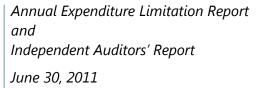
Apache County, Arizona





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, 2011. 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.

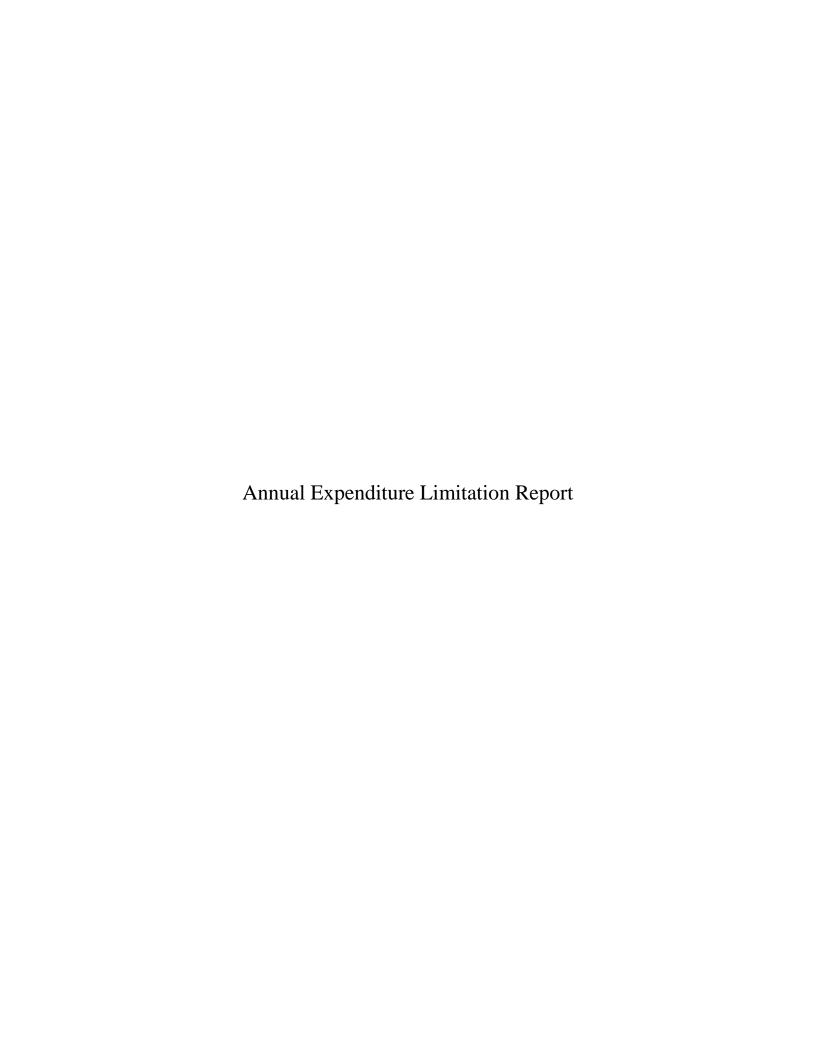
In our opinion, the annual expenditure limitation report of Apache County, Arizona for the year ended June 30, 2011, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

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.

Phoenix, Arizona March 19, 2014

REDW HC

F 602.730.3699



Apache County, Arizona Annual Expenditure Limitation Report—Part I For the Year Ended June 30, 2011

| 1. | Economic Estimates Commission expenditure limitation | \$ 16,274,050 |
|-----|---|--------------------------|
| 2. | Amount subject to the expenditure limitation (total amount from Part II, Line C) | <u> 13.668,356</u> |
| 3. | Amount under the expenditure limitation | \$_2,605.69 <u>4</u> |
| rep | ereby certify, to the best of my knowledge and belief, that the informort is accurate and in accordance with the requirements of the unifortem. | nation contained in this |
| Sig | nature of Chief Fiseal Officer | |
| | an Patterson, Finance Director me and Title | |
| | 8) 337-4364 <u>March 19, 2014</u> lephone Number Date | · |

