

**COCONINO COUNTY**  
**Report on Audit of Annual**  
**Expenditure Limitation Report**  
**Year Ended June 30, 2002**

**COCONINO COUNTY**  
**Report on Audit of Annual Expenditure Limitation Report**  
**Year Ended June 30, 2002**

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## **Independent Auditors' Report**

The Auditor General of the State of Arizona

Members of the Arizona State Legislature

The Board of Supervisors of  
Coconino County

We have audited the accompanying Annual Expenditure Limitation Report of the Coconino County 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 the Coconino County 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.

Fester & Chapman P.C.

November 22, 2002

**COCONINO COUNTY**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2002**

1. Economic Estimates Commission expenditure limitation	40,506,541
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>40,132,743</u>
3. Amount under the expenditure limitation	<u>\$ 373,798</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: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Date: \_\_\_\_\_

See accompanying notes to report.

**COCONINO COUNTY**  
**Annual Expenditure Limitation Report – Part II**  
**Year Ended June 30, 2002**

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line C	\$ 30,682,738	\$ 36,159,012	\$ 2,868,001	\$ 3,588,287	\$ 73,298,038
B. Less exclusions claimed:					
1. Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	6,143	81,310		62,665	150,118
2. Trustee or custodian (Note 3)	921,830	105,775			1,027,605
3. Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 10)		79,601			79,601
4. Grants and aid from the federal government (Note 4)	2,248,402	6,142,632			8,391,034
5. Amounts received from the State of Arizona (Note 4)	86,150	6,294,187		47,985	6,428,322
6. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)		6,323,796			6,323,796
7. Contracts with other political subdivisions (Note 5)		2,012,627			2,012,627
8. Refunds, reimbursements and other recoveries (Note 11)		628			628
9. Expenditures from long-term debt (Note 12)		1,638,192		3,052,338	4,690,530
10. Debt service requirements on other long-term obligations (Note 13)			2,868,001		2,868,001
11. Prior years carryforward (Note 6)	<u>71,339</u>	<u>873,977</u>		<u>247,717</u>	<u>1,193,033</u>
Total exclusions claimed	<u>3,333,864</u>	<u>23,552,725</u>	<u>2,868,001</u>	<u>3,410,705</u>	<u>33,165,295</u>
C. Amounts subject to the expenditure limitation	<u>\$ 27,348,874</u>	<u>\$ 12,606,287</u>	<u>\$ -</u>	<u>\$ 177,582</u>	<u>\$ 40,132,743</u>

See accompanying notes to report.

**COCONINO COUNTY**  
**Annual Expenditure Limitation Report – Reconciliation**  
**Year Ended June 30, 2002**

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
A. Total expenditures reported within the general purpose financial statements	\$ 32,034,143	\$ 47,851,076	\$ 3,054,145	\$ 3,743,630	\$ 86,682,994
B. Deductions:					
1. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)		11,477,043	186,144	155,343	11,818,530
2. Long-term care contributions withheld by the State Treasurer (Note 8)	1,216,789				1,216,789
3. Charges to other funds in excess of Internal Service Fund expenses (Note 9)	<u>134,616</u>	<u>215,021</u>			<u>349,637</u>
Total deductions	<u>1,351,405</u>	<u>11,692,064</u>	<u>186,144</u>	<u>155,343</u>	<u>13,384,956</u>
C. Amounts reported on Part II, Line A	<u>\$ 30,682,738</u>	<u>\$ 36,159,012</u>	<u>\$ 2,868,001</u>	<u>\$ 3,588,287</u>	<u>\$ 73,298,038</u>

See accompanying notes to report.

**COCONINO COUNTY**  
**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 §41-1279.07, which excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures or expenses 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 general purpose financial statements. All references to the 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 following schedule presents exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$6,143, \$81,310, and \$62,655 in the General Fund, Special Revenue Funds and Capital Projects Funds, respectively, and interest carried forward to future years in the General, Special Revenue and Capital Projects Funds.

