

# Cochise County

## Annual Expenditure Limitation Report

Year Ended June 30, 2024

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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## ARIZONA AUDITOR GENERAL

**Lindsey A. Perry**, Auditor General

**Melanie M. Chesney**, Deputy Auditor General

### Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of Cochise County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Cochise 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 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 relating 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

September 29, 2025

**Cochise County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2024**

|   |                    |
|---|--------------------|
| 1. Economic Estimates Commission expenditure limitation                             | \$78,288,504       |
| 2. Amount subject to the expenditure limitation (total amount from Part II, line C) | <u>77,284,140</u>  |
| 3. Amount under the expenditure limitation  | <u>\$1,004,364</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: Monica Miranda, Finance Director

Telephone number: ( 50 ) 432-8370 Date: September 29, 2025

See accompanying notes to report.

**Cochise County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2024**

| Description  | Governmental<br>funds | Enterprise<br>funds | Internal<br>service<br>funds | Fiduciary<br>funds | Total                |
|--|-----------------------|---------------------|------------------------------|--------------------|----------------------|
| A. Amounts reported on the reconciliation, line D  | \$ 127,631,051        | \$ 15,149,389       | \$ 16,543,037                | \$ 518,107,625     | \$ 677,431,102       |
| B. Less exclusions claimed:  |                       |                     |                              |                    |                      |
| Dividends, interest, and gains on the sale or<br>redemption of investment securities (Note 2)  | 6,096,922             | 898,732             | 377,963                      |                    | 7,373,617            |
| Trustee or custodian (Note 3)  | 2,501,869             |                     |                              | 518,107,625        | 520,609,494          |
| Grants, aid, contributions, or gifts from a private agency,<br>organization, or individual, except amounts received<br>in lieu of taxes (Note 4) | 480,323               |                     |                              |                    | 480,323              |
| Grants and aid from the federal government (Note 5)  | 10,294,660            | 5,923,162           |                              |                    | 16,217,822           |
| Amounts received from the State of Arizona (Note 5)  | 26,217,592            | 4,355               |                              |                    | 26,221,947           |
| Highway user revenues in excess of those received in<br>fiscal year 1979-80 (Note 5)   | 7,063,028             |                     |                              |                    | 7,063,028            |
| Quasi-external interfund transactions (Note 6)   |                       |                     | 14,922,456                   |                    | 14,922,456           |
| Contracts with other political subdivisions (Note 7)   | 27,476                | 2,471,111           |                              |                    | 2,498,587            |
| Prior years carryforward (Note 8)  | 2,464,601             |                     | 671,962                      |                    | 3,136,563            |
| Amounts received for distribution to school districts (Note 5)   | 1,623,125             |                     |                              |                    | 1,623,125            |
| Total exclusions claimed   | <u>56,769,596</u>     | <u>9,297,360</u>    | <u>15,972,381</u>            | <u>518,107,625</u> | <u>600,146,962</u>   |
| C. Amounts subject to the expenditure limitation   | <u>\$ 70,861,455</u>  | <u>\$ 5,852,029</u> | <u>\$ 570,656</u>            | <u>\$ -</u>        | <u>\$ 77,284,140</u> |

See accompanying notes to report.

**Cochise County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2024**

| Description  | Governmental<br>funds | Enterprise<br>funds | Internal<br>service<br>funds | Fiduciary<br>funds | Total          |
|--|-----------------------|---------------------|------------------------------|--------------------|----------------|
| A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements  | \$ 140,112,732        | \$ 12,066,765       | \$ 15,979,363                | \$ 518,107,625     | \$ 686,266,485 |
| B. Subtractions:   |                       |                     |                              |                    |                |
| Items not requiring use of current financial resources:  |                       |                     |                              |                    |                |
| Depreciation/amortization  |                       | 445,137             | 2,034,857                    |                    | 2,479,994      |
| Loss on disposal of capital assets   |                       |                     | 3,183                        |                    | 3,183          |
| Landfill closure and postclosure care costs (Note 13)  |                       | 416,414             |                              |                    | 416,414        |
| Pension and other postemployment benefits (OPEB) expense (Note 9)  | 1,110,758             | 223,837             | 111,918                      |                    | 1,446,513      |
| Contributions to fire districts (Note 10)  | 1,042,142             |                     |                              |                    | 1,042,142      |
| Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)  | 10,332,563            |                     |                              |                    | 10,332,563     |
| Long-term care contributions the State Treasurer withheld (Note 12)  | 6,587,900             |                     |                              |                    | 6,587,900      |
| Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception (Note 16) | 54,655                |                     |                              |                    | 54,655         |
| Fees/reimbursements State law required the County to pay (Note 15)   | 192,484               |                     |                              |                    | 192,484        |
| Total subtractions   | 19,320,502            | 1,085,388           | 2,149,958                    |                    | 22,555,848     |
| C. Additions:  |                       |                     |                              |                    |                |
| Capital asset acquisitions   |                       | 3,901,512           | 2,599,040                    |                    | 6,500,552      |
| Pension and OPEB contributions paid in the current year (Note 9)   |                       | 264,893             | 114,592                      |                    | 379,485        |
| County transfers to separate legal entities (Note 11)  | 6,838,821             |                     |                              |                    | 6,838,821      |
| Amounts paid in the current year but reported as expenses in previous years.   |                       |                     |                              |                    |                |
| Landfill closure and postclosure care costs (Note 13)  |                       | 1,607               |                              |                    | 1,607          |
| Total additions  | 6,838,821             | 4,168,012           | 2,713,632                    |                    | 13,720,465     |
| D. Amounts reported on part II, line A   | \$ 127,631,051        | \$ 15,149,389       | \$ 16,543,037                | \$ 518,107,625     | \$ 677,431,102 |

