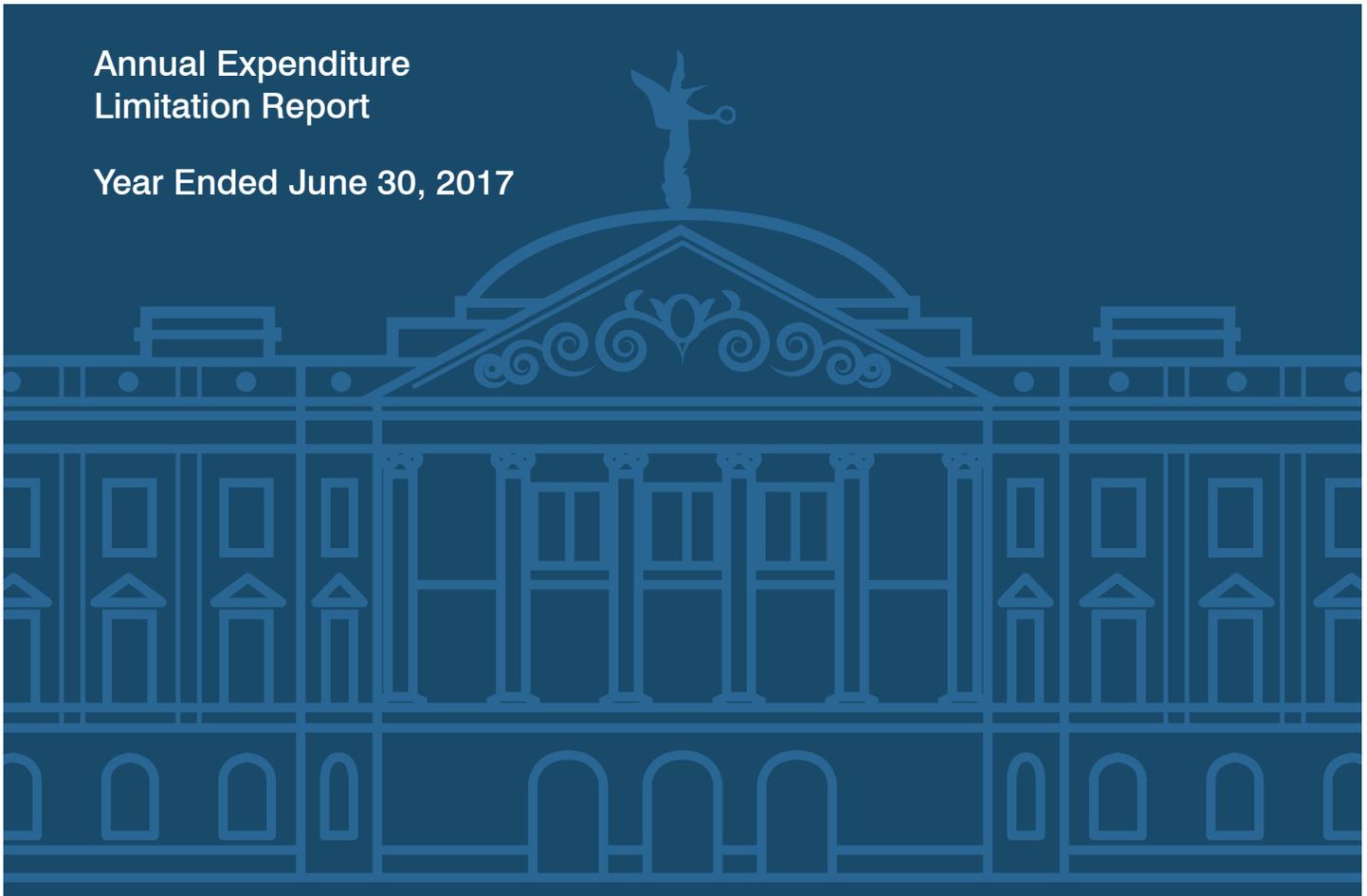


Coconino County

Annual Expenditure
Limitation Report

Year Ended June 30, 2017



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the 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

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
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, 2017, 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.

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.

Donna Miller, CPA
Director, Financial Audit Division

October 31, 2019



Coconino County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$60,639,426
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>60,639,426</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: (Signature removed for website presentation.)

Name and title: Michael Townsend, Deputy County Manager/CFO

Telephone number: (928) 679-7180 Date: October 31, 2019

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2017

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	\$ 106,708,097	\$ 2,451,319	\$ 255,804,804	\$ 364,964,220
B. Less exclusions claimed:				
Debt service requirements (Note 2)	33,142			33,142
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	211,340	4,406		215,746
Trustee or custodian (Note 4)	910,742		255,804,804	256,715,546
Grants and aid from the federal government (Note 5)	6,358,703			6,358,703
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	213,381			213,381
Amounts received from the State of Arizona (Note 5)	8,601,488			8,601,488
Quasi-external interfund transactions (Note 7)		2,397,238		2,397,238
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 8)	8,692,414			8,692,414
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	7,010,229			7,010,229
Contracts with other political subdivisions (Note 9)	1,149,656			1,149,656
Refunds, reimbursements, and other recoveries (Note 10)	84,518			84,518
Amounts received for distribution to school districts (Note 11)	2,144,240			2,144,240
Prior years carryforward (Note 12)	<u>10,708,493</u>			<u>10,708,493</u>
Total exclusions claimed	<u>46,118,346</u>	<u>2,401,644</u>	<u>255,804,804</u>	<u>304,324,794</u>
C. Amounts subject to the expenditure limitation	<u>\$ 60,589,751</u>	<u>\$ 49,675</u>	<u>\$ -</u>	<u>\$ 60,639,426</u>

See accompanying notes to report.

