

COCONINO COUNTY, ARIZONA
Report on Audit of Annual
Expenditure Limitation Report
Year Ended June 30, 2001

COCONINO COUNTY
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2001

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Independent Auditors' Report

The Auditor General of the State of Arizona

The Board of Supervisors of
Coconino County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Coconino County for the year ended June 30, 2001. 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 Coconino County for the year ended June 30, 2001, 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 and the Board of Supervisors, 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.
Certified Public Accountants

January 16, 2003

COCONINO COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2001

- | | |
|---|---------------------|
| 1. Economic Estimates Commission expenditure limitation | \$ 38,572,788 |
| 2. Amount subject to the expenditure limitation
(total amount from Part II, Line C) | <u>39,022,589</u> |
| 3. Amount in excess of the expenditure limitation
The County claimed just enough exclusions to have the amount in excess of the
expenditure limitation to be an amount that allows the County to take full advantage
of the reduced penalty under House Bill 2563, Laws 2000, Chapter 351. | <u>\$ (449,801)</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: Michael F. Townsend, Director of Finance

Telephone Number: (928) 779-6895 Date: January 23, 2003

See accompanying notes to report.

COCONINO COUNTY
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2001

Description	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 29,229,472	\$ 30,379,112	\$ 2,890,251	\$ 10,605,959	\$ 73,104,794
B. Less exclusions claimed:					
Debt service requirements on bonded indebtedness (Note 2)			2,890,251		2,890,251
Proceeds from other long-term obligations (Note 3)		905,482		7,588,736	8,494,218
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	7,833	83,898		8,959	100,690
Trustee or custodian (Note 5)	744,609	448,202			1,192,811
Grants and aid from the federal government (Note 6)	1,130,598	4,546,626			5,677,224
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)		237,222		135,807	373,029
Amounts received from the State of Arizona (Note 6)		6,499,206			6,499,206
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)		5,614,778			5,614,778
Contracts with other political subdivisions (Note 8)	31,407	1,075,127			1,106,534
Refunds, reimbursements, and other recoveries (Note 9)	111,952				111,952
Prior years carryforward (Note 10)	64,232	814,982		1,142,298	2,021,512
Total exclusions claimed	<u>2,090,631</u>	<u>20,225,523</u>	<u>2,890,251</u>	<u>8,875,800</u>	<u>34,082,205</u>
C. Amounts subject to the expenditure limitation	<u>\$ 27,138,841</u>	<u>\$ 10,153,589</u>	<u>\$ 0</u>	<u>\$ 1,730,159</u>	<u>\$ 39,022,589</u>

See accompanying notes to report.

COCONINO COUNTY
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2001

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
A. Total expenditures reported within the general purpose financial statements	\$ 30,668,576	\$ 43,532,020	\$ 3,077,340	\$ 13,855,406	\$ 91,133,342
B. Deductions:					
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)		13,152,908	187,089	3,249,447	16,589,444
Long-term care contributions withheld by the State Treasurer (Note 12)	1,126,740				1,126,740
Charges to other funds in excess of Internal Service Fund expenses (Note 13)	312,364				312,364
Total deductions	<u>1,439,104</u>	<u>13,152,908</u>	<u>187,089</u>	<u>3,249,447</u>	<u>18,028,548</u>
C. Amounts reported on Part II, Line A	<u>\$ 29,229,472</u>	<u>\$ 30,379,112</u>	<u>\$ 2,890,251</u>	<u>\$ 10,605,959</u>	<u>\$ 73,104,794</u>

See accompanying notes to report.

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

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 of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures reported in the annual general purpose 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 deduction in the Reconciliation that cannot be traced directly to an amount reported in the annual general purpose financial statements. All references to financial statement amounts in the following notes refer to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances–All Governmental Fund Types for the General, Special Revenue, Debt Service, and Capital Projects Funds.

Note 2 – The exclusion claimed for debt service on bonded indebtedness of \$2,890,251 in the Debt Service Fund consists of principal retirement and interest expense.

Note 3 – The exclusions claimed for proceeds from other long-term obligations of \$905,482 and \$7,588,736 in the Special Revenue and Capital Projects Funds, respectively, represents expenditures made from proceeds of certificates of participation issued during the years ended June 30, 2001 and 1998, respectively, for capital improvements.

