

**COCONINO COUNTY**

**Report on Audit of Annual  
Expenditure Limitation Report**

**Year Ended June 30, 2003**

**COCONINO COUNTY**  
**Report on Audit of Annual Expenditure Limitation Report**  
**Year Ended June 30, 2003**

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## Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of  
Coconino County

We have audited the accompanying Annual Expenditure Limitation Report of Coconino County for the year ended June 30, 2003. 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, 2003, 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.

January 30, 2004

**COCONINO COUNTY**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2003**

- |  |                   |
|--|-------------------|
| 1. Economic Estimates Commission expenditure limitation                                | \$ 40,830,714     |
| 2. Amount subject to the expenditure limitation<br>(total amount from Part II, Line C) | <u>39,881,100</u> |
| 3. Amount under the expenditure limitation   | <u>\$ 949,614</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: August 5, 2004

**COCONINO COUNTY**  
**Annual Expenditure Limitation Report – Part II**  
**Year Ended June 30, 2003**

	<b>Description</b>	<b>Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
A.	Amounts reported on the Reconciliation, Line C	\$ 72,398,499	\$ 1,950,693	\$ 74,349,192
B.	Less exclusions claimed:			
	Proceeds from other long-term obligations (Note 2)	1,025,898		1,025,898
	Debt service requirements on other long-term debt (Note 3)	2,874,126		2,874,126
	Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	1,067,089		1,067,089
	Trustee or custodian (Note 5)	1,075,814		1,075,814
	Grants and aid from the federal government (Note 6)	8,911,761		8,911,761
	Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes (Note 7)	70,544		70,544
	Amounts received from the state (Note 6)	7,052,114		7,052,114
	Quasi-external interfund transactions (Note 8)		1,950,693	1,950,693
	Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	6,191,979		6,191,979
	Contracts with other political subdivisions (Note 9)	2,094,195		2,094,195
	Refunds, reimbursements, and other recoveries (Note 10)	19,206		19,206
	Prior years carryforward (Note 11)	2,134,673		2,134,673
	Total exclusions claimed	32,517,399	1,950,693	34,468,092
C.	Amounts subject to the limitation	\$ 39,881,100	\$ 0	\$ 39,881,100

**COCONINO COUNTY**  
**Annual Expenditure Limitation Report – Reconciliation**  
**Year Ended June 30, 2003**

	<b>Description</b>	<b>Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
A.	Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund-based financial statements	\$ 86,641,669	\$ 2,497,151	\$ 89,138,820
B.	Subtractions			
1	Items not requiring the use of working capital:			
	Depreciation		546,458	546,458
2	Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 12)	12,950,537		12,950,537
3	Long-term care contributions withheld by the State Treasurer (Note 13)	1,292,633		1,292,633
4	Total subtractions	14,243,170	546,458	14,789,628
C.	Amounts reported on Part II, Line A	\$ 72,398,499	\$ 1,950,693	\$ 74,349,192

**COCONINO COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2003**

**Note 1 - Summary of Significant Account 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 expenditures, expenses, or deductions reported in the fund-based 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 or addition in the Reconciliation that cannot be traced directly to an amount in the fund-based financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balance for 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, and the Statement of Fiduciary Net Assets for the Fiduciary Funds.

**Note 2 -** The exclusion claimed for other long-term obligations of \$1,025,898 in the Governmental Funds is for proceeds from certificates of obligations expended.

**Note 3 -** The exclusion is for debt service requirements on other long-term obligations that were to satisfy principal and interest payments for certificates of participation.

**Note 4 -** The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$1,067,089 in the Governmental Funds includes interest on investments expended of \$2,874,255 and interest on delinquent taxes expended of \$562,898, which were recorded as interest revenue. Remaining revenues from interest on investments of \$2,113,910 have been carried forward to future years.

<u>Description</u>	<u>Governmental Funds</u>
Interest on investment	\$ 2,874,255
Delinquent taxes	562,897
Separate entities	(192,017)
Carryforwards lost	(64,136)
Carried forward	<u>(2,113,910)</u>
Excluded	<u>\$ 1,067,089</u>

**COCONINO COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2003**

**Note 5 -** The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$743,719 in contributions by the County to the Arizona Health Care Cost Containment System for acute care and \$332,095 for expenditures from the County Anti-Racketeering Fund, benefiting other jurisdictions, that were recorded as public safety expenditures. \$214,598 was carried forward to future years.

**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 Governmental Funds.

Grants and aid from the federal government	\$ 8,911,761
Amounts received from the State of Arizona	7,052,114
Highway user revenue in excess of that received in fiscal year 1979-80	6,191,979
Other revenue (nonexcludable)	21,673,133
Amount carried forward	<u>2,765,441</u>
Total intergovernmental revenues as reported in the fund-based financial statements	<u>\$ 46,594,428</u>

**Note 7 -** The exclusions claimed for grants, aid, and contributions from a private agency, organization, or individual, except amounts received in lieu of taxes in the Governmental Funds, consist of \$70,544 recorded as contributions. Excludable contributions of \$10,432 were unexpended and carried forward to future years.

**Note 8 -** The exclusion claimed for quasi-external interfund transactions in the amount of \$1,950,693 in the Internal Service Fund is reported as charges for services revenues.

**Note 9 -** The exclusion claimed for contracts with other political subdivisions of \$2,094,195 in the Governmental Fund is the portion of total revenues of \$2,175,766 received from charges for services expended for Health, Sanitation, and Welfare. \$81,571 will be carried forward to the subsequent year.

**Note 10 -** The exclusion for refunds, reimbursements, and recoveries of \$19,206 in the Governmental Funds was reported as charges for services. Excludable charges for services of \$1,979 were unexpended and carried forward to future years.



**COCONINO COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2003**

**Note 11 -** 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>Governmental Funds</u>
Interest	\$ 35,527
Trustee or custodian	52,090
Grants and aid from federal government	1,756,858
Amounts received from the State of Arizona	239,411
Refunds and recoveries	11,299
Grants, aid, contributions, or gifts from a private agency, organization, or individual	7,353
Contracts with other political subdivisions	<u>32,135</u>
Total	<u>\$ 2,134,673</u>

**Note 12 -** The deduction of \$12,950,537 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts and municipal property corporations 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 general purpose financial statements:

<b>Separate Legal Entities</b>	
Public Safety	\$ 9,242,325
Sanitation	965,834
Culture and Recreation	2,254,849
Highways and Streets	317,882
Principal Retirement	133,472
Interest and Fiscal Charges	<u>36,175</u>
Total	<u>\$ 12,950,537</u>

**Note 13 -** 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 Governmental Funds. Consequently, this expenditure has been deducted on the Reconciliation.

## Independent Auditors' Report

The Auditor General of the State of Arizona

The Board of Supervisors of  
Coconino County

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January 30, 2004