



CITY OF FLAGSTAFF, ARIZONA

REPORT ON AUDIT OF
ANNUAL EXPENDITURE LIMITATION REPORT

JUNE 30, 2012



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Auditor General of the State of Arizona and
The Honorable Mayor and Members of the City Council
City of Flagstaff, Arizona
Flagstaff, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of the City of Flagstaff, Arizona (the City) for the year ended June 30, 2012. This report is the responsibility of the City'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 City of Flagstaff, 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 management, and for filing with the Auditor General of the State of Arizona and is not intended to be, and should not be, used for anyone other than that specified parties.

Eide Bailly LLP

Phoenix, Arizona
February 15, 2013

CITY OF FLAGSTAFF
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2012

1. Economic Estimates Commission expenditure limitation		\$ 127,214,898
2. Voter-approved alternative expenditure limitation (Approved _____)		_____
3. Enter applicable amount from Line 1 or Line 2		<u>127,214,898</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)		<u>80,139,211</u>
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, §20[2][a], Arizona Constitution)	-	_____
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, §20[2][b], Arizona Constitution)	-	_____
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, §20[2][c], Arizona Constitution)	-	_____
8. Subtotal		<u>\$ 80,139,211</u>
9. Board-authorized excess expenditures for the previous fiscal year not declared by the Governor and not approved by the voters (Article IX, §20[2][b], Arizona Constitution)	+	_____
10. Total adjusted amount subject to the expenditure limitation		<u>\$80,139,211</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation.)		<u><u>\$47,075,687</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: Barbara Goodrich

Name and Title: Barbara Goodrich, Management Services Director

Telephone Number: (928) 213-2205

Date: February 11, 2013

See accompanying notes to report.

CITY OF FLAGSTAFF
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2012

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements <i>Note 8</i>	\$91,609,695	\$42,403,911	\$6,587,479	\$140,601,085
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation, <i>Note 11</i>		12,576,089		12,576,089
Loss on disposal of capital assets, <i>Note 8</i>		546,251		546,251
Bad debt expense	132,020	127,684		259,704
Other postemployment benefits expense <i>Note 11</i>		115,325		115,325
Claims incurred but not reported - <i>Note 13</i>			57,776	57,776
Landfill closure and postclosure care costs <i>Note 11</i>		313,268		313,268
2. Expenditures of separate legal entities established under Arizona Revised Statutes				-
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements				-
4. Involuntary court judgments				-
5. Total subtractions	\$132,020	\$13,678,617	\$57,776	\$13,868,413
C. Additions:				
1. Principal payments on long-term debt <i>Note 11</i>		4,649,554		4,649,554
2. Acquisition of capital assets <i>Note 11</i>		9,826,783		9,826,783
3. Other postemployment benefits paid in the current year but reported as expenses in previous years				-
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years - <i>Note 13</i>			101,404	101,404
5. Landfill closure and postclosure care costs recorded as expended in previous years, <i>Note 11</i>		3,810,718		3,810,718
6. Total additions	\$0	\$18,287,055	\$101,404	\$18,388,459
D. Amounts reported on Part II, line A	\$91,477,675	\$47,012,349	\$6,631,107	\$145,121,131

See accompanying notes to report.

CITY OF FLAGSTAFF
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2012

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$91,477,675	\$47,012,349	\$6,631,107	\$145,121,131
B. Less exclusions claimed:				
1. Bond proceeds <i>Note 2</i>	8,938,398	-	-	8,938,398
Debt service requirements on bonded indebtedness <i>Note 3</i>	16,529,941	2,874,660	-	19,404,601
Proceeds from other long-term obligations <i>Note 2</i>	-	2,087,177	-	2,087,177
Debt service requirements on other long-term obligations <i>Note 4</i>	470,993	4,086,777	-	4,557,770
2. Dividends, interest, and gains on the sale or redemption of investment securities <i>Note 5</i>	418,885	118,247	25,885	563,017
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the federal government <i>Note 6</i>	3,544,253	9,167,091	-	12,711,344
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes <i>Note 12</i>	132,655	200	-	132,855
6. Amounts received from State of AZ <i>Note 6</i>	601,149	550,740	11,432	1,163,321
7. Quasi-external interfund transactions <i>Note 14</i>	-	608,970	6,576,407	7,185,377
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80 <i>Note 7</i>	4,115,299	-	-	4,115,299
10. Contracts with other political subdivisions <i>Note 6</i>	4,040,874	-	-	4,040,874
11. Refunds, reimbursements, and other recoveries <i>Note 5</i>	10,711	6,992	-	17,703
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13. Prior years carryforward <i>Note 9</i>	64,184	-	-	64,184
14. Total exclusions claimed	\$38,867,342	\$19,500,854	\$6,613,724	\$64,981,920
C. Amounts subject to the expenditure limitation (If an individual fund category/type amount is negative, reduce exclusions claimed to net to zero.)	\$52,610,333	\$27,511,495	\$17,383	\$80,139,211

See accompanying notes to report.

