,029</u>	<u>14,836</u>	<u>4,187</u>
744,323	576,905	572,205	458,006	392,495
<u>20,401</u>	<u>20,998</u>	<u>27,218</u>	<u>23,267</u>	<u>25,706</u>
42,028	32,518	19,790	44,213	90,797
37,123	63,889	71,303	53,030	58,608
<u>79,151</u>	<u>96,407</u>	<u>91,093</u>	<u>97,243</u>	<u>149,405</u>
<u>\$3,770,588</u>	<u>\$3,290,196</u>	<u>\$3,169,447</u>	<u>\$2,750,862</u>	<u>\$2,345,146</u>

STATE OF ARIZONA  
EXPENDITURES BY FUNCTION (BUDGETARY BASIS)  
GENERAL AND SPECIAL REVENUE FUNDS ONLY  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 1992  
(Expressed in Thousands)

	FOR THE YEAR ENDED JUNE 30				
	1992	1991	1990	1989	1988
<b>EXPENDITURES:</b>					
<b>GENERAL GOVERNMENT</b>					
General	\$ 211,694	\$ 227,742	\$ 194,700	\$ 172,373	\$ 175,039
Special Revenue	34,400	34,638	24,901	22,631	45,369
<b>TOTAL</b>	<b>246,094</b>	<b>262,380</b>	<b>219,601</b>	<b>195,004</b>	<b>220,408</b>
<b>HEALTH AND WELFARE</b>					
General	810,761	644,342	437,729	236,941	524,987
Special Revenue	691,238	575,805	73,495	58,932	536,098
<b>TOTAL</b>	<b>1,501,999</b>	<b>1,220,147</b>	<b>511,224</b>	<b>295,873</b>	<b>1,061,085</b>
<b>INSPECTION AND REGULATION</b>					
General	32,341	35,465	37,424	33,907	34,423
Special Revenue	41,285	41,847	37,610	35,304	30,366
<b>TOTAL</b>	<b>73,626</b>	<b>77,312</b>	<b>75,034</b>	<b>69,211</b>	<b>64,789</b>
<b>EDUCATION</b>					
General	1,417,178	1,315,138	1,235,373	1,206,528	1,556,981
Special Revenue	232,156	200,433	180,804	11,517	15,555
<b>TOTAL</b>	<b>1,649,334</b>	<b>1,515,571</b>	<b>1,416,177</b>	<b>1,218,045</b>	<b>1,572,536</b>
<b>PROTECTION AND SAFETY</b>					
General	270,033	284,616	258,327	248,950	291,857
Special Revenue	47,334	47,634	34,399	37,897	23,507
<b>TOTAL</b>	<b>317,367</b>	<b>332,250</b>	<b>292,726</b>	<b>286,847</b>	<b>315,364</b>
<b>TRANSPORTATION</b>					
General	60	2,771	77	3,834	2,534
Special Revenue	593,337	613,563	616,556	896,877	550,004
<b>TOTAL</b>	<b>593,397</b>	<b>616,334</b>	<b>616,633</b>	<b>900,711</b>	<b>552,538</b>
<b>NATURAL RESOURCES</b>					
General	22,959	27,249	26,688	30,744	26,878
Special Revenue	28,309	23,338	20,822	24,098	27,695
<b>TOTAL</b>	<b>51,268</b>	<b>50,587</b>	<b>47,510</b>	<b>54,842</b>	<b>54,573</b>
<b>MISCELLANEOUS</b>					
Special Revenue	265,987	331,186	383,051	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$4,699,072</b>	<b>\$4,405,767</b>	<b>\$3,561,956</b>	<b>\$3,020,533</b>	<b>\$3,841,293</b>

Source: State of Arizona Annual Financial Report (Budgetary Basis)

