

COCONINO COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2010

Coconino County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2010

Table of Contents	Page
Independent Auditors' 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

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, 2010. 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, 2010, 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.

Fester & Chapman P.C.

April 22, 2011

COCONINO COUNTY
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2010

1. Economic Estimates Commission expenditure limitation	\$ 53,212,623
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>49,878,983</u>
3. Amount under the expenditure limitation	<u><u>\$ 3,333,640</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: _____

4/22/11

See accompanying notes to report.

COCONINO COUNTY
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2010

Description	Governmental Funds	Internal Service Fund	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 91,864,482	\$ 2,809,597	\$ 362,991,464	\$ 457,665,543
B. Less exclusions claimed:				
Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	1,736,617			1,736,617
Trustee or custodian (Note 3)	1,698,011		362,991,464	364,689,475
Grants and aid from the federal government (Note 4)	15,242,079			15,242,079
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	334,020			334,020
Amounts received from the State of Arizona (Note 4)	10,074,341			10,074,341
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)	722,664			722,664
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	6,931,091			6,931,091
Contracts with other political subdivisions (Note 7)	2,757,066			2,757,066
Refunds, reimbursements, and other recoveries (Note 8)	38,839			38,839
Amounts received for distribution to school districts (Note 9)	2,255,234			2,255,234
Prior years carryforward (Note 10)	3,005,134			3,005,134
Total exclusions claimed	<u>44,795,096</u>		<u>362,991,464</u>	<u>407,786,560</u>
C. Amounts subject to the expenditure limitation	<u>\$ 47,069,386</u>	<u>\$ 2,809,597</u>	<u>\$</u>	<u>\$ 49,878,983</u>

See accompanying notes to report.

COCONINO COUNTY
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2010

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	\$ 112,681,514	\$ 3,259,491	\$ 362,991,464	\$ 478,932,469
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		442,120		442,120
Other postemployment benefits expense (Note 13)		7,774		7,774
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)	19,765,405			19,765,405
Long-term care contributions withheld by the State Treasurer (Note 12)	<u>1,051,627</u>			<u>1,051,627</u>
Total subtractions	<u>20,817,032</u>	<u>449,894</u>		<u>21,266,926</u>
C. Amounts reported on Part II, Line A	<u>\$ 91,864,482</u>	<u>\$ 2,809,597</u>	<u>\$ 362,991,464</u>	<u>\$ 457,665,543</u>

See accompanying notes to report

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2010

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 Balance 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 \$1,736,617 in the Governmental Funds includes interest on investments expensed of \$884,125; interest on delinquent taxes expensed of \$852,492, which was recorded as tax revenues. In the Governmental Funds amount, \$385,482 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. Remaining revenues from the Governmental Funds of \$1,277,579 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	Governmental Funds	Internal Service Funds
Investment earnings	\$ 2,547,186	\$ 66,298
Interest on delinquent taxes	852,492	
Interest attributed to separate legal entities	(385,482)	
Amount carried forward	(1,277,579)	(66,298)
Amount excluded	<u>\$ 1,736,617</u>	<u>\$ -</u>

Note 3 The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$905,907 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, and \$792,104 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 \$362,991,464 in distributions to investment pool participants. The remaining excludable Anti-Racketeering Fund revenues of \$512,012 have been carried forward to future years.

COCONINO COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2010

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	\$	15,242,079
Amounts received from the State of Arizona		10,074,341
Highway user revenues in excess of those received in fiscal year 1979-80		6,931,091
Other revenues-(nonexcludable)		17,667,122
Amount carried forward		1,120,681
Total intergovernmental revenues as reported in the fund financial statements	\$	51,035,314

Note 5 The exclusions claimed for grants, aid and contributions from a private agency, organization or individual, except amounts received in lieu of taxes in the Governmental Funds, consists of \$334,020 for contributions revenue expended. Remaining excludable revenues of \$46,232 have been carried forward to future years. There were \$274,277 of non-excludable revenues reported as contributions.

Note 6 The exclusion for amounts accumulated for the purchase of land, and the purchase or construction of building or improvements of \$722,664 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 \$1,467,784 have been carried forward to future years.

Note 7 The exclusion claimed for contracts with other political subdivisions of \$2,757,066 in the Governmental Funds consists of charges for services revenues expended for general government, public safety, sanitation, and welfare. Remaining excludable revenues of \$436,474 have been carried forward to future years.

Note 8 The exclusion for refunds, reimbursements and recoveries of \$38,839 in the Governmental Funds consists of charges for services expended. Remaining excludable revenues of \$22,792 have been carried forward to future years.

Note 9 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, 2010

Note 10 Prior years carryforward consist 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	\$ 317,496
Trustee or custodian	612
Grants and aid from federal government	384,652
Grants, aid, contributions, or gifts from a private agency, organization or individual except amounts received in lieu of taxes	2,902
Amounts received from the State of Arizona	2,261,382
Refunds, reimbursements, and other recoveries	38,089
Total prior years carryforward expended	\$ 3,005,134

Note 11 The subtraction of \$19,765,405 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	\$ 10,416,782
Sanitation	1,141,320
Culture and recreation	4,790,525
Highways and streets	13,588
Capital outlay	351,075
Principal retirement	2,637,213
Interest and fiscal charges	414,902
Total	\$ 19,765,405

Note 12 The subtraction of 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.

Note 13 The subtraction of \$7,774 for other postemployment benefits expense consists of the amounts expensed in the current year but not yet paid in the Internal Service Fund.