City of Flagstaff
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2012

Note — 1 Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures, expenses or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditure, expenses or deductions reported in the fund financial statements.

In accordance with the UERS requirements, 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 of the Governmental Funds, Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds.

Note — 2 Debt Proceeds

The exclusion claimed for bond proceeds in the Governmental and Enterprise Funds consists of the following:

	Debt Proceeds	Amount Carried Forward - PY	FY 2012 Activity Allocation		Amount to be Carried Forward
			Expended in Prior Years	Expended in FY 2012	
Governmental Funds					
Bonded debt:					
Bond - capital projects 2006	\$ -	\$ 1,246,058	\$ -	\$ 64,184	\$ 1,181,874
Bond - capital public safety	3,952,287	-	-	3,952,287	-
Bond - capital projects 2011	12,845,000	-	4,030,701	4,986,111	3,828,188
Total bonded governmental	<u>\$ 16,797,287</u>	<u>\$ 1,246,058</u>	<u>4,030,701</u>	<u>9,002,582</u>	<u>\$ 5,010,062</u>
Less: Proceeds used in current year - Part II - B. 1(a)				8,938,398	
Total bonded related to prior year carryforward Part II - B.13.				<u>\$ 64,184</u>	
Capital outlay - capital projects - CAFR p.93				\$ 8,081,135	
Expenditures - public safety - capital projects - CAFR p.93				872,602	
Expenditures - highways and streets - capital projects - CAFR p.93				192,879	
Less: expenditures not funded by bond proceeds				(144,034)	
Total capital outlay and expenditures available for exclusion				<u>\$ 9,002,582</u>	
Restricted fund balance - capital projects - CAFR p.91					\$ 5,910,341
Less: residual balance not related to proceeds					(900,279)
Total restricted proceeds available					<u>\$ 5,010,062</u>

Notes to Annual Expenditure Limitation Report - Continued

	Debt Proceeds	Amount Carried Forward - PY	FY 2012 Activity Allocation		Amount to be Carried Forward
			Amount Expended PY	Amount Expended CY	
Enterprise Funds					
Other long-term debt:					
Loan - water - CAFR p.37	\$ 2,534,783	\$ -	\$ 447,606	\$ 2,087,177	\$ -
Total other Part II - B.1(c)	<u>\$ 2,534,783</u>	<u>\$ -</u>	<u>\$ 447,606</u>	<u>2,087,177</u>	<u>\$ -</u>
Less: Proceeds used in current year - Part II - B. 1(c)				2,087,177	
Total bonded related to prior year carryforward Part II - B.13.				<u>\$ -</u>	
Proceeds debt - CAFR p.37	\$ 2,534,783				
Proceeds debt rfd - CAFR p.37	1,620,864				
Debt receivable - beginning	(447,606)				
Debt receivable - ending	-				
Bond, loan & lease - CAFR p.77	<u>\$ 3,708,041</u>				

Note — 3 Bonded Indebtedness

The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental and Enterprise Funds consists of principal retirement and interest expenses.

Bonded debt	Governmental	Enterprise
Principal retirement (footnote p.77)	\$ 27,702,284	\$ 4,286,502
Retirement as part of refunding	(14,470,000)	(1,680,000)
Interest and fiscal charges	3,297,657	268,158
Total Part II - B. 1(b)	<u>\$ 16,529,941</u>	<u>\$ 2,874,660</u>

Note — 4 Other Long-Term Obligations

Reconciliation of debt service requirements on other long-term obligations

Capital leases & other loans	Governmental	Enterprise
Principal retirement (footnote p.77)	\$ 422,397	\$ 2,565,154
Interest and fiscal charges	48,596	1,521,623
Total Part II - B. 1(d)	<u>\$ 470,993</u>	<u>\$ 4,086,777</u>

Reconciliation of Indebtedness:

	Governmental	Enterprise
Principal payments CAFR p. 24/25	\$ 13,654,681	\$ -
Interest payments CAFR p. 24/25	3,346,253	-
Principal payments CAFR p. 36/37		4,649,554
Change in mature debt payable beg		(4,398,765)
Change in mature debt payable p.33		4,920,866
Interest payments CAFR p. 34/35		1,789,781
Rounding	-	1
	<u>\$ 17,000,934</u>	<u>\$ 6,961,437</u>
Note 3 bonded debt (above)	\$ 16,529,941	\$ 2,874,660
Note 4 other long-term (above)	470,993	4,086,777
	<u>\$ 17,000,934</u>	<u>\$ 6,961,437</u>

Notes to Annual Expenditure Limitation Report – Continued

Note — 5 Miscellaneous Revenue and Investment Earnings

Reconciliation of miscellaneous revenue and other investment earnings are as follows:

	<u>Governmental</u>	<u>Enterprise</u>	<u>Internal Service</u>
Recovery of A/R written off	\$ 883	\$ 4,954	\$ -
Recovery of damage claim	9,828	2,038	-
Subtotal – exclusion available, below	<u>\$ 10,711</u>	<u>\$ 6,992</u>	<u>\$ -</u>
Other	482,260	339,544	-
Total miscellaneous and other financing	<u>\$ 492,971</u>	<u>\$ 346,536</u>	<u>\$ -</u>
Total miscellaneous revenue (CAFR p.25)	492,971		
Total miscellaneous revenue (CAFR p.35)		346,536	-
Total miscellaneous revenue	<u>\$ 492,971</u>	<u>\$ 346,536</u>	<u>\$ -</u>

Reconciliation of investment earnings

	<u>Governmental</u>	<u>Enterprise</u>	<u>Internal Service</u>
Other investment earnings	\$ 418,885	\$ 118,247	\$ 25,885
Gain (loss) on disposal of investments	(122,644)	-	-
Total investment earnings (CAFR p.25)	<u>\$ 296,241</u>		
Total investment earnings (CAFR p.35)		<u>\$ 118,247</u>	<u>\$ 25,885</u>

Reconciliation to footnote Deposits and Investment

Other investment earnings (above)	\$ 418,885	\$ 118,247	\$ 25,885
Unrealized (gain) loss on investments	(70,387)	-	-
Net interest and dividends	<u>\$ 348,498</u>	<u>\$ 118,247</u>	<u>\$ 25,885</u>
Net interest and dividends – CAFR p.59	489,272	118,247	25,885
Variance to footnote – calculation error	<u>\$ (140,774)</u>	<u>\$ -</u>	<u>\$ -</u>

Exclusion line B. 2.

Other investment earning	\$ 418,885	\$ 118,247	\$ 25,885
Gains includable on sale of investments	-	-	-
Subtotal of allowable exclusion	<u>418,885</u>	<u>118,247</u>	<u>25,885</u>
Actual exclusion taken on line B.2.	<u>418,885</u>	<u>118,247</u>	<u>25,885</u>
CARRYFORWARD TO FUTURE YEARS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exclusion line B.11.

Allowable exclusion from misc. revenue	\$ 10,711	\$ 6,992	\$ -
Subtotal of allowable exclusion	<u>10,711</u>	<u>6,992</u>	<u>-</u>
Actual exclusion taken on line B.11.	<u>10,711</u>	<u>6,992</u>	<u>-</u>
CARRYFORWARD TO FUTURE YEARS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Annual Expenditure Limitation Report - Continued

Note — 6 Exclusions for Federal Grants and Aid, Capital Projects and State Highway Funds

This schedule presents revenues from which exclusions have been claimed for federal grants and aid, capital projects, amounts received from the Governmental and Enterprise Funds.

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
Exclusions claimed:			
Grants and aid from the federal government - B.4.	\$ 3,544,253	\$ 9,167,091	\$ -
Amounts received from the state - B. 6.	601,149	550,740	11,432
Highway user revenues - excludable, see note 7	4,115,299		
Total exclusions claimed	<u>8,260,701</u>	<u>9,717,831</u>	<u>11,432</u>
Non-excludable:			
Highway user revenues - non excludable	1,059,835		
Highway user revenues - current carryforward	401,033		
Local transportation assistance	-		
Total grants and entitlements revenue CAFR p. 25	<u>\$ 9,721,569</u>		
Capital grants as part of capital contribution, see note 12		5,093,596	-
Grants and entitlements revenue CAFR p. 35		4,624,235	11,432
Total grants and entitlements revenue		<u>\$ 9,717,831</u>	<u>\$ 11,432</u>
Exclusions claimed:			
Contracts with other political subdivisions - B.10.	\$ 4,040,874		
Non-excludable:			
State shared revenue	13,189,822		
Total intergovernmental revenue CAFR p. 25	<u>\$ 17,230,696</u>		
	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Schedule of Expenditures of Federal Awards			
Grants and aid reported on FY12 SEFA, CAFR p.123	\$ 3,544,253	\$ 11,254,354	\$ 14,798,607
Federal awards excluded as debt proceeds, see note 2	-	(2,087,177)	(2,087,177)
Adjustments - non excludable	-	(86)	(86)
Total federal government grant and aid exclusion - B.4.	<u>\$ 3,544,253</u>	<u>\$ 9,167,091</u>	<u>\$ 12,711,344</u>
	<u>Highway User Tax</u>		<u>State Grants & Other State</u>
Statistical Section Correction - Schedule 6			
CAFR p.123, as presented	\$ 5,569,896		\$ 607,420
Adjustment	6,271		(6,271)
Amount as adjusted; will be reflected in FY13	<u>\$ 5,576,167</u>		<u>\$ 601,149</u>

