

APACHE COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2009

Apache County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2009

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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, Arizona (the County) for the year ended June 30, 2009. 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, 2009, 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.

October 12, 2011



APACHE COUNTY
Finance Department

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Apache County
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2009

1. Economic Estimates Commission expenditure limitation	\$ 15,428,015
2. Amount subject to the expenditure limitation	
(total amount from Part II, Line C)	<u>14,307,087</u>
3. Amount under the expenditure limitation	<u>\$ 1,120,928</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: 10/12/2011

Apache County
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2009

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 39,879,602	\$ 192,081,179	\$ 231,960,781
B. Less exclusions claimed:			
Debt service requirements on bonded indebtedness (Note 2)	1,529,733		1,529,733
Debt service requirements on other long-term obligations (Note 3)	30,446		30,446
Trustee or custodian (Note 4)	527,814	192,081,179	192,608,993
Grants and aid from the federal government (Note 5)	5,021,500		5,021,500
Amounts received from the State of Arizona (Note 5)	5,560,245		5,560,245
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	5,141,001		5,141,001
Contracts with other political subdivisions (Note 5)	335,221		335,221
Prior years carryforward (Note 6)	<u>7,426,555</u>	<u> </u>	<u>7,426,555</u>
Total exclusions claimed	<u>25,572,515</u>	<u>192,081,179</u>	<u>217,653,694</u>
C. Amounts subject to the expenditure limitation	<u>\$ 14,307,087</u>	<u>\$ </u>	<u>\$ 14,307,087</u>

See accompanying notes to report.

Apache County
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2009

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	\$ 48,172,250	\$ 192,081,179	\$ 240,253,429
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 7)	6,290,716		6,290,716
Contributions to fire districts (Note 8)	447,119		447,119
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 9)	761,313		761,313
Long-term care contributions withheld by the State Treasurer (Note 10)	628,500		628,500
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	<u>165,000</u>		<u>165,000</u>
Total subtractions	<u>8,292,648</u>		<u>8,292,648</u>
C. Amounts reported on Part II, Line A	<u>\$ 39,879,602</u>	<u>\$ 192,081,179</u>	<u>\$ 231,960,781</u>

See accompanying notes to report.

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

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 debt service requirements on bonded indebtedness in the Governmental Funds consists of principal retirement and interest expense of \$1,529,733.

Note 3- 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 totaling \$30,446.

Note 4- The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$427,339 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions, and uncompensated care, \$32,868 of commissary proceeds and expenditures for the Sheriff's Canteen, and \$67,607 for waste tire special revenues paid out to Blue Hills Environmental Association.

In the Fiduciary Funds, the exclusion consists of \$192,081,179 in distributions to investment pool participants.

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

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, highway user revenues, amounts received from contracts with other political subdivisions, and amounts received as trustee or custodian in the Governmental Funds:

Description	
Grants and aid from the federal government	\$ 5,021,500
Amounts received from the State of Arizona	5,560,245
Highway user revenues in excess of those received in fiscal year 1979-80	5,141,001
Contracts with other political subdivisions	335,221
Trustee or custodian (Note 4)	71,042
Other revenues - (nonexcludable)	6,906,955
Amount carried forward	<u>766,588</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 23,802,552</u>

Note 6- 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:

Description	Governmental Funds
Trustee or custodian	\$ 38,189
Bond proceeds	5,617,040
Contracts with other political subdivision	29,282
Highway user revenues in excess of those received in fiscal year 1979-80	<u>1,742,044</u>
Total prior years carryforward expended	<u>\$ 7,426,555</u>

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

Note 7- The subtraction of \$6,290,716 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	\$ 251,293
Public safety	2,789,998
Highways and streets	19,617
Culture and recreation	1,117,482
Health	1,543,915
Capital outlay	<u>568,411</u>
Total	<u>\$ 6,290,716</u>

Note 8- The subtraction of \$447,119 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 9- The subtraction of \$761,313 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 10- 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.