

Coconino County

Annual Expenditure
Limitation Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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

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Melanie M. Chesney, Deputy Auditor General and Acting Director, Financial Audit Division

Taryn Stangle, Manager

Contact Information

Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



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LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of
Coconino County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Coconino County for the year ended June 30, 2018, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

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

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

February 20, 2024

Coconino County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2018

1. Economic Estimates Commission expenditure limitation	\$61,850,124
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>61,850,124</u>
3. Amount under the expenditure limitation	<u>\$ 0</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: Siri Mullaney

Name and title: Siri Mullaney, CFO

Telephone number: (928) 679-7180 Date: February 20, 2024

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2018

Description	<u>Governmental funds</u>	<u>Internal service fund</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 101,994,284	\$ 2,986,917	\$ 326,625,423	\$ 431,606,624
B. Less exclusions claimed:				
Debt service requirements (Note 2)	28,043			28,043
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	153,909	3,252		157,161
Trustee or custodian (Note 4)	133,817		326,625,423	326,759,240
Grants and aid from the federal government (Note 5)	11,497,221			11,497,221
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	158,168			158,168
Amounts received from the State of Arizona (Note 5)	8,472,661			8,472,661
Quasi-external interfund transactions (Note 7)		2,713,732		2,713,732
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 8)	5,689,140			5,689,140
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	8,998,726			8,998,726
Contracts with other political subdivisions (Note 9)	41,619			41,619
Refunds, reimbursements, and other recoveries (Note 10)	180,671			180,671
Amounts received for distribution to school districts (Note 11)	2,500,183			2,500,183
Prior years carryforward (Note 12)	<u>2,559,935</u>			<u>2,559,935</u>
Total exclusions claimed	<u>40,414,093</u>	<u>2,716,984</u>	<u>326,625,423</u>	<u>369,756,500</u>
C. Amounts subject to the expenditure limitation	<u>\$ 61,580,191</u>	<u>\$ 269,933</u>	<u>\$ -</u>	<u>\$ 61,850,124</u>

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2018

Description	<u>Governmental funds</u>	<u>Internal service fund</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 133,828,211	\$ 2,716,982	\$ 326,625,423	\$463,170,616
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		275,358		275,358
Pension and other postemployment benefits (OPEB) expense (Note 13)		94,892		94,892
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 14)	38,469,453			38,469,453
Required fees/reimbursements made to Arizona state agencies (Note 15)	543,169			543,169
Total subtractions	<u>39,012,622</u>	<u>370,250</u>		<u>39,382,872</u>
C. Additions:				
Capital asset acquisitions		567,938		567,938
Pension and OPEB contributions paid in the current year (Note 13)		72,247		72,247
County transfers to separate legal entities (Note 14)	7,178,695			7,178,695
Total additions	<u>7,178,695</u>	<u>640,185</u>		<u>7,818,880</u>
D. Amounts reported on part II, line A	<u>\$ 101,994,284</u>	<u>\$ 2,986,917</u>	<u>\$ 326,625,423</u>	<u>\$ 431,606,624</u>

See accompanying notes to report.

Coconino County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2018

Note 1 - Summary of significant accounting policies

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

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

Note 2

The exclusion claimed for debt service requirements of \$28,043 in the Governmental Funds consists of capital lease principal payments of \$27,763 and interest expenditures of \$280 that were recorded as governmental expenditures.

Note 3

The \$153,909 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds were expended from investment earnings of \$296,344 and interest on delinquent taxes of \$650,117, which was recorded as tax revenue. Remaining unspent, excludable revenues of \$792,552, have been carried forward to future years.

Note 4

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$133,817 expended from the County Attorney Grants and Fees Fund, benefiting other jurisdictions, that were recorded as general government expenditures. In the Fiduciary Funds, the exclusion consists of \$326,625,423 in distributions to investment pool participants.

Note 5

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:

Coconino County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2018

Description	
Grants and aid from the federal government	\$11,497,221
Amounts received from the State of Arizona	8,472,661
Highway user revenues in excess of those received in fiscal year 1979-80	8,998,726
Other revenues—(nonexcludable)	36,231,301
Amount carried forward	<u>1,066,748</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$66,266,657</u>

Note 6

The \$158,168 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 contributions revenues expended. Remaining excludable revenues of \$61,469 have been carried forward to future years. The remaining contributions revenues of \$381,505 were nonexcludable.