Notes to Annual Expenditure Limitation Report – Continued

Note — 7 Highway User Revenues in Excess of Fiscal Year 1979–80

The exclusion claimed for highway user revenues in excess of those received in fiscal year 1979–80 in the *Special Revenue Funds* was calculated as follows:

HURF revenues received in FY12 – CAFR p.24	\$ 5,576,167
Less: Local transportation assistance	-
Less: Grant	-
HURF revenues for fiscal year 2012	<u>\$ 5,576,167</u>
HURF revenues received in FY12 equal to FY79–80 revenue received	<u>(1,059,835)</u>
Revenues available for exclusion FY12	<u>\$ 4,516,332</u>
HURF expenditures for FY12	\$ 10,387,246
Less: miscellaneous revenue related expenditures – Note 5	-
Amt equal to FY79–80 revenues expended in CY	<u>(1,059,835)</u>
Excludable revenues expended in CY	<u>\$ 9,327,411</u>
Revenues available for exclusion in current fiscal year	<u>\$ 4,516,332</u>
Revenues expended and claimed as an exclusion in the current fiscal year	(4,115,299)
Prior carryforward used in current year	-
Total exclusion in current fiscal year – Part II – B.9	<u>(4,115,299)</u>
Unspent excludable revenue available for carryforward in future years	<u>\$ 401,033</u>

Note — 8 Total Expenditures/Expenses

Total expenditures/expenses reported within the fund financial statements.

	<u>Governmental</u>	<u>Enterprise</u>	<u>ISF</u>	
Total expenditures (CAFR p.25)	\$ 91,609,695	-	-	
Total operating expenses (CAFR p.35)	-	\$ 40,067,879	\$ 6,587,479	
Interest expense (CAFR p.35)	-	1,789,781	-	
Loss on sale of capital asset (CAFR p.35)	-	546,251	-	B.1 (c)
Total expenses as reported on line A	<u>\$ 91,609,695</u>	<u>\$ 42,403,911</u>	<u>\$ 6,587,479</u>	

Notes to Annual Expenditure Limitation Report – Continued

Note — 9 Carryforwards of Dividends, Interest and Gains on Sales or Redemptions, Certain Reimbursements, and Unspent Debt Proceeds

Dividends, interest, gains on the sales or redemptions of investment securities, certain reimbursements, and unspent debt proceeds are eligible for carried forward into future periods and consist of the following:

	<u>Governmental</u>	<u>HURF</u>	<u>Enterprise</u>	<u>Internal Svc</u>
Current year additions				
Investments – Note 5	\$ -	\$ -	\$ -	\$ -
Reimbursements – Note 5	-	-	-	-
HURF revenues – Note 7	-	401,033	-	-
Application of prior year carryforwards				
Debt proceeds – Note 2 – Part II B.13.	(64,184)	-	-	-
Total carryforwards	<u>\$ (64,184)</u>	<u>\$ 401,033</u>	<u>\$ -</u>	<u>\$ -</u>

Note — 10 Carryforward Available by Fund

The following table summarizes carry forward amounts available by fund since FY1989–90 for Governmental, Enterprise, and Fiduciary funds. A HURF carryforward has been added as of June 30, 2004.