Coconino County

Annual Expenditure Limitation Report—Reconciliation

Year ended June 30, 2017

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	\$ 135,696,291	\$ 2,433,894	\$ 255,804,804	\$393,934,989
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation		325,704		325,704
Pension expense (Note 13)		25,623		25,623
Other postemployment benefits (OPEB) expense (Note 14)		2,134		2,134
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 15)	28,536,706			28,536,706
Required fees/reimbursements made to Arizona state agencies (Note 16)	451,488			451,488
Total subtractions	<u>28,988,194</u>	<u>353,461</u>		<u>29,341,655</u>
C. Additions:				
Capital asset acquisitions		325,997		325,997
Pension contributions paid in the current year (Note 13)		40,352		40,352
Other postemployment benefits paid in the current year but reported as expenses in previous years (Note 17)		4,537		4,537
Total additions		<u>370,886</u>		<u>370,886</u>
D. Amounts reported on part II, line A	<u>\$ 106,708,097</u>	<u>\$ 2,451,319</u>	<u>\$ 255,804,804</u>	<u>\$ 364,964,220</u>

See accompanying notes to report.

Coconino County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2017

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 debt service requirements of \$33,142 in the Governmental Funds consists of principal payments of \$32,376 and interest and miscellaneous charges of \$766.

Note 3

The revenues from which the exclusion has been claimed for dividends, interest, and gains on the sale or redemption of investment securities in the Governmental Funds consist of investment earnings of \$312,344 and interest on delinquent taxes of \$1,002,187. Of this amount, \$211,340 was claimed as an exclusion and \$1,103,191 has been carried forward to future years.

Note 4

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$910,742 expended from the County Attorney Grants and Fees Fund that were recorded as general government expenditures.

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:

Description	
Grants and aid from the federal government	\$ 6,358,703
Amounts received from the State of Arizona	8,601,488
Highway user revenues in excess of those received in fiscal year 1979-80	7,010,229
Other revenues—(nonexcludable)	35,744,800
Amount carried forward	<u>1,738,083</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$59,453,303</u></u>

Coconino County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2017

Note 6

The 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 \$213,381 for contributions revenue expended. Remaining excludable revenues of \$10,379 have been carried forward to future years. The remaining contributions revenue of \$443,831 was nonexcludable.

Note 7

The exclusion claimed for quasi-external interfund transactions of \$2,397,238 in the Internal Service Fund consists of charges for services revenues expended.

Note 8

The exclusion claimed for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements of \$8,692,414 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 \$577,731 have been carried forward to future years.

Note 9

The exclusion claimed for contracts with other political subdivisions of \$1,149,656 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, and welfare. Remaining excludable revenues of \$143,876 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 \$124,444; fees, fine, and forfeits of \$185,880; and miscellaneous revenues of \$17,508. Of this amount, \$84,518 was claimed as an exclusion and \$243,314 has been carried forward to future years.

Coconino County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2017

Note 11

The exclusion claimed for amounts received for distribution to school districts of \$2,144,240 consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school. Remaining county revenues of \$431,197 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	\$ 198,074
Trustee or custodian	14,310
Grants and aid from the federal government	28,986
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	28,477
Amounts received from the State of Arizona	144,976
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	10,246,244
Refunds, reimbursements, and other recoveries	<u>47,426</u>
Total prior years carryforward expended	<u>\$10,708,493</u>

Note 13

The subtraction of \$25,623 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 \$40,352 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 14

The subtraction of \$2,134 for other postemployment benefits expense, which is included in the amount of \$288,219 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 15

The subtraction of \$28,536,706 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

Coconino County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2017

§48-4024 and §48-5802, respectively, were not included in the separate legal entities expenditure subtraction.

Special assessment districts	
Public safety	\$14,609,276
Sanitation	1,364,796
Culture and recreation	4,012,442
Health	8,311,472
Principal retirement	230,000
Interest and other charges	<u>8,720</u>
Total	<u>\$28,536,706</u>

Note 16

The subtraction of \$451,488 for required fees/reimbursements paid to Arizona state agencies were payments made to the Arizona Department of Health Services pursuant to Laws 2016, Chapter 122, Sections 16 and 17, for inpatient competency restoration treatment and committing an individual the court determined to be sexually violent, which were recorded as general government expenditures.

Note 17

The addition of \$4,537 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 \$288,219 on the Proprietary Fund Statement of Net Position.

