



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Apache County

June 30, 2002



Debra K. Davenport
Auditor General

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Apache County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2002

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Apache County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Apache County for the year ended June 30, 2002. 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 for the year ended June 30, 2002, 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.

Debbie Davenport
Auditor General

July 10, 2003

Apache County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2002

1. Economic Estimates Commission expenditure limitation	\$11,729,105
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>10,901,368</u>
3. Amount under the expenditure limitation	<u>\$ 827,737</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: _____

See accompanying notes to report.

Apache County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2002

Description	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line C	\$ 11,342,082	\$ 14,964,785	\$ 669,886	\$ 1,016,640	\$ 27,993,393
B. Less exclusions claimed:					
Bond proceeds				1,016,640	1,016,640
Debt service requirements on bonded indebtedness			669,886		669,886
Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)		4,322			4,322
Trustee or custodian (Note 3)	268,764				268,764
Grants and aid from the federal government (Note 4)	1,776,036	1,331,544			3,107,580
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)		701			701
Amounts received from the State of Arizona (Notes 4 and 5)	908,828	5,255,904			6,164,732
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)		3,489,897			3,489,897
Contracts with other political subdivisions (Notes 4 and 6)	60,726	24,040			84,766
Prior years carryforward (Note 7)	<u>6,102</u>	<u>2,278,635</u>			<u>2,284,737</u>
Total exclusions claimed	<u>3,020,456</u>	<u>12,385,043</u>	<u>669,886</u>	<u>1,016,640</u>	<u>17,092,025</u>
C. Amounts subject to the expenditure limitation	<u>\$ 8,321,626</u>	<u>\$ 2,579,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,901,368</u>

See accompanying notes to report.

Apache County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2002

Description	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
A. Total expenditures or expenses and applicable other financing uses reported within the general purpose financial statements	\$ 11,853,114	\$ 18,434,144	\$ 669,886	\$ 1,016,640	\$ 31,973,784
B. Deductions:					
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)		2,527,290			2,527,290
Contributions to fire districts (Note 9)		219,260			219,260
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 10)		545,357			545,357
Long-term care contributions withheld by the State Treasurer (Note 11)	511,032				511,032
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the inception of the agreements		177,452			177,452
Total deductions	<u>511,032</u>	<u>3,469,359</u>	<u>-</u>	<u>-</u>	<u>3,980,391</u>
C. Amounts reported on Part II, Line A	<u>\$ 11,342,082</u>	<u>\$ 14,964,785</u>	<u>\$ 669,886</u>	<u>\$ 1,016,640</u>	<u>\$ 27,993,393</u>

See accompanying notes to report.

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

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 (A.R.S.) §41-1279.07, which excludes expenditures or expenses of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures or expenses reported in the annual general purpose 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 deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual general purpose financial statements. All references to financial statement amounts in the following notes refer to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types.

Note 2 - Interest on investments recorded in the Special Revenue Funds of \$148,957 includes \$14,834 attributable to expenditures of separate legal entities and community college reimbursements already deducted in the reconciliation. Of the remainder, only \$4,322 was excluded in order to maximize the carryforward to subsequent years.

Note 3 - The exclusion claimed for trustee or custodian of \$268,764 in the General Fund consists of contributions by the County to the Arizona Health Care Cost Containment System for acute care.

Note 4 - 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, and contracts with other political subdivisions in the General and Special Revenue Funds.

Description	General Fund			Special Revenue Funds		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the federal government	\$1,780,735	\$1,776,036	\$4,699	\$1,342,252	\$1,331,544	\$ 10,708
Amounts received from the State of Arizona	908,828	908,828	0	3,767,797	3,312,654	455,143
Highway user revenues in excess of those received in fiscal year 1979-80				5,347,900	3,489,897	1,858,003
Contracts with other political subdivisions	60,726	60,726	0			
Other revenues— (nonexcludable)	<u>5,528,801</u>			<u>1,803,569</u>		
Total intergovernmental revenues as reported in the general purpose financial statements	<u>\$8,279,090</u>	<u>\$2,745,590</u>	<u>\$4,699</u>	<u>\$12,261,518</u>	<u>\$8,134,095</u>	<u>\$2,323,854</u>

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

Note 5 - The exclusion claimed for amounts received from the State of Arizona in the Special Revenue Funds of \$5,255,904 includes \$3,312,654 of intergovernmental revenues as described in Note 4 above and \$1,943,250 of vehicle licenses tax revenues expended.

Note 6 - The exclusion claimed for contracts with other political subdivisions in the Special Revenue Funds consists of \$24,040 in contributions revenues expended. The remaining contribution revenues of \$105,228 are not excludable except for the \$701 exclusion claimed for grants, aid, contributions, or gifts from private agency, organization, or individual, except amounts received in lieu of taxes.

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:

Description	<u>General Fund</u>	<u>Special Revenue Funds</u>
Dividends, interest, and gains on the sale or redemption of investment securities		\$ 13,501
Trustee or custodian		18,568
Grants and aid from the federal government		27,311
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	\$6,102	
Amounts received from the State of Arizona		232,424
Highway user revenues in excess of those received in fiscal year 1979-80		1,885,230
Contracts with other political subdivisions	_____	<u>101,601</u>
Total prior years carryforward expended	<u>\$6,102</u>	<u>\$2,278,635</u>

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

Note 8 - The deduction of \$2,527,290 for separate legal entities established under A.R.S. 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 is reported in the following categories in the general purpose financial statements:

Special Assessment Districts	Special Revenue Funds
Public safety	\$1,363,171
Highways and streets	<u>1,164,119</u>
Total	<u>\$2,527,290</u>

Note 9 - The deduction for contributions to fire districts consist of payments of \$219,260 that are not subject to the expenditures limitation. These expenditures were reported in public safety expenditures in the Special Revenue Funds.

Note 10 - The deduction for community college reimbursement payments pursuant to A.R.S. §15-1469.01 consists of payments of \$545,357 that are not subject to the expenditure limitation. These expenditures were recorded as education expenditures in the Special Revenue Funds.

Note 11 - 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 a revenue and an offsetting expenditure in the County's general purpose financial statements. Consequently, this expenditure has been deducted on the Reconciliation.