Apache County, Arizona Annual Expenditure Limitation Report—Part II For the Year Ended June 30, 2011

| | Description | G | overnmental Funds | | Fiduciary Funds | | Total |
|----|--|----|----------------------|----|--------------------|----|-------------|
| | Description | | rulius | | rulius | | Total |
| A. | Amounts reported on the Reconciliation, Line C | \$ | 30,044,295 | \$ | 242,275,412 | \$ | 272,319,707 |
| B. | Less exclusions claimed | | | | | | |
| | Debt service requirements on bonded | | | | | | |
| | indebtedness (Note 2) | | 706,250 | | - | | 706,250 |
| | Debt service requirements on other long-term | | | | | | |
| | obligations (Note 2) | | 161,251 | | - | | 161,251 |
| | Trustee or custodian (Note 3) | | 533,041 | | 242,275,412 | | 242,808,453 |
| | Grants and aid from the federal government (Note 4) | | 4,499,074 | | - | | 4,499,074 |
| | Amounts received from the State of Arizona (Note 4) | | 5,082,079 | | _ | | 5,082,079 |
| | Highway user revenues in excess of those received | | | | | | |
| | in fiscal year 1979-80 (Note 4) | | 5,203,210 | | _ | | 5,203,210 |
| | Contracts with other political subdivisions (Note 4) | | 191,034 | _ | | _ | 191,034 |
| | Total exclusions claimed | | 16,375,939 | | 242,275,412 | | 258,651,351 |
| C. | Amounts subject to the expenditure limitation | \$ | 13,668,356 | \$ | - | \$ | 13,668,356 |

Apache County, Arizona Annual Expenditure Limitation Report—Reconciliation For the Year Ended June 30, 2011

| | Description | G | overnmental 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 | \$ | 38,016,642 | \$ 242,275,412 | \$ | 280,292,054 |
| B. | Subtractions | | | | | |
| | Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 5) Contributions to fire districts (Note 6) Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 7) | | 5,985,780 488,351 880,277 | | | 5,985,780 488,351 880,277 |
| | Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreement. Long-term care contributions withheld by the State Treasurer (Note 8) | | 132,939 485,000 | - - | | 132,939 485,000 |
| | Total subtractions | | 7,972,347 | - | _ | 7,972,347 |
| C. | Amounts reported on Part II, Line A | \$ | 30,044,295 | \$ 242,275,412 | \$ | 272,319,707 |

Apache County, Arizona Notes to Annual Expenditure Limitation Report For the Year Ended June 30, 2011

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 exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations in the Governmental Funds consist of principal retirement and interest expenditures of \$591,251 and \$276,250, respectively.

3) Trustee

The exclusion claimed for trustee or custodian in the governmental funds consists of \$458,392 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions, and uncompensated care and \$74,649 for waste tire special revenues paid out to Blue Hills Environmental Association.

In the fiduciary funds, the exclusion consists of \$242,275,412 in distributions to investment pool participants.

Apache County, Arizona

Notes to Annual Expenditure Limitation Report For the Year Ended June 30, 2011

4) Intergovernmental Revenue 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 trustee or custodian in the governmental funds:

| Grants and aid from the federal government | \$ 4,499,074 |
|---|------------------|
| Amounts received from the State of Arizona | 5,082,079 |
| Highway user revenues in excess of those received | |
| in fiscal year 1979-80 | 5,203,210 |
| Contracts with other political subdivisions | 191,034 |
| Trustee or custodian (Note 3) | 533,041 |
| Other revenues (nonexcludable) | 2,291,639 |
| Total intergovernmental revenues as reported in the fund financial statements | \$ 17,800,077 |

5) Special Assessment Districts

The subtraction of \$5,985,780 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 | \$ 80,000 |
|------------------------|-----------------|
| Public safety | 2,749,313 |
| Culture and recreation | 1,432,849 |
| Health | 1,723,618 |
| | \$ 5,985,780 |

6) Fire Districts

The subtraction of \$488,351 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.

Apache County, Arizona Notes to Annual Expenditure Limitation Report For the Year Ended June 30, 2011

7) Community College Reimbursement Payments

The subtraction of \$880,277 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.