



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Coconino County

Year Ended June 30, 2013



Debra K. Davenport
Auditor General

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Coconino County
Annual Expenditure Limitation Report
Year Ended June 30, 2013

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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 of Coconino County for the year ended June 30, 2013. This report is the responsibility of the County's management. 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, and accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of Coconino County referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Jay Zsorey, CPA
Financial Audit Director

August 19, 2014

Coconino County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2013

1. Economic Estimates Commission expenditure limitation	\$55,206,943
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>53,110,459</u>
3. Amount under the expenditure limitation	<u>\$ 2,096,484</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: Bonny K. Lynn, Finance Director/CFO

Telephone Number: (928) 679-7180 Date: August 19, 2014

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2013

Description	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 86,951,353	\$ 3,520,406	\$ 468,416,533	\$ 558,888,292
B. Less exclusions claimed:				
Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	12,253			12,253
Trustee or custodian (Note 3)	226,639		468,416,533	468,643,172
Grants and aid from the federal government (Note 4)	10,491,533			10,491,533
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	149,974			149,974
Amounts received from the State of Arizona (Note 4)	7,544,096			7,544,096
Quasi-external interfund transactions (Note 6)		3,245,561		3,245,561
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 7)	1,792,629			1,792,629
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	6,097,704			6,097,704
Contracts with other political subdivisions (Note 8)	1,678,132			1,678,132
Refunds, reimbursements, and other recoveries (Note 9)	196,540			196,540
Amounts received for distribution to school districts (Note 10)	2,937,071			2,937,071
Prior years carryforward (Note 11)	<u>2,989,168</u>			<u>2,989,168</u>
Total exclusions claimed	<u>34,115,739</u>	<u>3,245,561</u>	<u>468,416,533</u>	<u>505,777,833</u>
C. Amounts subject to the expenditure limitation	<u>\$ 52,835,614</u>	<u>\$ 274,845</u>	<u>\$ -</u>	<u>\$ 53,110,459</u>

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2013

Description	<u>Governmental Funds</u>	<u>Internal Service Funds</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	\$ 118,643,497	\$ 3,463,298	\$ 468,416,533	\$ 590,523,328
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		224,416		224,416
Other postemployment benefits expense (Note 12)		11,311		11,311
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 13)	31,369,702			31,369,702
Payments made to reimburse the Arizona Department of Health Services (Note 14)	<u>322,442</u>			<u>322,442</u>
Total subtractions	<u>31,692,144</u>	<u>235,727</u>	<u>-</u>	<u>31,927,871</u>
C. Additions:				
Acquisition of capital assets		285,897		285,897
Other postemployment benefits paid in the current year but reported as expenses in previous years (Note 15)		<u>6,938</u>		<u>6,938</u>
Total additions	<u>-</u>	<u>292,835</u>	<u>-</u>	<u>292,835</u>
D. Amounts reported on Part II, Line A	<u>\$ 86,951,353</u>	<u>\$ 3,520,406</u>	<u>\$ 468,416,533</u>	<u>\$ 558,888,292</u>

See accompanying notes to report.

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

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 Proprietary Fund; Statement of Cash Flows for the Proprietary Fund; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Note 2 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the Governmental Funds includes excludable investment earnings expended of \$12,253. The net investment loss of \$360,692 reported in the financial statements includes \$44,636 of investment earnings. Interest on delinquent taxes of \$921,435 was recorded in the financial statements as tax revenue, of which \$87,272 was expended but not claimed as an exclusion nor carried forward. Remaining revenues of \$32,383 and \$834,163, respectively, have been carried forward to future years.

Note 3 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$226,639 expended from the County Anti-Racketeering Fund, benefiting other jurisdictions, that were recorded as general government expenditures. In the Fiduciary Funds, the exclusion consists of \$468,416,533 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	\$10,491,533
Amounts received from the State of Arizona	7,544,096
Highway user revenues in excess of those received in fiscal year 1979-80	6,097,704
Other revenues—(nonexcludable)	35,904,523
Amount carried forward	<u>350,242</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$60,388,098</u>

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

- Note 5 - 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, consists of \$149,974 for contributions revenue expended. Remaining excludable revenues of \$167,216 have been carried forward to future years. \$357,530 of nonexcludable revenues were reported as contributions.
- Note 6 - The exclusion claimed for quasi-external interfund transactions in the amount of \$3,245,561 in the Internal Service Fund is reported as charges for services revenues expended.
- Note 7 - The exclusion claimed for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements of \$1,792,629 consists of other taxes collected from special sales tax monies approved November 5, 2002, by the voters to be spent for parks and open spaces projects that were expended during the fiscal year. Remaining excludable amounts of \$687,278 have been carried forward to future years.
- Note 8 - The exclusion claimed for contracts with other political subdivisions of \$1,678,132 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, and welfare. Remaining excludable revenues of \$62,253 have been carried forward to future years.
- Note 9 - The exclusion claimed for refunds, reimbursements, and other recoveries of \$196,540 in the Governmental Funds consists of charges for services expended. Remaining excludable revenues of \$27,646 have been carried forward to future years.
- Note 10 - The exclusion claimed for amounts received for distribution to school districts of \$2,937,071 consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation 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	<u>Governmental Funds</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 34,261
Trustee or custodian	561,323
Grants and aid from the federal government	84,725
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	47,901
Amounts received from the State of Arizona	1,878,180
Quasi-external interfund transactions	216,396
Contracts with other political subdivisions	137,739
Refunds, reimbursements, and other recoveries	<u>28,643</u>
Total prior years carryforward expended	<u>\$2,989,168</u>

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

Note 12 - The subtraction of \$11,311 for other postemployment benefits expense, which is included in the amount of \$115,297 reported for accrued payroll and employee benefits on the Proprietary Fund Statement of Net Position, consists of the amounts expensed in the current year but not yet paid in the Internal Service Fund.

Note 13 - The subtraction of \$31,369,702 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. The County's maintenance of effort payments for the Jail District and the Public Health Services District pursuant to Arizona Revised Statutes §48-4024 and §48-5802, respectively, were not included in the separate legal entities expenditure subtraction.

Special Assessment Districts	
Public safety	\$18,092,088
Sanitation	1,030,036
Culture and recreation	4,170,337
Highways and streets	7,271
Health	7,452,353
Welfare	151,225
Principal retirement	396,669
Interest and other charges	<u>69,723</u>
Total	<u>\$31,369,702</u>

Note 14 - The subtraction of \$322,442 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 costs to commit an individual determined to be sexually violent by the court, as required by Laws 2012, Chapter 299, Sections 10 and 11, which were recorded as general government expenditures.

Note 15 - The addition of \$6,938 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. This amount reduced the current liabilities included in accrued payroll and employee benefits for the fiscal year, which was reported as \$115,297 on the Proprietary Fund Statement of Net Position.

