

APACHE COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2004

APACHE COUNTY
Annual Expenditure Limitation Report
Year Ended June 30, 2004

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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, 2004. 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, 2004, 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.

Festery & Chapman P.C.

July 14, 2006

APACHE COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2004

1. Economic Estimates Commission expenditure limitation	\$ 12,567,162
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>11,800,002</u>
3. Amount under the expenditure limitation	<u>\$ 767,160</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: 3/30/07

See accompanying notes to report.

APACHE COUNTY
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2004

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 28,926,876	\$ 184,357,517	\$ 213,284,393
B. Less exclusions claimed:			
Bond proceeds (Note 2)	783,862		783,862
Debt service requirements on bonded indebtedness (Note 3)	644,840		644,840
Debt service requirements on other long-term obligations (Note 3)	46,679		46,679
Trustee or custodian (Note 4)	341,564	184,357,517	184,699,081
Grants and aid from the federal government (Note 5)	2,546,147		2,546,147
Amounts received from the State of Arizona (Note 5)	6,091,279		6,091,279
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,647,560		3,647,560
Contracts with other political subdivisions (Note 5)	262,771		262,771
Prior years carryforward (Note 6)	2,762,172		2,762,172
Total exclusions claimed	<u>17,126,874</u>	<u>184,357,517</u>	<u>201,484,391</u>
C. Amounts subject to the expenditure limitation	<u>\$ 11,800,002</u>	<u>\$ -</u>	<u>\$ 11,800,002</u>

See accompanying notes to report.

APACHE COUNTY
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2004

<u>Description</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/deductions reported within the fund financial statements	\$ 33,065,732	\$ 184,357,517	\$ 217,423,249
B. Subtractions			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 7)	2,939,984		2,939,984
Contributions to fire districts (Note 8)	239,868		239,868
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 9)	548,602		548,602
Long-term care contributions withheld by the State Treasurer (Note 10)	410,402		410,402
Total subtractions	<u>4,138,856</u>		<u>4,138,856</u>
C. Amounts reported on Part II, Line A	<u>\$ 28,926,876</u>	<u>\$ 184,357,517</u>	<u>\$ 213,284,393</u>

See accompanying notes to report.

APACHE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 1 - Summary of Significant Account 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 \$783,862 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 \$644,840. The exclusion claimed for debt service requirements on other long-term indebtedness in the Governmental Funds consists of principal and interest expense on capital leases of \$46,679.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$268,759 in contributions by the County to the Arizona Health Care Cost Containment System for acute care and \$72,805 for waste tire special revenues paid out to Blue Hills Environmental Association. In the Fiduciary Funds, the exclusion consists of \$184,357,517 in distributions to investment pool participants.

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, contracts with other political subdivisions, refunds, reimbursements and other recoveries in the Governmental Funds:

Grants and aid from the federal government	\$ 2,546,147
Amounts received from the State of Arizona	6,091,279
Highway user revenue in excess of that received in fiscal year 1979-80	3,647,560
Contracts with other political subdivisions	262,771
Other revenues – (nonexcludable)	<u>8,086,622</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 20,634,379</u>

APACHE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 6 - Prior year 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:

<u>Description</u>	<u>Governmental Funds</u>
Dividends, interest, gains on the sale or redemption of investment securities	\$ 482,826
Trustee or custodian	20,721
Grants and aid from the federal government	212,809
Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes	5,237
Amounts received from the State of Arizona	253,849
Highway user revenues in excess of those received in fiscal year 1979-80	1,749,946
Contracts with other political subdivisions	<u>36,784</u>
Total prior years carryforward expended	<u>\$ 2,762,172</u>

Note 7 - The subtraction of \$2,939,984 for separate legal entities established under Arizona Revised Statutes consists of the County Flood Control and Library District funds included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and expenditures of County jail districts in excess of the County's maintenance of efforts pursuant to A.R.S. §15-1469.01, are reported in the Governmental Funds category in the fund financial statements:

County flood control	\$ 27,766
Library district	875,758
Jail district	1,824,806
Juvenile jail district	<u>211,654</u>
Total	<u>\$ 2,939,984</u>

Note 8 - The subtraction of \$239,868 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 \$548,602 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 recorded as education expenditures in the Governmental Funds category in the fund financial statements.

APACHE COUNTY
Notes to Annual Expenditure Limitation Report
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Note 10 - 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 revenue and offsetting expenditure in the County's fund financial statements. Consequently, this expenditure has been subtracted on the Reconciliation.