FOR THE YEAR ENDED JUNE 30

1987	1986	1985	1984	1983
\$ 156,969	\$ 149,539	\$ 121,311	\$ 185,602	\$ 164,549
17,238	16,658	23,379	20,030	19,697
<u>174,207</u>	<u>166,197</u>	<u>144,690</u>	<u>205,632</u>	<u>184,246</u>
448,783	428,998	375,823	306,230	240,241
458,012	394,195	393,671	321,274	162,849
<u>906,795</u>	<u>823,193</u>	<u>769,494</u>	<u>627,504</u>	<u>403,090</u>
30,980	27,893	23,943	21,668	27,742
25,672	34,405	18,943	17,063	8,381
<u>56,652</u>	<u>62,298</u>	<u>42,886</u>	<u>38,731</u>	<u>36,123</u>
1,471,623	1,420,420	1,392,247	1,225,114	1,164,590
14,482	13,854	11,627	10,803	13,598
<u>1,486,105</u>	<u>1,434,274</u>	<u>1,403,874</u>	<u>1,235,917</u>	<u>1,178,188</u>
245,870	237,813	207,234	172,666	141,657
95,534	91,822	91,421	85,904	48,369
<u>341,404</u>	<u>329,635</u>	<u>298,655</u>	<u>258,570</u>	<u>190,026</u>
3,669	64	792	85	2,435
772,451	518,260	437,343	334,386	241,387
<u>776,120</u>	<u>518,324</u>	<u>438,135</u>	<u>334,471</u>	<u>243,822</u>
26,458	28,990	16,781	17,344	21,179
24,968	17,243	18,760	18,876	17,873
<u>51,426</u>	<u>46,233</u>	<u>35,541</u>	<u>36,220</u>	<u>39,052</u>
-	-	-	-	-
<u>\$3,792,709</u>	<u>\$3,380,154</u>	<u>\$3,133,275</u>	<u>\$2,737,045</u>	<u>\$2,274,547</u>

STATE OF ARIZONA  
PROPERTY TAX LEVIES, COLLECTIONS,  
TAXABLE PROPERTY ASSESSED AND ESTIMATED ACTUAL VALUE, AND  
PROPERTY TAX RATES  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 1992  
(Expressed in Thousands)

<u>Property Tax Year</u>	<u>Property Tax Levies</u>	<u>Collections Related to Property Tax Year</u>	<u>Taxable Property Assessed Value</u>	<u>Taxable Property Estimated Actual Value</u>	<u>Property Tax Rate</u>
1992	\$182,012	\$171,592	\$21,532,550	\$21,934,247	\$0.85
1991	174,155	163,735	21,616,878	22,188,831	0.81
1990	166,400	155,595	21,660,300	22,533,348	0.77
1989	99,211	91,781	21,001,064	22,333,861	0.47
1988	90,609	84,794	19,285,866	20,817,297	0.47
1987	68,263	67,483	17,963,890	19,338,984	0.38
1986	60,270	60,021	15,860,423	17,641,938	0.38
1985	54,642	54,462	13,660,462	15,189,697	0.40
1984	48,539	48,380	12,134,656	13,529,131	0.40
1983	83,408	83,134	11,121,055	12,818,149	0.75

Source: State of Arizona Annual Financial Report (Budgetary Basis) and the Department of Revenue Annual Financial Report

STATE OF ARIZONA  
HIGHWAY CONSTRUCTION REVENUE BOND COVERAGE  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 1992  
(Expressed in Thousands)

<u>Fiscal Year</u>	<u>Gross Revenues(1)</u>	<u>Debt Service Requirement</u>			
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1992	\$341,280	\$26,185	\$39,957	\$66,142	5.2
1991	346,867	24,690	36,743	61,433	5.6
1990	329,697	23,340	26,609	49,949	6.6
1989	320,822	22,120	27,993	50,113	6.4
1988	292,766	21,015	29,234	50,249	5.8
1987	279,869	11,330	24,198	35,528	7.9
1986	239,408	9,145	16,650	25,795	9.3
1985	202,981	8,330	17,465	25,795	7.9
1984	174,188	7,585	18,209	25,794	6.8
1983	140,053	2,225	11,878	14,103	9.9

NOTES:

(1) Operating Income and Other Financing Sources (Uses)--(Transfers In and Out)

Source: Statistical Section of Annual Financial Report for Arizona Department of Transportation

STATE OF ARIZONA  
 ARIZONA STATE UNIVERSITY REVENUE BOND COVERAGE  
 FOR THE LAST SIX FISCAL YEARS  
 FISCAL YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

<u>Fiscal Year</u>	<u>Gross Revenues(1)</u>	<u>Debt Service Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1992	\$149,683	\$5,412	\$ 8,968	\$14,380
1991	146,302	5,160	17,982	23,142
1990	138,200	5,110	15,483	20,593
1989	121,700	3,210	11,617	14,827
1988	109,500	4,675	8,430	13,105
1987	103,100	2,095	10,173	12,268

NOTES:

(1) Gross Revenues consist of pledged revenues for the bonds issued.

