



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Apache County

Year Ended June 30, 2001



Debra K. Davenport
Auditor General

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Apache County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2001

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

**DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL**

**WILLIAM THOMSON
DEPUTY AUDITOR GENERAL**

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Apache County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Apache County for the year ended June 30, 2001. 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 Apache County for the year ended June 30, 2001, 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.

Debbie Davenport
Auditor General

June 20, 2002

Apache County
Annual Expenditure Limitation Report Part I
Year Ended June 30, 2001

1. Economic Estimates Commission expenditure limitation	\$11,198,670
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>10,572,788</u>
3. Amount under the expenditure limitation	<u>\$ 625,882</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: _____ Karla James, Finance Director _____

Telephone Number: _____ (928) 337-4364 _____ Date: _____

See accompanying notes to report.

Apache County
Annual Expenditure Limitation Report Part II
Year Ended June 30, 2001

Description	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$10,758,820	\$14,032,125	\$1,093,660	\$911,693	\$26,796,298
B. Less exclusions claimed:					
Bond proceeds				911,693	911,693
Debt service requirements on bonded indebtedness (Note 2)			1,093,660		1,093,660
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)		6,182			6,182
Trustee or custodian (Note 4)	268,764	75,697			344,461
Grants and aid from the federal government (Note 5)	566,928	976,517			1,543,445
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)		753			753
Amounts received from the State of Arizona (Notes 5 and 7)	924,658	4,351,826			5,276,484
Highway user revenues in excess of those received in fiscal year 1979-1980 (Note 5)		3,728,827			3,728,827
Contracts with other political subdivisions (Notes 5 and 8)	33,456	197,654			231,110
Prior years carryforward (Note 9)	<u>818,477</u>	<u>2,268,418</u>			<u>3,086,895</u>
Total exclusions claimed	<u>2,612,283</u>	<u>11,605,874</u>	<u>1,093,660</u>	<u>911,693</u>	<u>16,223,510</u>
C. Amounts subject to the expenditure limitation	<u>\$ 8,146,537</u>	<u>\$ 2,426,251</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$10,572,788</u>

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See accompanying notes to report.

Apache County
Annual Expenditure Limitation Report Reconciliation
Year Ended June 30, 2001

Description	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
A. Total expenditures or expenses and applicable other financing uses reported within the general purpose financial statements	\$11,211,224	\$17,006,845	\$1,093,660	\$911,693	\$30,223,422
B. Deductions:					
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10)		2,132,550			2,132,550
Contributions to fire districts (Note 10)		217,117			217,117
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 10)		531,158			531,158
Long-term care contributions withheld by the State Treasurer (Note 11)	375,581				375,581
Charges to other funds in excess of Internal Service Fund Expenses (Note 12)	<u>76,823</u>	<u>93,895</u>			<u>170,718</u>
Total deductions	<u>452,404</u>	<u>2,974,720</u>			<u>3,427,124</u>
C. Amounts reported on Part II, Line A	<u>\$10,758,820</u>	<u>\$14,032,125</u>	<u>\$1,093,660</u>	<u>\$911,693</u>	<u>\$26,796,298</u>

See accompanying notes to report.

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

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 or expenses 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 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.

Note 2 - The exclusion claimed for debt service requirements on bonded indebtedness in the Debt Service Funds consists of principal retirement and interest expense.

Note 3 - Interest on investments recorded in the Special Revenue Funds of \$239,518 includes \$27,432 attributable to expenditures of separate legal entities and community college reimbursements already deducted in the reconciliation. Of the remainder, only \$6,182 was excluded in order to maximize the carryforward to subsequent years.

Note 4 - The exclusion claimed for trustee or custodian in the General Fund consists of \$268,764 in contributions by the County to the Arizona Health Care Cost Containment System for acute care reported as health expenditures.

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 General and Special Revenue Funds.

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Description	General Fund			Special Revenue Funds		
	<u>Revenues</u>	<u>Amount Excluded</u>	<u>Amount Carried Forward</u>	<u>Revenues</u>	<u>Amount Excluded</u>	<u>Amount Carried Forward</u>
Grants and aid from the federal government	\$ 566,928	\$ 566,928	\$ 0	\$1,001,952	\$ 976,517	\$ 25,435
Amounts received from the State of Arizona	924,658	924,658	0	2,736,657	2,339,531	397,126
Highway user revenues in excess of those received in fiscal year 1979-80				4,973,779	3,728,827	1,244,952
Contracts with other political subdivisions	33,456	33,456	0	18,473		18,473
Other revenues—(nonexcludable)	<u>5,365,229</u>			<u>1,836,684</u>		
Total intergovernmental revenues as reported in the general purpose financial statements	<u>\$6,890,271</u>	<u>\$1,525,042</u>	<u>\$ 0</u>	<u>\$10,567,545</u>	<u>\$7,044,875</u>	<u>\$1,685,986</u>

Note 6 - The exclusion claimed for grants, aid, contributions, or gifts from private agency, organization, or individual, except amounts received in lieu of taxes of \$753 in the Special Revenue Funds is included in contributions revenue.

Note 7 - The exclusion claimed for amounts received from the State of Arizona in the Special Revenue Funds of \$4,351,826 includes \$2,339,531 of intergovernmental revenues as described in Note 5 above and \$2,012,295 of vehicle licenses tax revenues expended.

Note 8 - The exclusion of \$197,654 claimed for contracts with other political subdivisions in the Special Revenue Funds was expended from contributions revenues of \$302,727 in the general purpose financial statements. Unexpended contribution revenues related to contracts with other political subdivisions of \$79,252 have been carried forward to future years. The remaining contribution revenues of \$25,821 are not excludable except for \$753 described in Note 6 claimed as grants, aid, contributions, or gifts from private agency, or individuals, except for amounts received in lieu of taxes.

Note 9 - 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 as follows.

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Description	General Fund	Special Revenue Funds
Dividends, interest, and gains on the sale of securities	\$268,442	\$ 20,696
Grants and aid from the federal government		37,630
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes		4,147
Amounts received from the State of Arizona	550,035	198,589
Highway user revenues in excess of those received in fiscal year 1979-80		1,982,086
Contracts with other political subdivisions	<u> </u>	<u>25,270</u>
Total prior years carryforward expended	<u>\$818,477</u>	<u>\$2,268,418</u>

Note 10 - The deduction of \$2,132,550 for separate legal entities established under Arizona Revised Statutes (A.R.S.) 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 deduction includes \$1,421,821 in payments made to the County's jail district as required by A.R.S. § 48-4024 for maintenance of effort. Deductions are reported in the following categories in the general purpose financial statements:

Special Assessment Districts	Special Revenue Funds
Public safety	\$1,421,821
Highways and streets	<u>710,729</u>
Total	<u>\$2,132,550</u>

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Note 11 - 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 a revenue and an offsetting expenditure in the County's general purpose financial statements. Consequently, this expenditure has been deducted on the Reconciliation.

Note 12 - The deduction for charges to other funds in excess of Internal Services Fund expenses resulted in Internal Service Fund net income of \$170,718, which was allocated to the General and Special Revenue Funds based on the percentage of billing by fund type.