

COCONINO COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2024



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**COCONINO COUNTY, ARIZONA
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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report (report) of Coconino County, Arizona (the County), for the year ended June 30, 2024, 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* (UERS) as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted 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 UERS 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 judgement, 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 relating to the engagement.

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

CliftonLarsonAllen LLP

Phoenix, Arizona
June 9, 2025

Coconino County, Arizona
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	\$ 78,064,579
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>77,803,566</u>
3. Amount under (in excess of) the expenditure limitation	<u>\$ 261,013</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: Siri Mullaney, Director of Finance

Telephone number: 928-679-7183 Date: June 9, 2025

See accompanying notes to report.

Coconino County, Arizona
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2024

Description	Governmental funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 220,932,513	\$ 4,901,931	\$ 371,596,543	\$ 597,430,987
B. Less exclusions claimed:				
Debt service requirements (Note 2)	60,709,834	-	-	60,709,834
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	560,810	48,815	-	609,625
Trustee or custodian (Note 4)	1,027,282	-	371,596,543	372,623,825
Grants and aid from the federal government (Note 5)	25,692,843	-	-	25,692,843
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	155,721	-	-	155,721
Amounts received from the State of Arizona (Note 5)	14,295,585	-	-	14,295,585
Quasi-external interfund transactions (Note 7)	-	4,823,213	-	4,823,213
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	7,305,122	-	-	7,305,122
Contracts with other political subdivisions (Note 5)	46,464	-	-	46,464
Refunds, reimbursements, and other recoveries (Note 8)	47,379	-	-	47,379
Amounts received for distribution to school districts (Note 9)	2,504,124	-	-	2,504,124
Prior years carryforward (Note 10)	30,783,783	29,903	-	30,813,686
Total exclusions claimed	143,128,947	4,901,931	371,596,543	519,627,421
C. Amounts subject to the expenditure limitation	<u>\$ 77,803,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,803,566</u>

See accompanying notes to report.

Coconino County, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2024

Description	Governmental funds	Internal service funds	Fiduciary funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 310,848,235	\$ 3,523,673	\$ 371,596,543	\$ 685,968,451
B. Subtractions:				
Items not requiring use of current financial resources:				
a. Depreciation and amortization	-	532,284	-	532,284
d. Pension and other postemployment benefits (OPEB) expense (Note 11)	-	72,906	-	72,906
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 12)	93,402,301	-	-	93,402,301
Fees/reimbursements State law required the County to pay (Note 13)	515,562	-	-	515,562
Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	2,723,299	-	-	2,723,299
Total subtractions	96,641,162	605,190	-	97,246,352
C. Additions:				
Capital asset acquisitions	-	1,928,558	-	1,928,558
Pension and OPEB contributions paid in the current year (Note 11)	-	54,890	-	54,890
County transfers to separate legal entities (Note 12)	6,725,440	-	-	6,725,440
Total additions	6,725,440	1,983,448	-	8,708,888
D. Amounts reported on part II, line A	<u>\$ 220,932,513</u>	<u>\$ 4,901,931</u>	<u>\$ 371,596,543</u>	<u>\$ 597,430,987</u>

See accompanying notes to report.

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 (A.R.S.) §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 the 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 proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

Note 2

The exclusion claimed for debt service requirements of \$60,709,834 consists of principal retirement and interest expenditures in the County Debt Services Fund.

Note 3

The \$560,810 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$560,810. Remaining unspent, excludable revenues of \$12,756,863 and \$732,486 of interest on delinquent taxes that was recorded as tax revenue, have been carried forward to future years, and \$98,636 was included in the exclusion for amounts received for distribution to school districts. Of the \$50,243 reported as interest income on the statement of revenues, expenses, and changes in net position in the internal service fund \$48,815 was revenue received and expended and claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities, the remaining unrealized gain of \$1,428 was not available for exclusion.

Reconciliation of investment earnings	Governmental funds	Internal service fund
Financial statements		
Investment earnings	\$ 13,317,673	\$ 48,815
Investment earnings included with separate legal entities	1,345,695	-
Investment earnings included with exclusion for amounts received for school districts	98,636	-
Net Unrealized gain (loss)	352,335	1,428
Total investment earnings (loss) as reported in the financial statements	<u>\$ 15,114,339</u>	<u>\$ 50,243</u>
 AELR-Part II		
Investment earnings	\$ 13,317,673	\$ 48,815
Subtotal of allowable exclusion	13,317,673	48,815
Actual exclusion taken	560,810	48,815
Carryforward to future years	<u>\$ 12,756,863</u>	<u>\$ -</u>

Note 4

The \$1,027,282 exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,182 expended from the County Anti-Racketeering Fund, benefiting other jurisdictions, that were recorded as general government expenditures and \$1,026,100 of contributions made to the Arizona Health Care Cost Containment System (AHCCS). In the Fiduciary Funds, the exclusion consists of \$2,264,533 in Private-purpose trust funds, \$331,568,998 in distributions to investment pool participants and \$37,763,012 in distributions for other governments, individuals, or other custodial activity.

