

COCONINO COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2006

Coconino County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2006

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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, 2006. 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, 2006, 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.

April 7, 2008

COCONINO COUNTY
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2006

1.	Economic Estimates Commission expenditure limitation	\$ 47,226,527
2.	Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>47,226,527</u>
3.	Amount under the expenditure limitation	<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: Michael F. Townsend, Chief Fiscal Officer

Telephone Number: (928) 779-6895 Date: April 7, 2008

COCONINO COUNTY
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2006

Description	Governmental Funds	Internal Service Fund	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 95,911,450	\$ 2,854,199	\$ 325,267,532	\$ 424,033,181
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	2,876,555			2,876,555
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	287,772			287,772
Trustee or custodian (Note 4)	998,247		325,267,532	326,265,779
Grants and aid from the federal government (Note 5)	16,979,894			16,979,894
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	52,773			52,773
Amounts received from the State of Arizona (Note 5)	8,847,612			8,847,612
Quasi-external interfund transactions (Note 7)		2,854,199		2,854,199
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 8)	451,548			451,548
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	8,803,990			8,803,990
Contracts with other political subdivisions (Note 9)	4,860,522			4,860,522
Refunds, reimbursements, and other recoveries (Note 10)	283,851			283,851
Amounts received for distribution to school districts (Note 11)	1,612,534			1,612,534
Prior years carryforward (Note 12)	2,629,625			2,629,625
Total exclusions claimed	<u>48,684,923</u>	<u>2,854,199</u>	<u>325,267,532</u>	<u>376,806,654</u>
C. Amounts subject to the expenditure limitation	<u>\$ 47,226,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,226,527</u>

See accompanying notes to report.

COCONINO COUNTY
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2006

Description	Governmental Funds	Internal Service Fund	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 116,181,615	\$ 2,960,868	\$ 325,267,532	\$ 444,410,015
B. Subtractions:				
Items not requiring the use of working capital:				
Depreciation		492,303		492,303
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 13)	18,691,165			18,691,165
Long-term care contributions withheld by the State Treasurer (Note 14)	1,579,000			1,579,000
Total subtractions	<u>20,270,165</u>	<u>492,303</u>		<u>20,762,468</u>
C. Additions:				
Acquisition of capital assets		385,634		385,634
Total additions		<u>385,634</u>		<u>385,634</u>
D. Amounts reported on Part II, Line A	<u>\$ 95,911,450</u>	<u>\$ 2,854,199</u>	<u>\$ 325,267,532</u>	<u>\$ 424,033,181</u>

See accompanying notes to report.

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2006

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 Fund; Statement of Cash Flows for the Proprietary Fund; and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 - The exclusion claimed for debt service requirements on other long-term obligations of \$2,876,555 consists of principal retirement and interest expense for certificates of participation.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$287,772 in the Governmental Funds includes interest on investments of \$1,316,328 and interest on delinquent taxes of \$816,482, which was recorded as tax revenues. Included in these amounts, \$244,948 is attributed to separate legal entities that are not included in the Economic Estimates Commission base limit calculations, and therefore is not reported as an exclusion. Revenues from interest on investments of \$1,600,090 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 earnings	\$ 1,316,328
Interest on delinquent taxes	816,482
Interest attributed to separate legal entities	(244,948)
Amount carried forward	(1,600,090)
Amount excluded	<u>\$ 287,772</u>

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$742,920 in contributions by the County to the Arizona Health Care Cost Containment System for acute care and \$255,327 for expenditures from the County Anti-Racketeering Fund, benefiting other jurisdictions, that were recorded as public safety expenditures. In the Fiduciary Funds, the exclusion consists of \$325,267,532 in distributions to investment pool participants.

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2006

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	\$ 16,979,894
Amounts received from the State of Arizona	8,847,612
Highway user revenues in excess of those received in fiscal year 1979-80	8,803,990
Other revenues-(nonexcludable)	17,291,333
Amount carried forward	<u>7,317,087</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 59,239,916</u>

- Note 6 - The exclusions 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 \$52,773 for contributions revenue expended. Remaining excludable revenues of \$16,804 have been carried forward to future years. There were \$215,995 of non-excludable revenues reported as contributions.
- Note 7 - The exclusion claimed for quasi-external interfund transactions in the amount of \$2,854,199 in the Internal Service Fund is reported as charges for services revenues expended. Remaining excludable revenues of \$96,791 have been carried forward to future years.
- Note 8 - The exclusion for amounts accumulated for the purchase of land, and the purchase or construction of building or improvements of \$451,548 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 \$2,181,947 have been carried forward to future years.
- Note 9 - The exclusion claimed for contracts with other political subdivisions of \$4,860,522 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, transportation and welfare. Remaining excludable revenues of \$213,263 have been carried forward to future years.
- Note 10 - The exclusion for refunds, reimbursements and other recoveries of \$283,851 in the Governmental Funds consists of charges for services expended. Remaining excludable revenues of \$112,841 have been carried forward to future years.
- Note 11 - 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.

Coconino County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2006

Note 12 - Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the in the current year in the Governmental Funds as follows:

Description	
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 318,781
Trustee or custodian	4,363
Grants and aid from federal government	1,247,063
Grants, aid, contributions, or gifts from a private agency, organization, or individual	8,377
Amounts received from the State of Arizona	272,531
Contracts with other political subdivisions	591,387
Refunds, reimbursements, and other recoveries	1,745
Proceeds from other long-term obligations	185,378
Total prior years carryforward expended	<u>\$ 2,629,625</u>

Note 13 - The subtraction of \$18,691,165 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	\$ 7,864,652
Sanitation	980,964
Culture and recreation	2,583,080
Highways and streets	4,140,704
Principal retirement	2,318,571
Interest and fiscal charges	803,194
Total	<u>\$ 18,691,165</u>

Note 14 - 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.