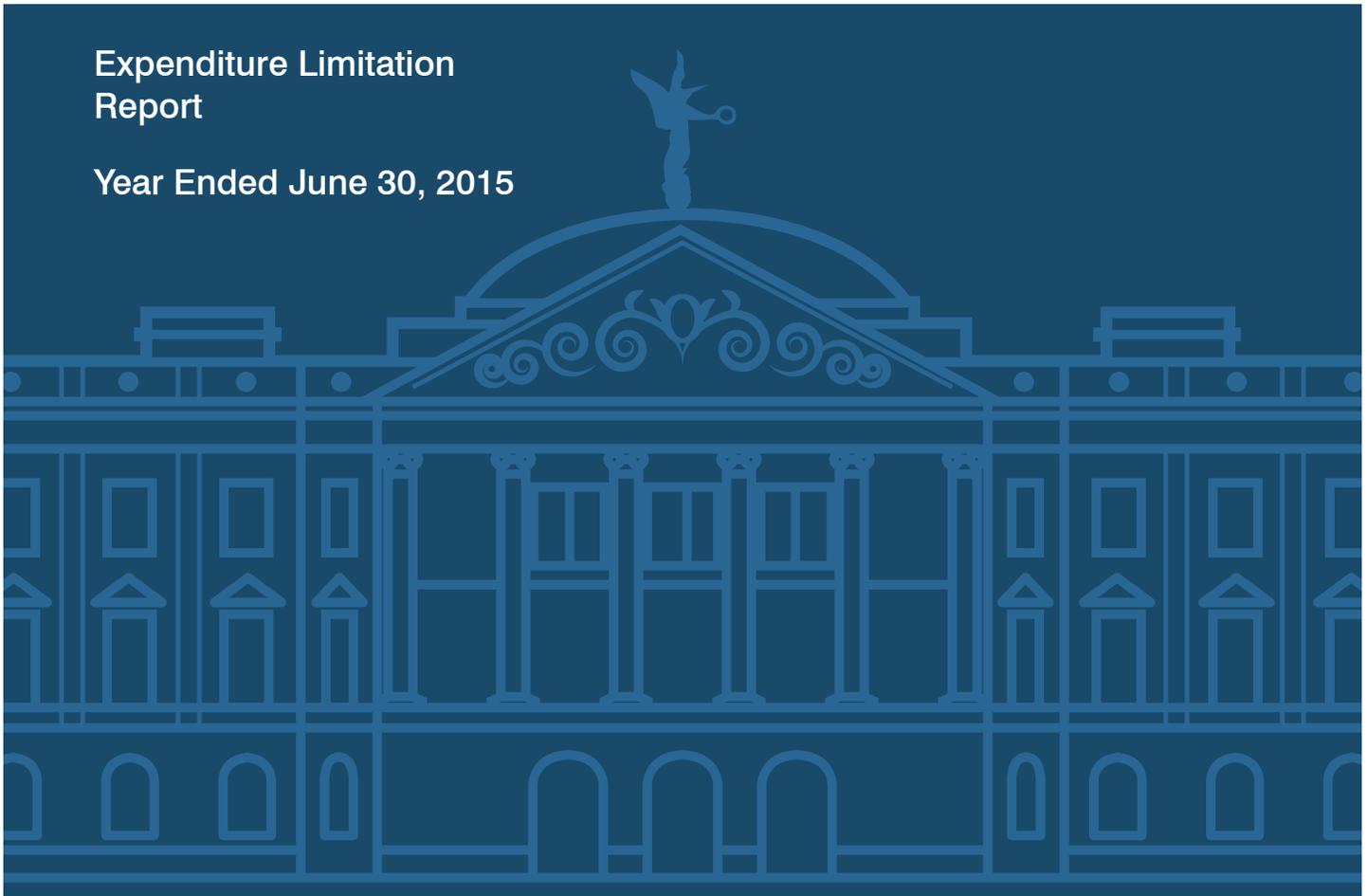


Coconino County

Expenditure Limitation
Report

Year Ended June 30, 2015



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she 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.

The Joint Legislative Audit Committee

Representative **John Allen**, Chair

Representative **Regina Cobb**

Representative **Debbie McCune Davis**

Representative **Rebecca Rios**

Representative **Kelly Townsend**

Representative **David Gowan** (ex officio)

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Senator **Lupe Contreras**

Senator **David Farnsworth**

Senator **Lynne Pancrazi**

Senator **Andy Biggs** (ex officio)

Arizona Auditor General's Contact Information

Arizona Office of the Auditor General

2910 N. 44th St.

Suite 410

Phoenix, AZ 85018

(602) 553-0333

www.azauditor.gov

Coconino County
Annual Expenditure Limitation Report
Year Ended June 30, 2015

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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, 2015. The County's management is responsible for this report. 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 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

July 22, 2016

Coconino County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2015

1. Economic Estimates Commission expenditure limitation	\$56,245,154
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>56,162,683</u>
3. Amount under the expenditure limitation	<u>\$ 82,471</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: July 22, 2016

