



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Coconino County

Year Ended June 30, 2005



Debra K. Davenport
Auditor General

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Coconino County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2005

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

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, 2005. 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, 2005, 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.

Debbie Davenport
Auditor General

December 21, 2006

Coconino County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2005

1. Economic Estimates Commission expenditure limitation	\$43,666,714
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>43,501,679</u>
3. Amount under the expenditure limitation	<u>\$ 165,035</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: December 21, 2006

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2005

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	\$ 87,145,035	\$ 2,862,272	\$ 283,857,422	\$ 373,864,729
B. Less exclusions claimed:				
Proceeds from other long-term obligations (Note 2)	181,433			181,433
Debt service requirements on other long-term obligations (Note 3)	2,871,380			2,871,380
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	593,258			593,258
Trustee or custodian (Note 5)	899,376		283,857,422	284,756,798
Grants and aid from the federal government (Note 6)	10,893,109			10,893,109
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	69,561			69,561
Amounts received from the State of Arizona (Note 6)	7,087,368			7,087,368
Quasi-external interfund transactions (Note 8)		2,862,272		2,862,272
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 9)	2,116,375			2,116,375
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	8,129,527			8,129,527
Contracts with other political subdivisions (Note 10)	3,040,397			3,040,397
Refunds, reimbursements, and other recoveries (Note 11)	63,024			63,024
Amounts received for distribution to school districts (Note 12)	3,859,245			3,859,245
Prior years carryforward (Note 13)	<u>3,839,303</u>			<u>3,839,303</u>
Total exclusions claimed	<u>43,643,356</u>	<u>2,862,272</u>	<u>283,857,422</u>	<u>330,363,050</u>
C. Amounts subject to the expenditure limitation	<u>\$ 43,501,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,501,679</u>

See accompanying notes to report.

Coconino County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2005

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	\$ 105,468,923	\$ 2,857,215	\$ 283,857,422	\$ 392,183,560
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		447,137		447,137
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 14)	16,878,488			16,878,488
Long-term care contributions withheld by the State Treasurer (Note 15)	<u>1,445,400</u>			<u>1,445,400</u>
Total subtractions	<u>18,323,888</u>	<u>447,137</u>		<u>18,771,025</u>
C. Additions:				
Acquisition of capital assets		452,194		452,194
Total additions		<u>452,194</u>		<u>452,194</u>
D. Amounts reported on Part II, Line A	<u>\$ 87,145,035</u>	<u>\$ 2,862,272</u>	<u>\$ 283,857,422</u>	<u>\$ 373,864,729</u>

See accompanying notes to report.

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2005

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 expenditures, 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 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 Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 - The exclusion claimed for proceeds from other long-term obligations of \$181,433 in the Governmental Funds consists of proceeds from certificates of participation expended.

Note 3 - The exclusion claimed for debt service requirements on other long-term obligations of \$2,871,380 consists of principal retirement and interest expense for certificates of participation.

Note 4 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$593,258 in the Governmental Funds includes interest on investments expended of \$2,421,063 and interest on delinquent taxes expended of \$597,113, which was reported as tax revenue. Included in these amounts, \$231,412 is attributed to separate legal entities that are not included in the Economic Estimate Commission base limit calculations, and therefore is not reported as an exclusion. Revenues from interest on investments of \$2,193,506 have been carried forward to future years. The following schedule presents revenues from which exclusions have been claimed for dividends, interest, and gains on sale or redemption of investment securities:

Description	
Investment income	\$ 2,421,063
Delinquent taxes	597,113
Interest attributed to separate legal entities	(231,412)
Amount carried forward	<u>(2,193,506)</u>
Amount excluded	<u>\$ 593,258</u>

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2005

Note 5 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$742,921 in county contributions to the Arizona Health Care Cost Containment System for acute care and \$156,455 for expenditures from the County Anti-Racketeering Fund, benefiting other jurisdictions, that were recorded as public safety 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 Governmental Funds:

Description	
Grants and aid from the federal government	\$10,893,109
Amounts received from the State of Arizona	7,087,368
Highway user revenues in excess of those received in fiscal year 1979-80	8,129,527
Other revenues—(nonexcludable)	22,665,163
Amount carried forward	<u>3,427,535</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$52,202,702</u>

Note 7 - 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 \$69,561 for contribution revenue expended. Remaining excludable revenues of \$17,565 have been carried forward to future years.

Note 8 - The \$2,862,272 exclusion claimed for quasi-external interfund transactions in the Internal Service Fund consists of charges for services revenues expended. Remaining excludable transactions of \$168,210 have been carried forward to future years.

Note 9 - The exclusion claimed for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements of \$2,116,375 in the Governmental Funds consists of other taxes collected from special sales tax monies approved November 5, 1992, by the voters to be spent for parks and open space projects that were expended during the fiscal year. Remaining excludable amounts of \$312,307 have been carried forward to future years.

Note 10 - The exclusion claimed for contracts with other political subdivisions of \$3,040,397 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, welfare, and transportation. Remaining excludable revenues of \$595,165 have been carried forward to future years.

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2005

Note 11 - The exclusion for refunds, reimbursements, and other recoveries of \$63,024 in the Governmental Funds consists of charges for services revenues expended. Remaining revenues of \$202,787 have been carried forward to future years.

Note 12 - The exclusion claimed for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

Note 13 - 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 in the Governmental Funds as follows:

Description	
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 19,399
Trustee or custodian	198,797
Grants and aid from the federal government	874,946
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	11,779
Amounts received from the State of Arizona	2,656,580
Contracts with other political subdivisions	<u>77,802</u>
Total prior years carryforward expended	<u>\$3,839,303</u>

Note 14 - The subtraction of \$16,878,488 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:

Special Assessment Districts	
Public safety	\$ 7,078,130
Highways and streets	3,235,307
Sanitation	897,890
Culture and recreation	2,410,216
Principal	2,363,892
Interest and other charges	<u>893,053</u>
Total	<u>\$16,878,488</u>

Note 15 - 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 a revenue and an offsetting expenditure in the County's Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.