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# Apache County, Arizona

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*Annual Expenditure Limitation Report  
and  
Independent Auditors' Report  
June 30, 2010*



CPAs | Business & Financial Advisors

# Apache County, Arizona

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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, 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 Apache County, Arizona 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.

*REDW LLC*

Phoenix, Arizona  
March 19, 2014

## Annual Expenditure Limitation Report

**Apache County, Arizona**  
**Annual Expenditure Limitation Report—Part I**  
**June 30, 2010**

1. Economic Estimates Commission expenditure limitation	\$ 15,916,189
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>13,765,611</u>
3. Amount under the expenditure limitation	<u>\$ 2,150,578</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**

Ryan Patterson, Finance Director  
**Name and Title**

(928) 337-4364  
**Telephone Number**

March 19, 2014  
**Date**

**Apache County, Arizona**  
**Annual Expenditure Limitation Report—Part II**  
**For the Year Ended June 30, 2010**

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 33,140,569	\$ 185,487,553	\$ 218,628,122
B. Less exclusions claimed			
Debt service requirements on bonded indebtedness (Note 2)	781,982	-	781,982
Debt service requirements on other long-term obligations (Note 2)	359,686	-	359,686
Trustee or custodian (Note 3)	548,108	185,487,553	186,035,661
Grants and aid from the federal government (Note 4)	5,465,752	-	5,465,752
Amounts received from the State of Arizona (Note 4)	5,200,370	-	5,200,370
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	4,532,506	-	4,532,506
Contracts with other political subdivisions (Note 4)	493,141	-	493,141
Prior years carry forward (Note 9)	1,993,413	-	1,993,413
Total exclusions claimed	<u>19,374,958</u>	<u>185,487,553</u>	<u>204,862,511</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,765,611</u>	<u>\$ -</u>	<u>\$ 13,765,611</u>

See accompanying notes to annual expenditure limitation report.

**Apache County, Arizona**  
**Annual Expenditure Limitation Report—Reconciliation**  
**For the Year Ended June 30, 2010**

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	\$ 41,370,803	\$ 185,487,553	\$ 226,858,356
B. Subtractions			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 5)	6,418,274	-	6,418,274
Contributions to fire districts (Note 6)	498,623	-	498,623
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 7)	856,237	-	856,237
Long-term care contributions withheld by the State Treasurer (Note 8)	457,100	-	457,100
Total subtractions	8,230,234	-	8,230,234
C. Amounts reported on Part II, Line A	\$ 33,140,569	\$ 185,487,553	\$ 218,628,122

See accompanying notes to annual expenditure limitation report.

**Apache County, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**For the Year Ended June 30, 2010**

**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.

**2) Indebtedness**

The exclusion claimed for debt service requirements on bonded indebtedness and other long-term obligations in the governmental funds consist of principal retirement and interest expense of \$781,982 and \$359,686, respectively. Of this amount \$909,396 was listed on the fund financial statements as principal redemption and interest and other charges while the remaining interest expense was classified as general government expenditures.

**3) Trustee**

The exclusion claimed for trustee or custodian in the governmental funds consists of \$454,766 in contributions by the County to the Arizona health care cost containment system for acute care, administrative cost contributions, and uncompensated care and \$93,342 for waste tire special revenues paid out to Blue Hills Environmental Association.

In the fiduciary funds, the exclusion consists of \$185,487,553 in distributions to investment pool participants.

**Apache County, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**For the Year Ended June 30, 2010**

**4) Exclusions**

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:

Grants and aid from the federal government	\$ 5,465,752
Amounts received from the State of Arizona	5,200,370
Highway user revenues in excess of those received in fiscal year 1979-80	4,532,506
Contracts with other political subdivisions	493,141
Trustee or custodian (Note 3)	548,108
Other revenues (nonexcludable)	7,901,003
Amount carried forward	<u>1,025,347</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 25,166,227</u>

**5) Special Assessment Districts**

The subtraction of \$6,418,274 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	\$ 5,000
Public safety	2,693,281
Highways and streets	16,000
Culture and recreation	1,228,897
Health	1,844,924
Capital outlay	<u>630,172</u>
	<u>\$ 6,418,274</u>

**Apache County, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**For the Year Ended June 30, 2010**

**6) Fire Districts**

The subtraction of \$498,623 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.

**7) Community College Reimbursement Payments**

The subtraction of \$856,237 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.

**8) Long-Term Care Contributions Withheld**

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 revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

**9) Prior Year Carryforward**

The exclusion claimed for prior year carryforward includes capital outlay expenditures from the governmental funds of \$1,993,413.