

COCONINO COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

COCONINO COUNTY, ARIZONA
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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona
and the Board of Supervisors
of Coconino County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report (Report) of the Coconino County, Arizona, for the year ended June 30, 2012. This report is the responsibility of the Coconino County, Arizona's management. Our responsibility is to express an opinion on this report based on our audit.

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

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

In our opinion, the Annual Expenditure Limitation Report of the Coconino County, Arizona, for the year ended June 30, 2012, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of management and for filing with the Auditor General of the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Phoenix, Arizona
June 5, 2013

COCONINO COUNTY
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2012

1. Economic Estimates Commission expenditure limitation	\$ 54,114,073
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>51,601,532</u>
3. Amount under the expenditure limitation	<u><u>\$ 2,512,541</u></u>

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

Signature of Chief Fiscal Officer:

Name and Title: Sandra A Schulz

Telephone Number: 928-679-7180 Date: 6/5/13

COCONINO COUNTY
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2012

Description	Governmental Funds	Internal Service Fund	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 82,794,131	\$ 3,380,687	\$ 353,442,322	\$ 439,617,140
B. Less exclusions claimed:				
Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	350,065	30,811	-	380,876
Trustee or custodian (Note 3)	80,953	-	353,442,322	353,523,275
Grants and aid from the federal government (Note 4)	10,701,823	-	-	10,701,823
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	116,441	-	-	116,441
Amounts received from the State of Arizona (Note 4)	7,439,802	-	-	7,439,802
Quasi-external interfund transactions (Note 6)	-	3,193,283	-	3,193,283
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 7)	444,746	-	-	444,746
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	6,219,282	-	-	6,219,282
Contracts with other political subdivisions (Note 8)	2,261,098	-	-	2,261,098
Refunds, reimbursements, and other recoveries (Note 9)	100,447	-	-	100,447
Amounts received for distribution to school districts (Note 10)	2,433,016	-	-	2,433,016
Prior years carryforward (Note 11)	1,201,519	-	-	1,201,519
Total exclusions claimed	31,349,192	3,224,094	353,442,322	388,015,608
C. Amounts subject to the expenditure limitation	<u>\$ 51,444,939</u>	<u>\$ 156,593</u>	<u>\$ -</u>	<u>\$ 51,601,532</u>

COCONINO COUNTY
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2012

Description	Governmental Funds	Internal Service Fund	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 112,683,943	\$ 3,452,391	\$ 353,442,322	\$ 469,578,656
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation	-	269,538	-	269,538
Other postemployment benefits expense (Note 12)	-	6,938	-	6,938
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 13)	29,817,346	-	-	29,817,346
Payments made to reimburse the Arizona Department of Health Services (Note 14)	72,466	-	-	72,466
Total subtractions	29,889,812	276,476	-	30,166,288
C: Additions:				
Other postemployment benefits paid in the current year but reported as expenses in the previous years (Note 15)	-	8,890	-	8,890
Acquisition of capital assets	-	195,882	-	195,882
Total additions	-	204,772	-	204,772
D: Amounts reported on Part II, Line A	\$ 82,794,131	\$ 3,380,687	\$ 353,442,322	\$ 439,617,140

COCONINO COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

Note 1 Summary of Significant Accounting Policies

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

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Fund; Statement of Cash Flows for the Proprietary Fund; and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$350,065 in the Governmental Funds includes investment earnings expended of \$1,450,443 and interest on delinquent taxes expended of \$1,092,112, which was recorded as tax revenues. In the Governmental Funds amount, \$319,168 is attributed to separate legal entities and school districts that is not included in the Economic Estimates Commission base limit calculations, and therefore is not reported as an exclusion. Remaining revenues from the Governmental Funds of \$1,873,323 have been carried forward to future years. The following schedule presents revenues from which exclusions have been claimed for dividends, interest, and gains on the sale or redemption of investment securities:

Description	Governmental Funds	Internal Service Fund
Investment earnings	\$ 1,450,443	\$ 30,811
Interest on delinquent taxes	1,092,112	-
Interest attributed to separate legal entities	(312,051)	-
Interest attributed to school districts	(7,117)	-
Amount carried forward	(1,873,322)	-
Amount excluded	<u>\$ 350,065</u>	<u>\$ 30,811</u>

Note 3 The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$80,953 for expenditures from the County Anti-Racketeering Fund, benefiting other jurisdictions, that was recorded as general government expenditures. Remaining excludable revenues of \$106,676 have been carried forward to future years. In the Fiduciary Funds, the exclusion consists of \$353,442,322 in distributions to investment pool participants.

Note 4 The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds:

Description	
Grants and aid from the federal government	\$ 10,701,823
Amounts received from the State of Arizona	7,439,802
Highway user revenue in excess of those received in fiscal year 1979-80	6,219,282
Other revenues-(nonexcludable)	25,487,000
Amount carried forward	<u>1,326,014</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 51,173,921</u></u>

COCONINO COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

- Note 5** The exclusion claimed for grants, aid, contributions or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes in the Governmental Funds consists of \$116,441 for contributions revenue expended. Remaining excludable revenues of \$184,683 have been carried forward to future years. There was \$328,725 of nonexcludable revenues reported as contributions.
- Note 6** The exclusion claimed for quasi-external interfund transactions in the amount of \$3,193,283 in the Internal Service Fund is reported as charges for services revenues expended.
- Note 7** The exclusion for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements of \$444,746 consists of other taxes collected from special sales tax monies approved November 5, 2002 by the voters to be spent for parks and open space projects that was expended during the fiscal year. Remaining excludable amounts of \$2,153,406 have been carried forward to future years.
- Note 8** The exclusion claimed for contracts with other political subdivisions of \$2,261,098 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, and welfare. Remaining excludable revenues of \$222,083 have been carried forward to future years.
- Note 9** The exclusion for refunds, reimbursements, and other recoveries of \$100,447 in the Governmental Funds consists of charges for services expended. Remaining excludable revenues of \$249,830 have been carried forward to future years.
- Note 10** The exclusion for amounts received for distribution to school districts of \$2,433,016 consists of federal, state, and county revenues recorded as education expenditures for operating an accomodation school.
- Note 11** Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year in the Governmental Funds as follows:

Description	Governmental Funds
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 41,543
Trustee or custodian	637,166
Grants and aid from the federal government	131,758
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	7,978
Amounts received from the State of Arizona	145,538
Quasi-external interfund transactions	237,185
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	351
Total prior years carryforward expended	<u>\$ 1,201,519</u>

- Note 12** The subtraction of \$6,938 for other postemployment benefits expense consists of the amounts expensed in the current year but not yet paid in the Internal Service Fund. The payable for this is included in the accrued payroll liability on the financial statements.

COCONINO COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

Note 13 The subtraction of \$29,812,200 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements.

<u>Special Assessment Districts</u>	
Public safety	\$ 14,022,908
Sanitation	1,209,136
Culture and recreation	4,119,256
Highways and streets	76,644
Health	7,599,415
Welfare	142,638
Capital outlay	116,035
Principal retirement	2,353,289
Interest and other charges	178,025
Total	<u>\$ 29,817,346</u>

Note 14 The subtraction of \$72,466 for payments made to reimburse the Arizona Department of Health Services consists of county payments to reimburse the state for the cost of inpatient competency restoration treatment and part of the cost to commit an individual determined to be sexually violent by the court, as required by Laws 2011, Chapter 31, Sections 20 and 21, which were recorded as general government expenditures.

Note 15 The addition of \$8,890 for other postemployment benefits paid in the current year, but reported as expenses in previous years, consists of cash payments in the current year for amounts recognized as expenses in previous years in the Internal Service Fund. The payable for this is included in the accrued payroll liability on the financial statements.