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2015

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	\$ 89,795,105	\$ 2,474,099	\$ 237,701,848	\$ 329,971,052
B. Less exclusions claimed:				
Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	602,319	8,574		610,893
Trustee or custodian (Note 3)	234,036		237,701,848	237,935,884
Grants and aid from the federal government (Note 4)	8,418,731			8,418,731
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	183,995			183,995
Amounts received from the State of Arizona (Note 4)	8,766,107			8,766,107
Quasi-external interfund transactions (Note 6)		2,367,693		2,367,693
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 7)	3,344,501			3,344,501
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	6,328,383			6,328,383
Contracts with other political subdivisions (Note 8)	320,580			320,580
Refunds, reimbursements, and other recoveries (Note 9)	92,021			92,021
Amounts received for distribution to school districts (Note 10)	3,071,232			3,071,232
Prior years carryforward (Note 11)	<u>2,270,518</u>	<u>97,831</u>		<u>2,368,349</u>
Total exclusions claimed	<u>33,632,423</u>	<u>2,474,098</u>	<u>237,701,848</u>	<u>273,808,369</u>
C. Amounts subject to the expenditure limitation	<u>\$ 56,162,682</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 56,162,683</u>

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2015

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	\$ 122,126,378	\$ 2,623,162	\$ 237,701,848	\$ 362,451,388
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		264,158		264,158
Pension expense (Note 12)		36,776		36,776
Other postemployment benefits expense (Note 13)		9,175		9,175
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 14)	31,815,949			31,815,949
Payments made to reimburse the Arizona Department of Health Services (Note 15)	<u>515,324</u>			<u>515,324</u>
Total subtractions	<u>32,331,273</u>	<u>310,109</u>	<u>-</u>	<u>32,641,382</u>
C. Additions:				
Acquisition of capital assets		111,615		111,615
Pension contributions paid in the current year (Note 12)		40,659		40,659
Other postemployment benefits paid in the current year but reported as expenses in previous years (Note 16)	<u>-</u>	<u>8,772</u>	<u>-</u>	<u>8,772</u>
Total additions	<u>-</u>	<u>161,046</u>	<u>-</u>	<u>161,046</u>
D. Amounts reported on Part II, Line A	<u>\$ 89,795,105</u>	<u>\$ 2,474,099</u>	<u>\$ 237,701,848</u>	<u>\$ 329,971,052</u>

See accompanying notes to report.

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2015

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 of \$602,319 in the Governmental Funds includes investment earnings expended of \$18,552 and interest on delinquent taxes expended of \$583,767, which was recorded as tax revenue. Remaining investment earnings from the Governmental Funds of \$809,313 have been carried forward to future years.

Note 3 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$234,036 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 \$237,701,848 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	\$ 8,418,731
Amounts received from the State of Arizona	8,766,107
Highway user revenues in excess of those received in fiscal year 1979-80	6,328,383
Other revenues—(nonexcludable)	36,455,497
Amount carried forward	952,590
Total intergovernmental revenues as reported in the fund financial statements	\$60,921,308

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2015

- 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 \$183,995 for contributions revenue expended. Remaining excludable revenues of \$224 have been carried forward to future years. The remaining contributions revenue of \$415,897 was nonexcludable.
- Note 6 - The exclusion claimed for quasi-external interfund transactions in the amount of \$2,367,693 in the Internal Service Fund consists of 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 \$3,344,501 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 \$1,321,659 have been carried forward to future years.
- Note 8 - The exclusion claimed for contracts with other political subdivisions of \$320,580 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, and welfare. Remaining excludable revenues of \$87,228 have been carried forward to future years.
- Note 9 - The exclusion claimed for refunds, reimbursements, and other recoveries of \$92,021 in the Governmental Funds consists of charges for services revenues expended. Remaining excludable revenues of \$58,736 have been carried forward to future years.
- Note 10 - The exclusion claimed for amounts received for distribution to school districts of \$3,071,232 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 as follows:

Description	<u>Governmental funds</u>	<u>Internal service fund</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 296,658	
Trustee or custodian	526,035	
Grants and aid from the federal government	1,127,846	
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	10,741	
Amounts received from the State of Arizona	172,653	
Quasi-external interfund transactions		\$97,831
Contracts with other political subdivisions	6,247	
Refunds, reimbursements, and other recoveries	15,379	
Amounts received for distribution to school districts	<u>114,959</u>	
Total prior years carryforward expended	<u>\$2,270,518</u>	<u>\$97,831</u>

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2015

Note 12 - The subtraction of \$36,776 for pension expense consists of the change in the net pension liability recognized in the current year in the Internal Service Fund. The addition of \$40,659 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Internal Service Fund.

Note 13 - The subtraction of \$9,175 for other postemployment benefits expense, which is included in the amount of \$239,973 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 14 - The subtraction of \$31,815,949 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	\$18,260,967
Sanitation	1,275,248
Culture and recreation	3,934,675
Health	8,211,175
Welfare	4,159
Principal retirement	105,144
Interest and other charges	<u>24,581</u>
Total	<u>\$31,815,949</u>

Note 15 - The subtraction of \$515,324 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 the court determines to be sexually violent, as required by Laws 2014, Chapter 11, Sections 10 and 11, which were recorded as general government expenditures.

Note 16 - The addition of \$8,772 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 \$239,973 on the Proprietary Fund Statement of Net Position.