See accompanying notes to report.

# **Cochise County**

## **Notes to Annual Expenditure Limitation Report**

### **Year ended June 30, 2024**

#### **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 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 \$6,096,922 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds was included in the balance of interest income of \$6,197,985 on the statement of revenues, expenditures in fund balance, which included \$354,945 in revenues from special legal entities established under A.R.S. and negative interest of (\$253,882), that is nonexcludable. Interest on delinquent taxes of \$1,417,987, which was reported as tax revenue in the governmental funds, remained unspent and was carried forward to future years.

#### **Note 3**

The \$2,501,869 exclusion claimed for trustee or custodian in the governmental funds consists of County contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the \$518,107,625 exclusion consists of \$309,857,616, \$110,884,482, \$89,403,789, \$5,481,958, \$332,550 and \$2,147,230 in distributions to investment pool participants, distributions to other governments, property tax distributions to other governments, fines and fees distributions to other governments, payments to inmates, and other distributions, respectively.

#### **Note 4**

The \$480,323 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 expended donation revenues which are reported within miscellaneous revenues.



# Cochise County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2024

#### 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 and enterprise funds:

| <b>Description</b>   |                      |
|--|----------------------|
| <b>Governmental funds</b>  |                      |
| Grants and aid from the federal government                                       | \$ 10,294,660        |
| Amounts received from the State of Arizona                                       | 26,217,592           |
| Highway user revenues in excess of those received<br>in fiscal year 1979-80      | 7,063,028            |
| Amounts received for distribution to school districts                            | 1,623,125            |
| Nonexcludable revenues   | 28,227,521           |
| Unspent, excludable revenues carried forward                                     | <u>5,145,483</u>     |
| Total intergovernmental revenues as reported in<br>the fund financial statements | <u>\$ 78,571,409</u> |
| <b>Enterprise funds</b>  |                      |
| Grants and aid from the federal government                                       | \$ 5,923,162         |
| Amounts received from the State of Arizona                                       | 4,355                |
| Nonexcludable revenues   | 241,919              |
| Unspent, excludable revenues carried forward lost                                | <u>15,423</u>        |
| Total intergovernmental revenues as reported in<br>the fund financial statements | <u>\$ 6,184,859</u>  |

#### Note 6

The \$14,922,456 exclusion claimed for quasi-external interfund transactions in the internal service funds consists of charges for services expended of \$7,000,837 and health plan contributions expended of \$7,921,619. The remaining excludable charges for services amount of \$534,515 was unspent and has been carried forward to future years.

#### Note 7

The \$27,476 exclusion claimed in the governmental funds and the \$2,471,111 exclusion claimed in the enterprise funds, for contracts with other political subdivisions, respectively, consist of charges for services expended.