Note 7

The \$2,713,732 exclusion claimed for quasi-external interfund transactions in the Internal Service Fund consists of charges for services revenues expended. Excludable internal service fund charges for services revenues of \$43,162 were unexpended and have been carried forward to future years.

Note 8

The exclusion claimed for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements of \$5,689,140 consists of county sales taxes that were related to special sales tax monies voters approved November 5, 2002 and November 4, 2014, to be spent for parks and open space projects and road maintenance projects that were expended during the fiscal year. Remaining excludable amounts of \$4,267,395 have been carried forward to future years.

Note 9

The \$41,619 exclusion claimed for contracts with other political subdivisions consists of charges for services expended for general government, public safety, sanitation, and welfare. Excludable revenues of \$1,112,788 were unexpended and have been carried forward to future years.

Note 10

The revenues from which the exclusion has been claimed for refunds, reimbursements, and other recoveries consist of charges for services of \$129,197; fees, fine, and forfeits of \$441,147; and miscellaneous revenues of \$21,780. Of this amount, \$180,671 was claimed as an exclusion; \$408,984 has been carried forward to future years; and \$2,469 was not carried forward or excluded.

Coconino County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2018

Note 11

The \$2,500,183 exclusion claimed for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school. Remaining federal, state, and county revenues of \$1,226,994 have been carried forward to future years.

Note 12

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

Description	Governmental funds
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 23,811
Grants and aid from the federal government	13,953
Amounts received from the State of Arizona	233,286
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	5,947
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	2,109,037
Contracts with other political Subdivisions	94,097
Refunds, reimbursements, and other recoveries	<u>79,804</u>
Total prior years carryforward expended	<u>\$2,559,935</u>

Note 13

The \$94,892 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the internal service fund. The \$72,247 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the internal service fund.

Note 14

The \$38,469,453 subtraction 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:

Coconino County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2018

Special assessment districts	
Public safety	\$19,062,827
Sanitation	1,270,248
Culture and recreation	4,489,034
Health	13,609,566
Principal	36,330
Interest and other charges	<u>1,448</u>
Total	<u>\$38,469,453</u>

The \$7,178,695 addition for county monies transferred to separate legal entities consists of the County's required maintenance of effort payments of \$2,518,776 to the jail district and \$4,659,919 to the public health services district.

Note 15

The \$543,169 subtraction for required fees/reimbursements paid to Arizona state agencies consists of payments to the Arizona Department of Health Services pursuant to Laws 2017, Chapter 309, Sections 11 and 12, for inpatient competency restoration treatment and committing an individual the court determined to be sexually violent, which were recorded as governmental expenditures.

Note 16

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. The reductions includes \$886,994 in prior years lost carryforwards for several line items that were no longer available for exclusion by the County. A summary of the revenue sources and the changes in their balances is shown in the table below:

Description	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Dividends, interest, and gains on the sale or redemption of investment securities	\$27,505,277	\$ 792,552	\$ 314,689	\$27,983,140
Trustee or Custodian	503,372			503,372
Grants and aid from the federal government	2,043,110	540,456	13,954	2,569,612
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	384,680	61,469	9,595	436,554
Amounts received from the State of Arizona	1,577,279	526,292	233,292	1,870,279
Quasi-external interfund transactions	511,952	43,162		555,114
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	8,110,830	4,267,395	2,701,498	9,676,727
Highway user revenues in excess of those received in fiscal year 1979-80	15,170,318			15,170,318
Contracts with other political subdivisions	440,064	1,112,783	94,097	1,458,750
Refunds, reimbursements, and other recoveries	793,818	408,984	79,804	1,122,998
Amounts received for distribution to school districts	431,197	1,226,994		1,658,191
Total carryforward	<u>\$57,471,897</u>	<u>\$8,980,087</u>	<u>\$3,446,929</u>	<u>\$63,005,055</u>