Source: Arizona State University

STATE OF ARIZONA  
 UNIVERSITY OF ARIZONA REVENUE BOND COVERAGE  
 FOR THE LAST TEN FISCAL YEARS  
 FISCAL YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

<u>Fiscal Year</u>	<u>Gross Revenues(1)</u>	<u>Direct Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1992	\$477,700	\$446,850	\$30,850	\$5,347	\$14,766	\$20,113	1.53
1991	470,936	440,834	30,102	3,695	16,139	19,834	1.52
1990	436,310	424,284	12,026	3,514	10,315	13,829	0.87
1989	415,539	387,977	27,562	2,712	10,906	13,618	2.02
1988	376,347	351,475	24,872	2,586	9,679	12,265	2.03
1987	343,805	323,999	19,806	430	9,553	9,983	1.98
1986	322,733	302,230	20,503	428	5,671	6,099	3.36
1985	286,662	274,930	11,732	368	4,865	5,233	2.24
1984	256,080	239,673	16,407	710	4,847	5,557	2.95
1983	224,089	221,640	2,449	384	2,467	2,851	0.86

NOTES:

(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.

In order to maintain comparability between fiscal years, we have omitted financial information related to the University Hospital since control passed to the University Medical Center Corporation as of July 1, 1984.

Source: University of Arizona

STATE OF ARIZONA  
VETERANS' MEMORIAL COLISEUM AND EXPOSITION CENTER REVENUE BOND COVERAGE  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 1992  
(Expressed in Thousands)

Fiscal Year	Gross Revenues(1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1992	\$15,559	\$13,999	\$1,560	\$400	\$ 80	\$480	3.25
1991	16,591	13,058	3,533	380	85	465	7.60
1990	13,191	10,891	2,300	365	82	447	5.15
1989	11,905	10,413	1,492	350	97	447	3.34
1988	10,933	8,689	2,244	335	112	447	5.02
1987	10,282	7,798	2,484	320	126	446	5.57
1986	9,690	7,528	2,162	305	140	445	4.86
1985	8,659	7,091	1,568	295	153	448	3.50
1984	8,752	6,786	1,966	280	164	444	4.43
1983	8,005	6,436	1,569	270	177	447	3.51

NOTES:

- (1) Operating Revenue and Other Revenue exclusive of gain on retirement of bonds
- (2) Total expenses exclusive of interest, depreciation and amortization

Source: Veterans Memorial Coliseum and Exposition Center

STATE OF ARIZONA  
NORTHERN ARIZONA UNIVERSITY REVENUE BOND COVERAGE  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 1992  
(Expressed in Thousands)

Fiscal Year	Gross Revenues(1)(2)	Debt Service Requirements		
		Principal(3)	Interest	Total
1992		\$ 3,415	\$6,420	\$ 9,835
1991		1,845	6,553	8,398
1990	\$41,139	10,235	7,579	17,814
1989	35,917	775	4,030	4,805
1988	30,273	1,085	4,070	5,155
1987	28,357	1,175	4,407	5,582
1986	24,567	635	2,812	3,447
1985		510	2,832	3,342
1984		335	2,133	2,468
1983		275	987	1,262

NOTES:

- (1) "Gross Revenues" include only revenues that are pledged for debt service payments under the System Revenue Bond Indentures.
- (2) Missing information not available
- (3) Debt service requirement for FY 1990 was increased by \$9 million due to a defeasance of bonds.

