

COCONINO COUNTY

Annual Expenditure Limitation Report

Year Ended June 30, 2011

COCONINO COUNTY
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2011

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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, 2011. 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, 2011, 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, the Board of Supervisors, management, and others within the County, 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.

April 30, 2012

COCONINO COUNTY
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2011

1.	Economic Estimates Commission expenditure limitation	\$ 54,492,857
2.	Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>49,068,281</u>
3.	Amount under the expenditure limitation	<u><u>\$ 5,424,576</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: Sandra Schulz, Chief Financial Officer

Telephone Number: (928) 679-7189 Date: 4/30/2012

See accompanying notes to report.

COCNINO COUNTY
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2011

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	\$ 93,793,773	\$ 3,459,808	\$347,303,781	\$444,557,362
B. Less exclusions claimed:				
Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	64,587	20,960		85,547
Trustee or custodian (Note 3)	675,189		347,303,781	347,978,970
Grants and aid from the federal government (Note 4)	12,768,700			12,768,700
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	155,799			155,799
Amounts received from the State of Arizona (Note 4)	13,375,008			13,375,008
Quasi-external interfund transactions (Note 6)		3,049,888		3,049,888
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 7)	2,226,159			2,226,159
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	4,548,788			4,548,788
Contracts with other political subdivisions (Note 8)	2,742,191			2,742,191
Refunds, reimbursements, and other recoveries (Note 9)	164,933			164,933
Amounts received for distribution to school districts (Note 10)	2,110,006			2,110,006
Prior years carryforward (Note 11)	6,283,092			6,283,092
Total exclusions claimed	<u>45,114,452</u>	<u>3,070,848</u>	<u>347,303,781</u>	<u>395,489,081</u>
C. Amounts subject to the expenditure limitation	<u>\$ 48,679,321</u>	<u>\$ 388,960</u>	<u>\$</u>	<u>\$ 49,068,281</u>

See accompanying notes to report.

COCNINO COUNTY
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2011

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	\$126,814,445	\$ 3,581,978	\$347,303,781	\$477,700,204
B. Subtractions:				
Items not requiring the use of working capital:				
Depreciation		381,813		381,813
Other postemployment benefits expense (Note 12)		8,890		8,890
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 13)	32,875,375			32,875,375
Payments made to reimburse the Arizona Department of Health Services (Note 14)	<u>145,297</u>			<u>145,297</u>
Total subtractions	<u>33,020,672</u>	<u>390,703</u>		<u>33,411,375</u>
C. Addition:				
Other postemployment benefits paid in the current year but reported as expenses in previous years (Note 15)		7,774		7,774
Acquisition of capital assets		<u>260,759</u>		<u>260,759</u>
Total addition		<u>268,533</u>		<u>268,533</u>
D. Amounts reported on Part II, Line A	<u>\$ 93,793,773</u>	<u>\$ 3,459,808</u>	<u>\$347,303,781</u>	<u>\$444,557,362</u>

See accompanying notes to report.

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

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 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 dividends, interest, and gains on the sale or redemption of investment securities of \$64,587 in the Governmental Funds includes investment earnings expensed of \$894,731 and interest on delinquent taxes expensed of \$786,294, which was recorded as tax revenues. In the Governmental Funds' amount, \$225,085 is attributed to separate legal entities and school districts that are not included in the Economic Estimates Commission base limit calculations, and therefore is not reported as an exclusion. Remaining revenues from the Governmental Funds of \$1,391,353 have been carried forward to future years. The following schedule presents revenues from which exclusions have been claimed for dividends, interest, and gains on the sale or redemption of investment securities:

Description	Governmental Funds	Internal Service Fund
Investment earnings	\$ 894,731	\$ 20,960
Interest on delinquent taxes	786,294	
Interest attributed to separate legal entities	(216,985)	
Interest attributed to school districts	(8,100)	
Amount carried forward	(1,391,353)	
Amount excluded	\$ 64,587	\$ 20,960

Note 3 The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$675,189 for expenditures from the County Anti-Racketeering Fund, benefiting other jurisdictions, that were recorded as general government expenditures. In the Fiduciary Funds, the exclusion consists of \$347,303,781 in distributions to investment pool participants.

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

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 Governmental Funds:

Description	
Grants and aid from the federal government	\$ 12,768,700
Amounts received from the State of Arizona	13,375,008
Highway user revenue in excess of those received in fiscal year 1979-80	4,548,788
Other revenues-(nonexcludable)	27,523,836
Amount carried forward	3,490,029
Total intergovernmental revenues as reported in the fund financial statements	\$ 61,706,361

Note 5 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 \$155,799 for contributions revenue expended. Remaining excludable revenues of \$102,503 have been carried forward to future years. There were \$324,499 of non-excludable revenues reported as contributions.

Note 6 The exclusion claimed for quasi-external interfund transactions in the amount of \$3,049,888 in the Internal Service Fund is reported as charges for services revenues expended.

Note 7 The exclusion for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements of \$2,226,159 consists of other taxes collected from special sales tax monies approved November 5, 2002 by the voters to be spent for parks and open space projects that were expended during the fiscal year. Remaining excludable amounts of \$549,727 have been carried forward to future years.

Note 8 The exclusion claimed for contracts with other political subdivisions of \$2,742,191 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, and welfare. Remaining excludable revenues of \$95,001 have been carried forward to future years.

Note 9 The exclusion for refunds, reimbursements, and other recoveries of \$164,933 in the Governmental Funds consists of charges for services expended. Remaining excludable revenues of \$24,301 have been carried forward to future years.

Note 10 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, 2011

Note 11 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	Governmental Funds
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 373,659
Trustee or custodian	129,561
Grants and aid from the federal government	113,492
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	14,193
Amounts received from the State of Arizona	298,804
Quasi-external interfund transactions	78,454
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	5,173,582
Refunds, reimbursements, and other recoveries	101,347
Total prior years carryforward expended	\$ 6,283,092

Note 12 The subtraction of \$8,890 for other postemployment benefits expense consists of the amounts expensed in the current year but not yet paid in the Internal Service Fund.

Note 13 The subtraction of \$32,875,375 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	\$ 17,603,654
Sanitation	1,070,095
Culture and recreation	4,444,875
Highways and streets	14,447
Health	7,055,963
Welfare	140,471
Capital outlay	2,674
Principal retirement	2,255,923
Interest and fiscal charges	287,273
Total	\$ 32,875,375

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

Note 14 The subtraction of \$145,297 for payments made to reimburse the Arizona Department of Health Services consists of county payments to reimburse the state for the cost of inpatient competency restoration treatment and part of the cost to commit an individual determined to be sexually violent by the court, as required by Laws 2010, Seventh Special Session, Chapter 10, Sections 22 and 23, which were recorded as general government expenditures.

Note 15 The addition of \$7,774 for other postemployment benefits paid in the current year, but reported as expenses in previous years, consists of cash payments in the current year for amounts recognized as expenses in previous years in the Internal Service Fund.