Description	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Interest on investments	\$ 991,688	\$ 2,146,771	\$ 1,126,267	\$ 108,613
Interest on delinquent taxes reported as tax revenue	545,959			
Separate legal entities interest on investments		(166,761)	(29,024)	(33,375)
Carryforwards lost	(261,592)	(501,749)	(1,097,243)	(1,738)
Interest carried forward to future years	(1,269,912)	(1,396,951)		(10,835)
Total exclusions claimed	<u>\$ 6,143</u>	<u>\$ 81,310</u>	<u>-</u>	<u>\$ 62,665</u>

NOTE 3 - The exclusion claimed for trustee or custodian in the Special Revenue Funds consists of \$105,775 in antiracketeering expenditures, benefiting other jurisdictions, that were recorded as public safety expenditures. The exclusion of \$921,830 in the General Fund consists of contributions made to the Arizona Health Care Cost Containment System for acute care recorded as health expenditures.

**COCONINO COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2002**

NOTE 4 - 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	\$ 2,519,182	\$ 2,248,402	\$ 270,780	\$ 7,892,342	\$ 6,142,632	\$ 1,749,710
Amounts received from from the State of Arizona	763,928	86,150	677,778	8,358,447	6,294,187	2,064,260
Highway user revenue in excess of those received in fiscal year 1979-80				8,348,402	6,323,796	2,024,606
Other revenues- (nonexcludable)	<u>13,677,746</u>			<u>4,448,508</u>		
Total Intergovernmental revenues as reported in the general purpose financial statements	<u>\$ 16,960,856</u>	<u>\$ 2,334,552</u>		<u>\$ 29,047,699</u>	<u>\$ 18,760,615</u>	

  

Description	Capital Projects Funds		
	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the federal government			
Amounts received from from the State of Arizona	\$ 246,867	\$ 47,985	\$ 198,882
Highway user revenue in excess of those received in fiscal year 1979-80			
Other revenues- (nonexcludable)			
Total Intergovernmental revenues as reported in the general purpose financial statements	<u>\$ 246,867</u>	<u>\$ 47,985</u>	

NOTE 5 - The exclusion claimed for contracts with other political subdivisions of \$2,012,627 in the Special Revenue Funds represents charges for services expended for Health, Welfare and Sanitation.

**COCONINO COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2002**

NOTE 6 - 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		\$ 39,147	\$ 210
Trustee or custodian		177,936	
Grants and aid from the federal government		245,826	
Amounts received from the State of Arizona		272,967	
Refunds, reimbursements and recoveries	\$ 71,339	7	
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes.		11,463	247,507
Contracts with other political subdivisions		126,631	
Total prior years carryforward expended	<u>\$ 71,339</u>	<u>\$ 873,977</u>	<u>\$ 247,717</u>

NOTE 7 - The deduction of \$11,818,530 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 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>
Public safety	\$ 8,577,454		
Sanitation	829,045		
Culture and recreation	2,060,436		
Highways and streets	10,108		
Capital outlay			\$ 155,343
Principal retirement		\$ 143,356	
Interest and fiscal charges		42,788	
Total	<u>\$ 11,477,043</u>	<u>\$ 186,144</u>	<u>\$ 155,343</u>

NOTE 8 - 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 revenue and an offsetting expenditure in the County's general purpose financial statements. Consequently, an expenditure of \$1,216,789 has been deducted on the Reconciliation.

**COCONINO COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2002**

- NOTE 9 - The \$349,637 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 were allocated to the General Fund and the Special Revenue Fund in the amounts of \$134,616 and \$215,021, respectively.
- NOTE 10 - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization or individual of \$79,601 in the Special Revenue Funds represents expenditures for Education, Public Safety, and Health and Welfare.
- NOTE 11 - The exclusion claimed for refunds, reimbursements and other recoveries of \$628 in the Special Revenue Funds represents expenditures for Health.
- NOTE 12 - The exclusions claimed for expenditures of long-term debt of \$1,638,192 and \$3,052,338 in the Special Revenue and Capital Projects Funds, respectively, represents expenditures made from Certificates of Participation issued in fiscal year 1999 and 2001 for capital improvements.
- NOTE 13 - The exclusion claimed for debt service on bonded indebtedness of \$2,868,001 represents expenditures made for debt service on the Certificates of Participation issued in 1999 and 2001.