Source: Northern Arizona University

STATE OF ARIZONA  
 UNIVERSITY MEDICAL CENTER REVENUE BOND COVERAGE  
 FOR THE LAST EIGHT FISCAL YEARS  
 FISCAL YEAR ENDED JUNE 30, 1992  
 (Expressed in Thousands)

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1992	\$253,038	\$239,050	\$13,988	\$410	\$5,297	\$5,707	2.45
1991	218,520	204,759	13,761	370	3,245	3,615	3.81
1990	179,401	166,669	12,732	350	2,158	2,508	5.08
1989	148,808	136,604	12,204	-	2,968	2,968	4.11
1988	129,581	119,656	9,925	-	2,585	2,585	3.84
1987	109,856	100,543	9,313	-	1,934	1,934	4.82
1986	92,508	87,418	5,090	-	1,197	1,197	4.25
1985	79,418	75,715	3,703	-	482	482	7.68

Source: University Medical Center

STATE OF ARIZONA  
 ECONOMIC INDICATORS  
 FOR THE LAST TEN YEARS

<u>Year</u>	<u>Unemployment Rate</u>		<u>Per Capita Personal Income</u>	
	<u>Arizona</u>	<u>U.S.</u>	<u>Arizona</u>	<u>U.S.</u>
1992	7.5%	7.4%	\$16,579	\$19,092
1991	5.2%	6.7%	16,401	19,082
1990	5.3%	5.5%	16,012	18,691
1989	5.2%	5.5%	15,364	17,731
1988	6.3%	6.2%	14,781	16,598
1987	6.3%	6.2%	14,200	15,494
1986	6.9%	7.0%	13,531	14,654
1985	6.5%	7.2%	12,866	13,942
1984	4.9%	7.5%	11,997	13,149
1983	9.1%	9.6%	11,030	12,123

Source: Arizona Department of Economic Security



STATE OF ARIZONA  
MAJOR EMPLOYERS  
FISCAL YEAR ENDED JUNE 30, 1992

<u>EMPLOYER</u>	<u>NUMBER OF EMPLOYEES</u>
State of Arizona	35,210
Motorola, Inc.	18,700
University of Arizona	12,461
Maricopa County	12,310
City of Phoenix	10,500
Allied-Signal Aerospace Company	9,931
American Express Company	8,400
Honeywell, Inc.	8,338
Pinnacle West Capital Corporation	7,856
Sears, Roebuck, and Company	7,600

Source: The information was obtained from the respective employers' Human Resources, Communication, Payroll, Personnel or Public Affairs Departments and the Arizona Republic "Republic 100".

STATE OF ARIZONA  
POPULATION BY AGE GROUP

Age Group	1980	1980	1980	1980	1990	1990	1990	1990
	Arizona Census	Arizona Percent	U.S. Census	U.S. Percent	Arizona Census	Arizona Percent	U.S. Census	U.S. Percent
0-14	643,591	23.68%	51,290,339	22.64%	832,956	22.73%	53,567,871	21.54%
15-24	515,733	18.97%	42,486,828	18.75%	540,843	14.76%	36,774,327	14.79%
25-34	444,276	16.35%	37,081,839	16.37%	634,899	17.32%	43,175,932	17.36%
35-54	549,332	20.21%	48,434,497	21.38%	878,224	23.96%	62,801,989	25.25%
55-64	258,881	9.52%	21,702,875	9.58%	299,532	8.17%	21,147,923	8.50%
65 and over	306,402	11.27%	25,549,427	11.28%	478,774	13.06%	31,241,831	12.56%
<b>TOTAL</b>	<b>2,718,215</b>	<b>100.00%</b>	<b>226,545,805</b>	<b>100.00%</b>	<b>3,665,228</b>	<b>100.00%</b>	<b>248,709,873</b>	<b>100.00%</b>

Source: Department of Economic Security -- U.S. Department of Commerce, Bureau of the Census

STATE OF ARIZONA  
 SCHEDULE OF BANK AND SAVINGS & LOAN DEPOSITS  
 FOR THE LAST TEN FISCAL YEARS  
 FISCAL YEAR ENDED JUNE 30, 1992  
 (Expressed in Millions)

Fiscal Year	Banks			Savings & Loans		
	State	Federal	Total Deposits	State	Federal	Total Deposits
1992	\$13,775	\$16,015	\$29,790	\$ 63	(1)	(1)
1991	13,872	15,371	29,243	62	\$ 8,612	\$ 8,674
1990	10,628	15,359	25,987	1,136	5,861	6,997
1989	7,507	14,856	22,363	5,338	14,048	19,386
1988	8,304	15,020	23,324	10,947	7,881	18,828
1987	8,110	22,915	31,025	9,513	5,728	15,241
1986	7,365	13,500	20,865	9,157	5,571	14,728
1985	5,691	11,251	16,942	7,945	4,883	12,828
1984	5,119	10,738	15,857	6,592	4,024	10,616
1983	4,268	9,169	13,437	4,888	2,671	7,559

NOTES:

(1) Missing information not available as only State Savings and Loans are required to report to the Arizona Banking Department.

