

**Navajo County, Arizona**

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

**Year Ended June 30, 2002**

## Table of Contents

	<u>Page</u>
Independent Auditor's Report .....	1
Annual Expenditure Limitation Report – Part I.....	2
Annual Expenditure Limitation Report – Part II.....	3
Annual Expenditure Limitation Report – Reconciliation .....	4
Notes to Annual Expenditure Limitation Report .....	5-7



**Independent Auditors' Report**

Members of the Arizona State Legislature

The Board of Supervisors of  
Navajo County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Navajo County, Arizona for the year ended June 30, 2002. 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 Navajo County, Arizona for the year ended June 30, 2002, 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.

Phoenix, Arizona  
April 29, 2005

**Navajo County, Arizona**  
**Annual Expenditure Limitation Report - Part I**  
**Year Ended June 30, 2002**

---

1. Economic Estimates Commission expenditure limitation	\$ 24,750,985
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>24,750,985</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: James Menlove, Finance Director

Telephone Number: (928) 524-4000 Date: April 29, 2005

See accompanying notes to report.

Navajo County, Arizona  
Annual Expenditure Limitation Report - Part II  
Year Ended June 30, 2002

Description	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Funds	Total
A. Amounts reported on the reconciliation, Line C.	\$ 22,253,251	\$ 19,499,780	\$ 643,084	\$ 1,459,028	\$ 290,399	\$ 44,145,542
B. Less exclusions claimed:						
1. Proceeds from other long-term obligations (Note 2)	-	55,861	-	-	-	55,861
2. Debt service requirements on bonded indebtedness (Note 3)	-	-	643,084	-	-	643,084
3. Dividends, interest and gains on the sale or redemption of investment securities	420,671	444,607	-	122,789	12,723	1,000,790
4. Trustee or custodian (Note 4)	284,875	-	-	-	-	284,875
5. Grants and aid from the federal government (Note 5)	1,690,474	2,676,550	-	-	-	4,367,024
6. Amount received from the State of Arizona (Note 5)	1,094,125	5,158,534	-	-	-	6,252,659
7. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	-	5,806,036	-	-	-	5,806,036
8. Contracts with other political subdivisions (Note 5)	605,508	374,732	-	-	-	980,240
9. Prior years carry-forward claimed (Note 8)	-	3,988	-	-	-	3,988
Total exclusions claimed	<u>4,095,653</u>	<u>14,520,308</u>	<u>643,084</u>	<u>122,789</u>	<u>12,723</u>	<u>19,394,557</u>
C. Amounts subject to the expenditure limitation.	<u>\$ 18,157,598</u>	<u>\$ 4,979,472</u>	<u>\$ -</u>	<u>\$ 1,336,239</u>	<u>\$ 277,676</u>	<u>\$ 24,750,985</u>

See accompanying notes to report.

Navajo County, Arizona  
Annual Expenditure Limitation Report - Reconciliation  
Year Ended June 30, 2002

		General	Special	Debt	Capital	Expendable	
		Fund	Revenue	Service	Projects	Trust	
			Funds	Funds	Funds	Funds	Total
Description							
A.	Total expenditures or expenses and applicable other financing uses reported within the general purpose financial statements	\$ 23,930,945	\$ 19,499,780	\$ 1,138,055	\$ 2,055,808	\$ 290,399	\$ 46,914,987
B.	Deductions:						
1.	Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 6)	-	-	494,971	596,780	-	1,091,751
2.	Long-term care contributions withheld by the State Treasurer (Note 7)	<u>1,677,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,677,694</u>
	Total deductions	<u>1,677,694</u>	<u>-</u>	<u>494,971</u>	<u>596,780</u>	<u>-</u>	<u>2,769,445</u>
C.	Amounts reported on Part II, Line A	<u>\$ 22,253,251</u>	<u>\$ 19,499,780</u>	<u>\$ 643,084</u>	<u>\$ 1,459,028</u>	<u>\$ 290,399</u>	<u>\$ 44,145,542</u>

See accompanying notes to report.

**Navajo County, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2002**

---

**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 Section 41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, Section 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 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 and Expendable Trust Funds for the General, Special Revenues, Debt Service, Capital Projects, or Expendable Trust Fund.

**Note 2 Proceeds from Other Long-Term Obligations**

The exclusion claimed for proceeds of other long-term obligations of \$55,861 in the Special Revenue Funds consists of expenditures made from the proceeds from capital lease agreements entered into during the year.

**Note 3 Debt Service Requirements on Bonded Indebtedness**

The exclusion claimed for debt service requirements on bonded indebtedness or other long-term obligations of \$643,084 in the Debt Service Funds consists of \$428,084 in interest expenditures and \$215,000 in principal retirements.

**Note 4 Trustee or Custodian**

The exclusion claimed for trustee or custodian in the General Fund consists of \$284,875 in contributions by the County to the Arizona Health Care Costs Containment System for acute care.

**Navajo County, Arizona**  
**Notes to Annual Expenditure Limitation Report - Continued**  
**Year Ended June 30, 2002**

**Note 5 Federal Grants and Aid and Amounts Received from the State of Arizona**

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	\$ 1,690,474	\$ 1,690,474	\$ -	\$ 2,676,550	\$2,676,550	\$ -
Amounts received from the State of Arizona	1,094,125	1,094,125	-	5,158,534	5,158,534	-
Highway user revenues In excess of those received in fiscal year 1979-1980	-	-	-	5,806,036	5,806,036	-
Contracts with other political subdivisions	605,508	605,508	-	277,041	277,041	-
Other revenues – (nonexcludable)	<u>14,678,218</u>	<u>-</u>	<u>-</u>	<u>1,204,217</u>	<u>-</u>	<u>-</u>
Total intergovernmental revenues as reported in the general purpose financial statements	<u>\$ 18,068,325</u>	<u>\$ 3,390,107</u>	<u>\$ -</u>	<u>\$15,122,378</u>	<u>\$13,918,161</u>	<u>\$ -</u>

The exclusion claimed for contracts with other political subdivisions also includes revenues of \$97,691 that are reported in the general purpose financial statements as charges for services.

**Navajo County, Arizona**  
**Notes to Annual Expenditure Limitation Report - Continued**  
**Year Ended June 30, 2002**

---

**Note 6 Separate Legal Entities**

The deductions of \$1,091,751 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. The deductions are reported in the following categories in the general purpose financial statements:

<u>Description</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
Capital outlay	\$ -	\$ -	\$ 596,780
Principal retirement	-	327,458	-
Interest and fiscal charges	-	167,513	-
Total	<u>\$ -</u>	<u>\$ 494,971</u>	<u>\$ 596,780</u>

**Note 7 Long-Term Care Costs**

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

**Note 8 Prior Years' Carry-Forwards**

Prior years' carry-forwards consist of \$3,988 in excludable expenditures for Highway user revenues received in excess of those received in fiscal year 1979-1980 and unexpended in prior years.