

APACHE COUNTY  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2008

**Apache County**  
Report on Audit of Annual Expenditure Limitation Report  
Year Ended June 30, 2008

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Independent Auditors' Report

The Auditor General of the State of Arizona

The Board of Supervisors of  
Apache County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Apache County (the County) for the year ended June 30, 2008. 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, Arizona, for the year ended June 30, 2008, 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, and management, 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.*

February 15, 2011

Apache County  
Annual Expenditure Limitation Report – Part I  
Year Ended June 30, 2008

1. Economic Estimates Commission expenditure limitation	\$ 14,764,413
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>12,670,527</u>
3. Amount under the expenditure limitation	<u>\$ 2,093,886</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 : (928) 337-4364

Ryan Patterson, Finance Director

Date: 2 - 15 - 11

See accompanying notes to report.

Apache County  
Annual Expenditure Limitation Report – Part II  
Year Ended June 30, 2008

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 34,371,751	\$ 177,260,112	\$ 211,631,863
B. Less exclusions claimed:			
Bond proceeds (Note 2 )	114,347		114,347
Debt service requirements on bonded indebtedness (Note 3)	536,944		536,944
Debt service requirements on other long-term obligations (Note 4 )	725,246		725,246
Trustee or custodian (Note 5)	571,474	177,260,112	177,831,586
Grants and aid from the federal government (Note 6)	2,567,632		2,567,632
Amounts received from the State of Arizona (Note 6)	6,194,184		6,194,184
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	5,051,850		5,051,850
Contracts with other political subdivisions (Note 6)	459,213		459,213
Prior years carryforward (Note 7)	<u>5,480,334</u>		<u>5,480,334</u>
Total exclusions claimed	<u>21,701,224</u>	<u>177,260,112</u>	<u>198,961,336</u>
C. Amounts subject to the expenditure limitation	<u>\$ 12,670,527</u>	<u>\$</u>	<u>\$ 12,670,527</u>

See accompanying notes to report.

Apache County  
Annual Expenditure Limitation Report – Reconciliation  
Year Ended June 30, 2008

Description	Governmental Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 43,357,017	\$ 177,260,112	\$ 220,617,129
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S) (Note 8 )	6,545,387		6,545,387
Contributions to fire districts (Note 9)	347,198		347,198
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 10)	622,515		622,515
Long-term care contributions withheld by the State Treasurer (Note 11)	594,500		594,500
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	<u>875,666</u>		<u>875,666</u>
Total subtractions	<u>8,985,266</u>		<u>8,985,266</u>
C. Amounts reported on Part II, Line A	<u>\$ 34,371,751</u>	<u>\$ 177,260,112</u>	<u>\$ 211,631,863</u>

See accompanying notes to report.

Apache County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2008

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 Balances for the Governmental Funds and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2- The exclusion claimed for bond proceeds consists of capital outlay expenditures of \$114,347 reported in the Governmental Funds.

Note 3- The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal retirement and interest expense of \$536,944.

Note 4- The exclusion claimed for debt service requirements on other long-term indebtedness in the Governmental Funds consists of principal retirement and interest expense on capital leases and retirement of a bond anticipation note totaling \$725,246.

Note 5- The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$444,500 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions, and uncompensated care, \$23,258 of commissary proceeds and expenditures for the Sheriff's Canteen, and \$103,716 for waste tire special revenues paid out to Blue Hills Environmental Association.

In the Fiduciary Funds, the exclusion consists of \$177,260,112 in distributions to investment pool participants.

Apache County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2008

Note 6- The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues, amounts received from contracts with other political subdivisions, and amounts received as trustee or custodian in the Governmental Funds:

<b>Description</b>	
Grants and aid from the federal government	\$ 2,567,632
Amounts received from the State of Arizona	6,194,184
Highway user revenues in excess of those received in fiscal year 1979-80	5,051,850
Contracts with other political subdivisions	459,213
Trustee or custodian (Note 5)	103,716
Other revenues - (nonexcludable)	5,983,286
Amount carried forward	<u>3,406,656</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 23,766,537</u>

Note 7- 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:

<b>Description</b>	<b>Governmental Funds</b>
Trustee or custodian	\$ 15,104
Bond proceeds	2,794,669
Grants and aid from the federal government	10,220
Amounts received from the State of Arizona	227,990
Highway user revenues in excess of those received in fiscal year 1979-80	<u>2,432,351</u>
Total prior years carryforward expended	<u>\$ 5,480,334</u>

Apache County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2008

Note 8- The subtraction of \$6,545,387 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:

General government	\$ 556,718
Public safety	3,445,886
Highways and streets	68,554
Culture and recreation	1,035,740
Health	1,342,234
Capital outlay	<u>96,255</u>
Total	<u>\$ 6,545,387</u>

Note 9- The subtraction of \$347,198 for contributions to fire districts consists of payments that are not subject to the expenditure limitation. These expenditures were reported in public safety expenditures in the Governmental Funds category in the fund financial statements.

Note 10- The subtraction of \$622,515 for community college reimbursement payments pursuant to A.R.S. §15-1469.01 consists of payments that are not subject to the expenditure limitation. These expenditures were reported as education expenditures in the Governmental Funds category in the fund financial statements.

Note 11- The subtraction for 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.