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 contracts with other political subdivisions, and highway user revenues in the governmental funds:

Description	
Grants and aid from the federal government	\$ 25,692,843
Amounts received from the State of Arizona	14,295,585
Highway user revenues in excess of those received in fiscal year 1979-80	7,305,122
Contracts with other political subdivisions	46,464
Other revenues (nonexcludable, included with separate legal entities, etc.)	82,906,314
Unspent, excludable revenues carried forward	<u>12,523,942</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 142,770,270</u>

Note 6

The exclusions 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, consist of \$155,721 for contributions revenue expended. Remaining unspent, excludable revenues of \$57,859 have been carried forward to future years. The remaining contributions revenue of \$9,435 was nonexcludable.

Note 7

The exclusion claimed for quasi-external interfund transactions in the amount of \$4,821,785 in the Internal Service Fund consists of charges for services revenues expended.

Note 8

The revenues from which the exclusion have been claimed for refunds, reimbursements, and other recoveries consist of charges for services of \$118,496. Of this amount, \$47,379 was claimed as an exclusion and \$71,117 has been carried forward to future years.

Coconino County, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

Note 9

The \$2,504,124 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 unspent, excludable State revenues of \$917,331 have been carried forward to future years.

Note 10

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	Internal service fund
Bond proceeds	\$ 29,936,234	\$ -
Dividends, interest, and gains on the sale or redemption of investment securities	308,157	-
Trustee or custodian	75,795	-
Grants and aid from the federal government	55,622	-
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	5,148	-
Amounts received from the State of Arizona	106,931	-
Quasi-external interfund transactions	-	29,903
Contracts with other political subdivisions	291,287	-
Refunds, reimbursements, and other recoveries	4,609	-
Total prior years carryforward expended	<u>\$ 30,783,783</u>	<u>\$ 29,903</u>

Note 11

The \$72,906 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the internal service fund. The \$54,890 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. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	Internal service fund
<u>Statement of cash flows</u>	
Change in deferred inflows related to pensions and OPEB	\$ (18,799)
Change in deferred outflows related to pensions and OPEB	97,339
Change in net pension and OPEB liability	(60,524)
Total	<u>\$ 18,016</u>
<u>AE LR-Reconciliation</u>	
Pension/OPEB contributions – addition	\$ (54,890)
Pension/OPEB expense(income) – subtraction	72,906
Total	<u>\$ 18,016</u>

Note 11 (Continued)

The subtraction for pension expense in the governmental funds consists of nonemployer contributions to the Elected Officials Retirement Plan (EORP) or Public Safety Personnel Retirement System (PSPRS) that were reported as a revenue and an offsetting expenditure in the County’s governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 12

The \$93,402,301 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 that are reported in the governmental funds:

Special assessment districts	
Public safety	\$ 71,119,622
Health	16,164,142
Culture and recreation	6,107,605
Sanitation	10,932
Total	<u>\$ 93,402,301</u>

The \$6,725,440 addition for County monies transferred to separate legal entities consists of the County's required maintenance of effort payment of \$2,986,207 to the jail district and \$3,739,233 to the public health district.

Note 13

The subtraction of \$515,562 for required fees/reimbursements State law required the County to pay that are excluded from the County expenditure limitation and consists of payments to reimburse the State for the cost of inpatient competency restoration treatment, as required by A.R.S. §13-4512, which were recorded as general government expenditures.

Note 14

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. Reductions in carryforward for Debt proceeds included \$21,127,698 which was included as part of the debt service requirements as disclosed in Note 2 in the current year and was no longer available for exclusion by the County. Reductions in carryforward for Grants and aid from the federal government included \$40,609 of amounts that were no longer available for exclusion by the County. Reductions in carryforward for grants, aid, contribution, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes included \$810 of amounts that were no longer available for exclusion by the County. Reductions in carryforward for refunds, reimbursements, and other recoveries included \$1,734 of amounts that were no longer available for exclusion by the County. Reductions in carryforward for Amounts received from the state of Arizona included \$12,069 of amounts that were no longer available for exclusion by the County.

Coconino County, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

Note 14 (Continued)

A summary of the revenue sources and the changes in their balances is shown in the table below:

Description	Balance June 30, 2023	Carryforward added	Carryforward used	Balance June 30, 2024
Debt proceeds	\$ 126,543,692	\$ -	\$ 51,063,932	\$ 75,479,760
Dividends, interest, and gains on the sale or redemption of investment securities	28,579,850	13,489,349	308,157	41,761,042
Trustee or Custodian	401,655	-	75,795	325,860
Grants and aid from the federal government	12,917,806	4,480,819	96,231	17,302,394
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	570,411	57,859	5,958	622,312
Amounts received from the State of Arizona	5,734,275	2,123,522	119,000	7,738,797
Quasi-external interfund transactions	1,723,349	-	29,903	1,693,446
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	3,964,222	-	-	3,964,222
Highway user revenues in excess of those received in fiscal year 1979-80	13,599,728	4,269,115	-	17,868,843
Contracts with other political subdivisions	5,217,482	1,650,486	291,287	6,576,681
Refunds, reimbursements, and other recoveries	1,242,506	71,117	6,343	1,307,280
Amounts received for distribution to school districts	1,862,285	917,331	-	2,779,616
Total carryforward	<u>\$ 202,357,261</u>	<u>\$ 27,059,598</u>	<u>\$ 51,996,606</u>	<u>\$ 177,420,253</u>



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