Note 4 – The following schedule presents exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$7,833, \$83,898 and \$8,959 in the General, Special Revenue and Capital Project Funds, and interest carried forward to future years in the General, Special Revenue, Debt Service and Capital Project Funds.

Description	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Interest on investments	\$ 1,033,188	\$ 2,077,838	\$ 1,471,866	\$ 290,395
Interest on delinquent taxes reported as tax revenue	503,653			
Separate legal entities' interest on investments		(188,666)	(39,311)	(1,928)
Carryforwards lost	(90,329)	(360,124)	(151,282)	(184,592)
Interest carried forward to future years	(1,438,679)	(1,445,150)	(1,281,273)	(94,916)
Total exclusions claimed	<u>\$ 7,833</u>	<u>\$ 83,898</u>	<u>\$</u>	<u>\$ 8,959</u>

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Note 5 – The exclusion claimed for trustee or custodian in the General Fund consists of \$744,609 in contributions by the County to the Arizona Health Care Cost Containment System for acute care recorded as health expenditures. The exclusion claimed for trustee or custodian in the Special Revenue Funds consists of \$448,202 in antiracketeering expenditures, benefiting other jurisdictions, that were recorded as general government expenditures.

Note 6 – 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 General and Special Revenue Funds.

Description	General Fund			Special Revenue Funds		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the federal government	\$ 1,249,740	\$ 1,130,598	\$ 119,142	\$ 5,189,208	\$ 4,546,626	\$ 642,582
Amounts received from the State of Arizona	1,049,242		1,049,242	6,834,098	6,499,206	334,892
Highway user revenues in excess of those received in fiscal year 1979-1980				8,286,801	5,614,778	2,672,023
Other revenues - (nonexcludable)	<u>14,873,123</u>			<u>4,683,006</u>		
Total intergovernmental revenues as reported in the general purpose financial statements	<u>\$ 17,172,105</u>	<u>\$ 1,130,598</u>		<u>\$ 24,993,113</u>	<u>\$ 16,660,610</u>	

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Note 7 – The exclusions claimed for grants, aids, contributions, or gifts made from a private agency, organization, or individual of \$237,222 and \$135,807 in the Special Revenue and Capital Projects Funds, respectively, are reported in miscellaneous revenues and in the following categories of expenditures in the general purpose financial statements:

Description	Special Revenue Funds	Capital Projects Funds
Health	\$ 218,080	
Welfare	19,142	
Capital outlay	<u> </u>	\$ 135,807
Total	<u>\$ 237,222</u>	<u>\$ 135,807</u>

Note 8 – The exclusions for contracts with other political subdivisions of \$31,407 and \$1,075,127 consist of charges for services expended in the General Fund and Special Revenues Funds, respectively.

Note 9 – The exclusion claimed for refunds, reimbursements, and other recoveries of \$111,952 in the General Fund was reported in miscellaneous revenues and general government expenditures in the general purpose financial statements.

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Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Note 10 – Prior year carryforwards consist of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Dividends, interest, and gains on the sale or redemption of investment securities		\$ 41,438	\$ 88,767
Trustee or custodian		26,053	
Grants and aid from the federal government		223,120	
Grants, aids, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes		665	
Amounts received from the State of Arizona		468,450	1,053,531
Refunds, reimbursements, and other recoveries	\$ 64,232	2,094	
Contracts with other political subdivisions		53,162	
Total prior years carryforward expended	<u>\$ 64,232</u>	<u>\$ 814,982</u>	<u>\$ 1,142,298</u>

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Note 11 – The deduction of \$16,589,444 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 is reported in the following categories in the general purpose financial statements:

Description	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Public safety	\$ 8,151,791		
Sanitation	822,160		
Culture and recreation	1,935,582		
Highways and streets	9,653		
Capital outlay			\$ 3,249,447
Principal retirement	1,220,000	\$ 132,800	
Interest and fiscal charges	1,013,722	54,289	
Total	\$ 13,152,908	\$ 187,089	\$ 3,249,447

Note 12 – The amount of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs was reported as a revenue and an offsetting expenditure in the County’s general purpose financial statements. Consequently, this expenditure has been deducted on the Reconciliation.

Note 13 – The \$312,364 of charges to other funds in excess of Internal Service Fund expenses consists of charges for services revenues less total operating expenses of the Internal Service Fund.