# Cochise County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2024

#### Note 8

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<br>funds | Internal<br>Service Funds |
|---|-----------------------|---------------------------|
| Grants, aid, contributions, or gifts<br>from a private agency, organization, individual,<br>except amounts received in lieu of taxes. | \$ 42,052             |                           |
| Amounts received from the State of Arizona  | 2,422,549             |                           |
| Quasi-external interfund transactions   |                       | \$ 671,962                |
| Total prior years carryforward expended   | <u>\$ 2,464,601</u>   | <u>\$ 671,962</u>         |

#### Note 9

The \$223,837 and \$111,918 subtractions for pension and other post employment benefit (OPEB) expense consist 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 enterprise and the internal service funds, respectively. The \$264,893 and \$114,592 additions for pension and OPEB contributions paid in the current year consist of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise and internal service funds, respectively. 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.

| <u>Statement of cash flows</u>                           | Enterprise<br>funds | Internal<br>service funds |
|--|---------------------|---------------------------|
| Change in net pension and OPEB asset                     | \$ 5,409            | \$ 2,704                  |
| Change in deferred inflows related to pensions and OPEB  | 13,293              | 6,647                     |
| Change in deferred outflows related to pensions and OPEB | 44,239              | 39,973                    |
| Change in net pension and OPEB liability                 | <u>(103,997)</u>    | <u>(51,998)</u>           |
| Total  | <u>\$ (41,056)</u>  | <u>\$ (2,674)</u>         |
| <br><u>AELR Reconciliation</u>                           |                     |                           |
| Pension/OPEB contributions – addition                    | \$ 264,893          | \$ 114,592                |
| Pension/OPEB expense (income) – subtraction              | <u>(223,837)</u>    | <u>(111,918)</u>          |
| Total  | <u>\$ 41,056</u>    | <u>\$ 2,674</u>           |

**Cochise County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2024**

The \$1,110,758 subtraction for pension expense in the governmental funds consists of nonemployer contributions to the Elected Officials Retirement Plan (EORP) 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 10**

The subtraction of \$1,042,142 for contributions to fire districts consists of the distribution of taxes the County levies specifically for fire districts, which are reported under public safety.

**Note 11**

The \$6,838,821 addition for county monies transferred to separate legal entities consists of the County's required maintenance of effort payment to the jail district. In addition, the separate legal entity made \$7,331,800 in public safety expenditures on the County's behalf.

The \$10,332,563 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:

| <b>Special assessment districts</b> |                     |
|-------------------------------------|---------------------|
| General government                  | \$ 45,681           |
| Public safety                       | 8,561,627           |
| Culture and recreation              | 1,287,722           |
| Capital Outlay                      | <u>437,533</u>      |
| Total                               | <u>\$10,332,563</u> |

**Note 12**

The \$6,587,900 subtraction for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes the State Treasurer withheld to meet the County's share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

**Note 13**

The \$416,414 subtraction for landfill closure and postclosure care costs consists of the portion of the total estimated liability reported as expenses in the current year but not yet paid in the enterprise funds. The \$1,607 addition for landfill closure and postclosure care costs paid in the current year, but reported as expenses in previous years, consists of cash payments in the current year for those costs reported as expenses in previous years in the enterprise funds.

# Cochise County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2024

#### 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. A summary of the accumulated revenue sources and the changes in their balances is shown in the table below. The carryforward used for amounts received from the State of Arizona includes prior year carryforward of \$414,262 that was expended and not excluded and therefore, no longer available for exclusion.

| Description   | Balance<br>June 30, 2023 | Carryforward<br>added | Carryforward<br>used | Balance<br>June 30, 2024 |
|---|--------------------------|-----------------------|----------------------|--------------------------|
| Dividends, interest, and gains on the sale or redemption of investment securities   | \$12,672,627             | \$1,417,987           |                      | \$14,090,614             |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes | 142,520                  |                       | 42,052               | 100,468                  |
| Amounts received from the State of Arizona  | 4,491,316                | 1,043,559             | 2,836,811            | 2,698,064                |
| Quasi-external interfund transactions   | 6,742,042                | 534,515               | 671,962              | 6,604,595                |
| Highway user revenues in excess of those received in fiscal year 1979-80  | 3,923,103                | 3,443,445             |                      | 7,366,548                |
| Amounts received for distribution to school districts   |                          | 658,479               |                      | 658,479                  |
| Total carryforward  | <u>\$27,971,608</u>      | <u>\$7,097,985</u>    | <u>\$3,550,825</u>   | <u>\$31,518,768</u>      |

#### Note 15

The \$192,484 subtraction for required fees/reimbursements State law required the County to pay that are excluded from the county expenditure limitation consists of \$23,182 paid to the Arizona Department of Revenue pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; and \$169,302 paid to the Arizona State Hospital pursuant to A.R.S. §13-4512 for inpatient competency restoration treatment, which were recorded as general government expenditures.

#### Note 16

The \$54,655 subtraction for the present value of net minimum lease, financed purchased and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception, consists of new leases recorded of \$2,819 and new SBITAs recorded of \$51,836 in the governmental funds.