Source: Arizona Banking Department

STATE OF ARIZONA  
 PUBLIC SCHOOL ENROLLMENT - GRADES K-12  
 FOR THE LAST TEN ACADEMIC YEARS

Academic Year	Grades K-3	Grades 4-6	Grades 7-9	Grades 10-12	Total All Grades	High School Dropouts	
						Total	Percent(1)
1991-92	242,287	170,518	163,325	131,974	708,104	18,602	9.30%
1990-91	236,542	161,859	149,347	123,982	671,730	15,279	8.79%
1989-90	178,112	155,860	151,640	128,254	613,866	10,563	5.91%
1988-89	212,942	139,899	132,310	110,624	595,775	18,459	11.93%
1987-88	217,167	139,709	132,867	129,352	619,095	11,391	6.56%
1986-87	208,240	134,235	144,467	131,284	618,226	12,772	7.12%
1985-86	195,886	127,406	145,229	127,262	595,783	12,662	7.21%
1984-85	182,263	124,453	149,719	121,057	577,492	14,399	8.42%
1983-84	171,375	124,179	146,817	118,751	561,122	11,656	6.95%
1982-83	164,146	126,851	141,834	119,564	552,395	17,731	10.63%

NOTES:

(1) Percentage of total high school enrollment (grades 9-12)

Source: Arizona Department of Education

STATE OF ARIZONA  
PUBLIC HIGHER EDUCATION INSTITUTES  
FULL-TIME EQUIVALENT FALL ENROLLMENT FOR THE LAST TEN YEARS

<u>INSTITUTION</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1984</u>	<u>1983</u>
Universities:										
Arizona State University	36,949	35,838	34,005	36,283	35,893	35,269	31,283	30,702	31,164	30,629
Northern Arizona University	16,377	16,033	15,006	14,248	13,233	11,960	10,973	10,393	10,158	10,141
University of Arizona	30,888	31,173	31,507	31,857	30,112	29,043	25,799	25,438	25,184	25,406
<b>Total Universities</b>	<b>84,214</b>	<b>83,044</b>	<b>80,518</b>	<b>82,388</b>	<b>79,238</b>	<b>76,272</b>	<b>68,055</b>	<b>66,533</b>	<b>66,506</b>	<b>66,176</b>
Community Colleges:										
Cochise County	2,625	2,775	2,577	2,742	2,630	2,711	2,186	2,081	2,175	2,170
Coconino County	948	-	-	-	-	-	-	-	-	-
Graham County	2,387	2,168	2,107	2,082	2,253	2,022	1,943	1,809	1,954	2,079
Maricopa County	36,667	37,115	35,039	33,653	30,847	29,029	27,417	27,171	28,694	29,816
Mohave County	1,667	1,553	1,458	1,217	1,400	1,284	1,071	991	1,012	1,162
Navajo County	1,597	1,792	1,796	1,654	1,831	1,794	1,678	1,462	1,710	1,932
Pima County	13,939	13,424	12,862	11,887	11,464	10,616	10,003	10,043	10,247	11,198
Pinal County	2,284	2,191	2,081	2,208	2,558	2,411	2,268	2,062	2,533	2,612
Yavapai County	2,262	2,135	2,478	2,315	2,246	1,913	1,710	1,696	1,824	1,917
Yuma County	2,442	2,267	2,133	2,144	2,052	1,865	1,825	1,804	1,921	1,862
<b>Total Community Colleges</b>	<b>66,818</b>	<b>65,420</b>	<b>62,531</b>	<b>59,902</b>	<b>57,281</b>	<b>53,645</b>	<b>50,101</b>	<b>49,119</b>	<b>52,070</b>	<b>54,748</b>
<b>Total All Institutions</b>	<b>151,032</b>	<b>148,464</b>	<b>143,049</b>	<b>142,290</b>	<b>136,519</b>	<b>129,917</b>	<b>118,156</b>	<b>115,652</b>	<b>118,576</b>	<b>120,924</b>

Source: Arizona Board of Regents  
State Board of Directors for Community Colleges

