

GREENLEE COUNTY, ARIZONA
REPORT ON AUDIT OF
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

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Independent Auditors' Report

The Auditor General of the State of Arizona

The Board of Supervisors of
Greenlee County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Greenlee County, Arizona (the County) for the year ended June 30, 2012. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Greenlee County, Arizona for the year ended June 30, 2012, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and others within the County, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Fester & Chapman P.C.

May 22, 2013

GREENLEE COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2012

1. Economic Estimates Commission expenditure limitation	\$ 10,026,439
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>8,875,046</u>
3. Amount under the expenditure limitation	<u><u>\$ 1,151,393</u></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: Deborah K. Gale, County Administrator

Telephone Number: (928) 865-2310 Date: 5/22/13

See accompanying notes to report.

GREENLEE COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART II
YEAR ENDED JUNE 30, 2012

Description	Governmental Funds	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line C	\$ 15,125,326	\$ 16,896,821	\$ 32,022,147
B. Less exclusions claimed:			
Debt service requirements on other long-term obligations (Note 2)	704,636		704,636
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	677		677
Trustee or custodian (Note 4)	194,113	16,896,821	17,090,934
Grants and aid from the federal government (Note 5)	2,761,940		2,761,940
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	9,731		9,731
Amounts received from the State of Arizona (Note 5)	1,855,640		1,855,640
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	521,749		521,749
Contracts with other political subdivisions (Note 7)	82,263		82,263
Refunds, reimbursements, and other recoveries (Note 8)	7,400		7,400
Prior years carryforward (Note 9)	112,131		112,131
Total exclusions claimed	<u>6,250,280</u>	<u>16,896,821</u>	<u>23,147,101</u>
C. Amounts subject to the expenditure limitation	<u>\$ 8,875,046</u>	<u>\$ -</u>	<u>\$ 8,875,046</u>

See accompanying notes to report.

GREENLEE COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
YEAR ENDED JUNE 30, 2012

Description	Governmental Funds	Fiduciary Fund	Total
A. Total expenditures/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 17,593,672	\$ 16,896,821	\$ 34,490,493
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10)	730,724		730,724
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 11)	947,239		947,239
Long-term care contributions withheld by the State Treasurer (Note 12)	162,139		162,139
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements (Note 13)	628,244		628,244
Total subtractions	<u>2,468,346</u>		<u>2,468,346</u>
C. Amounts reported on Part II, Line A	<u>\$ 15,125,326</u>	<u>\$ 16,896,821</u>	<u>\$ 32,022,147</u>

See accompanying notes to report.

GREENLEE COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

Note 1 – Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report is presented on the basis of accounting prescribed by the uniform expenditure reporting system, as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures or deductions reported in the fund financial statements.

In accordance with the reporting requirements, a note to the report is presented below for any exclusion claimed on Part II and each subtraction 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 and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Fund.

Note 2 – The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds consists of principal retirement of \$614,778 and interest expenditures of \$89,858. Total interest and fiscal charges in the Governmental Funds included other nonexcludable amounts totaling \$1,221.

Note 3 – The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$677 in the Governmental Funds represents interest earnings expended. Remaining revenues of \$26,609 of interest on investments and \$25,987 of interest on delinquent taxes have been carried forward to future years.

Note 4 – The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$194,113 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the Fiduciary Fund, the exclusion consists of \$16,896,821 in distributions to investment pool participants.

GREENLEE COUNTY, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 YEAR ENDED JUNE 30, 2012

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	\$ 2,761,940
Amounts received from the State of Arizona	1,855,640
Highway user revenues in excess of those received in fiscal year 1979-80	521,749
Other revenues (nonexcludable)	5,484,944
Amount carried forward	<u>85,882</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 10,710,155</u></u>

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 includes \$9,731 of contributions revenues expended. Remaining unspent revenues of \$1,205,339 have been carried forward to future years.

Note 7 – The exclusion claimed for contracts with other political subdivisions includes \$82,263 of charges for services expended.

Note 8 – The exclusion claimed for refunds, reimbursements, and other recoveries includes \$7,400 of miscellaneous revenues expended. Remaining unspent revenues of \$24,832 have been carried forward to future years.

Note 9 – 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>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 503
Amounts received from the State of Arizona	91,204
Refunds, reimbursements, and other recoveries	<u>20,424</u>
Total prior years carryforward expended	<u><u>\$ 112,131</u></u>

GREENLEE COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

- Note 10** – The subtraction of \$730,724 for separate legal entities established under Arizona Revised Statutes consists of expenditures of the Health Services District 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. Total expenditures of the Health Services District of \$1,487,295 have been reduced by the following: \$400,571 in expenditures of grants and aid received from the federal and state governments, which is reported in Note 5, and \$356,000 in expenditures of the continuation of contribution amount (required maintenance of effort).
- Note 11** – The subtraction for community college reimbursement payments of \$947,239 is included in the Governmental Funds as general government expenditures.
- Note 12** – The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs that was reported as revenue and an offsetting expenditure in the County’s Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.
- Note 13** – The subtraction for present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements does not agree to the other financing source for capital lease agreements on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. Lease financing was obtained during the year ended June 30, 2012 for assets purchased during the years ended June 30, 2011 and 2012. The subtraction represents only the portion of the lease financing applicable to those assets purchased and included in capital outlay expenditures during the year ended June 30, 2012.