Fiscal Year	Governmental Funds	HURF Fund	Enterprise Funds	Internal Service Fund	Total
1990	\$ 1,220,348	\$ -	\$ 1,104,989	\$ -	\$ 2,325,337
1991	1,623,806	-	654,438	-	2,278,244
1992	870,817	-	1,736,645	-	2,607,462
1993	348,715	-	722,250	-	1,070,965
1994	534,578	-	527,905	-	1,062,483
1995	467,137	-	748,178	-	1,215,315
1996	1,034,856	-	722,953	-	1,757,809
1997	1,410,748	-	1,062,494	-	2,473,242
1998	1,816,038	-	1,420,962	-	3,237,000
1999	3,550,164	-	1,340,297	-	4,890,461
2000	2,658,362	-	1,707,529	-	4,365,891
2001	3,832,209	-	1,831,262	-	5,663,471
2002	1,611,303	-	1,019,530	-	2,630,833
2003	290,280	-	106,733	-	397,013
2004	120,795	655,147	719,023	-	1,494,965
2005	1,580,125	2,380,081	935,973	-	4,896,179
2006	(7,088,761)	-	(4,000,000)	-	(11,088,761)
2007	3,798,115	6,795,592	1,525,824	-	12,119,531
2008	2,293,345	(4,187,805)	962,552	237,156	(694,752)
2009	1,411,714	(5,643,015)	206,154	97,958	(3,927,189)
2010	(128,359)	2,756,379	244,222	55,766	2,928,008
2011	95,852	(413,964)	2,255	200,654	(115,203)
2012	(64,184)	401,033	-	-	336,849
Total	<u>\$ 23,288,003</u>	<u>\$ 2,743,448</u>	<u>\$ 15,302,168</u>	<u>\$ 591,534</u>	<u>\$ 41,925,153</u>

Notes to Annual Expenditure Limitation Report - Continued

Note — 11 Reconciliation Deductions and Additions

	<u>Enterprise</u>	
<u>Reconciliation Deductions</u>		
Depreciation CAFR p.39	\$ 12,576,089	B.1(a)
Depreciation footnote p.62	\$ 12,576,089	
FY 2011 beginning balance	\$ 10,660,662	
Landfill closure and postclosure care costs p.32	(7,163,212)	
Landfill closure and postclosure care costs adj p.86	(3,810,718)	C.4
FY2012 accrual - Recon B.1(e) - (CAFR p. 39)	\$ (313,268)	B.1(e)
Total landfill closure (footnote p.86)	\$ 313,268	
FY 2011 beginning balance	\$ 394,046	
Net OPEB obligation p.33	509,371	
OPEB expense CAFR p.39	\$ 115,325	B.1(f)
<u>Reconciliation Additions</u>		
Principal payments on long-term debt CAFR p.37	\$ 4,649,554	C.1
Principal payments on bonded debt footnote p.77	4,286,502	
Less: principal related to debt refunding	(1,680,000)	
Principal payments on other debt footnote p.77	2,565,154	
	5,171,656	
Mature bond payable beginning	4,398,765	
Mature bond payable ending p.33	(4,920,866)	
Rounding	(1)	
	\$ 4,649,554	
Acquisitions of capital assets CAFR p.37	\$ 9,826,783	C.2
Acquisitions of capital assets non- depr, footnote p.62	\$ 6,120,535	
Acquisitions of capital assets depr, footnote p.62	\$ 4,678,133	
Less: capital assets donated CAFR p.39	(971,885)	
	\$ 9,826,783	

Note — 12 Capital Contributions

	<u>Governmental</u>	<u>Enterprise</u>
Contribution revenue CAFRp.25	\$ 390,253	
Contribution of donated capital assets		\$ 971,885
Contribution of internal capital assets		963,704
Contribution of capital by private donor		200
Contribution of capital by user fees		1,894,675
Contribution of capital by grantor		5,093,596
Capital contribution revenue CAFR p.35		8,924,060
Less: non-excludable	(257,598)	(8,923,860)
Exclusion of contributions private - Part II B.5	\$ 132,655	\$ 200

Notes to Annual Expenditure Limitation Report – Continued

Note – 13 IBNR

The deduction of \$57,776 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service fund. CAFR footnote page 78.

The addition of \$101,404 for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the internal service fund. CAFR footnote page 78.

Note – 14 Quasi-external Interfund Transactions

Exclusion of quasi-external interfund transactions may be taken in the fund in which the revenue is recorded and represent a transaction between funds that are recorded as if the transaction was with an entity external to the city. The qualifying transactions are listed in the table below.

	Enterprise	Internal Service
Interfund services provided CAFRp.37	\$ 608,970	-
Insurance claims and expenses CAFR p. 35	-	\$ 6,587,479
Less: grant reimbursement CAFR p. 35	-	(11,432)
Exclusion of Quasi-external transactions – Part II B.7	\$ 608,970	\$ 6,576,047