STATE OF ARIZONA  
AVERAGE STATE PRISON ADULT INMATE POPULATION  
FOR THE LAST TEN FISCAL YEARS  
FISCAL YEAR ENDED JUNE 30, 1992

<u>INCARCERATION INSTITUTION</u>	<u>1991-92</u>	<u>1990-91</u>	<u>1989-90</u>	<u>1988-89</u>	<u>1987-88</u>	<u>1986-87</u>	<u>1985-86</u>	<u>1984-85</u>	<u>1983-84</u>	<u>1982-83</u>
Florence Complex	4,628	3,996	4,044	3,620	3,287	3,168	3,000	2,886	2,653	2,356
Perryville Complex	2,198	2,146	1,400	1,344	1,376	1,374	1,383	1,286	1,149	1,151
Phoenix Complex	1,051	916	704	985	1,029	864	806	747	638	370
Tucson Complex	2,455	2,370	2,095	2,329	2,253	1,915	1,531	1,215	1,051	756
Douglas Complex	1,962	1,940	1,518	1,855	1,581	1,167	353	88	6	-
Winslow Complex	1,295	1,179	650	513	120	43	15	-	-	-
Fort Grant Complex	665	650	503	672	674	609	790	795	769	774
Safford Complex	478	472	384	372	383	344	321	297	298	277
Yuma Complex	238	243	250	112	-	-	-	-	-	-
<b>Total</b>	<b>14,970</b>	<b>13,912</b>	<b>11,548</b>	<b>11,802</b>	<b>10,703</b>	<b>9,484</b>	<b>8,199</b>	<b>7,314</b>	<b>6,564</b>	<b>5,684</b>
Repeat Offenders Admitted	1,692	1,614	1,456	1,172	539	620	553	628	524	595

Source: Arizona Department of Corrections

STATE OF ARIZONA  
 ASSESSED VALUE OF NEW COMMERCIAL  
 AND RESIDENTIAL CONSTRUCTION  
 FOR THE LAST TEN YEARS

CALENDAR YEAR ENDED DECEMBER 31	COMMERCIAL CONSTRUCTION				RESIDENTIAL CONSTRUCTION			
	NUMBER OF UNITS	PERCENT CHANGE	VALUE (EXPRESSED IN THOUSANDS)	PERCENT CHANGE	NUMBER OF UNITS	PERCENT CHANGE	VALUE (EXPRESSED IN THOUSANDS)	PERCENT CHANGE
1992	27,969	7.61%	\$ 1,495,012	17.10%	49,771	17.65%	\$ 3,136,169	33.41%
1991	25,992	-5.79%	1,276,745	-28.75%	42,303	8.44%	2,350,747	22.89%
1990	27,590	-4.87%	1,791,894	-2.00%	39,011	-6.04%	1,912,823	-2.92%
1989	29,002	-14.50%	1,828,526	-23.31%	41,518	-6.91%	1,970,457	-11.00%
1988	33,921	-17.52%	2,384,432	-9.21%	44,601	-12.74%	2,213,987	-10.75%
1987	41,127	-9.77%	2,626,416	-8.48%	51,115	-13.43%	2,480,641	-2.36%
1986	45,578	-4.94%	2,869,643	-8.00%	59,047	-3.12%	2,540,719	-9.05%
1985	47,949	-2.05%	3,119,315	-1.62%	60,948	7.47%	2,329,879	11.41%
1984	48,955	3.26%	3,170,534	71.10%	56,710	-2.58%	2,091,333	19.68%
1983	47,408	39.03%	1,853,083	33.62%	58,210	34.46%	1,747,427	78.00%

Source: Center for Business Research  
 College of Business, Arizona State University

## **ACKNOWLEDGEMENTS**

The Comprehensive Annual Financial Report was prepared by the Department of Administration, Division of Finance, Financial Reporting Section:

Keith Orr, CPA  
Michelle Caruso  
Diane Dotson  
Tamara Eckloff  
Jeff Emerson  
James Fagan, CPA  
Sean Kenney

Sean Kindell  
Terri McHaney  
Ron Santa Cruz  
Brian Trethaway  
Darron Yancy  
Doug Yeskey

Special acknowledgment goes to:

All fiscal and accounting personnel throughout Arizona State government, along with the Office of the Auditor General staff, whose dedicated efforts and cooperation contributed to the compilation of financial information that appears in the report.