

**Apache County, Arizona**  
**Annual Expenditure Limitation Report**  

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**Year Ended June 30, 2019**

**Apache County, Arizona  
Annual Expenditure Limitation Report  
Year ended June 30, 2019**

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## Independent Accountants' Report

Arizona Auditor General

Honorable Board of Supervisors of  
Apache County, Arizona

We have examined the accompanying annual expenditure limitation report of Apache County, Arizona (the County) for the year ended June 30, 2019, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

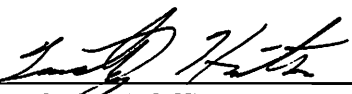
*Walker & Armstrong, LLP*

Phoenix, Arizona  
July 25, 2022

**Apache County, Arizona**  
**Annual Expenditure Limitation Report—Part I**  
**For the Year Ended June 30, 2019**

1. Economic Estimates Commission expenditure limitation	\$ 17,100,978
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>17,069,842</u>
3. Amount under the expenditure limitation	<u>\$ 31,136</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**

Timothy Hinton, Finance Director  
**Name and Title**

(928) 337-7612  
**Telephone Number**

July 25, 2022  
**Date**

**Apache County, Arizona**  
**Annual Expenditure Limitation Report—Part II**  
**For the Year Ended June 30, 2019**

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	<u>\$ 35,020,553</u>	<u>\$ 188,116,904</u>	<u>\$ 223,137,457</u>
B. Less exclusions claimed			
Debt service requirements (Note 2)	1,243,503	-	1,243,503
Trustee or custodian (Note 3)	501,423	188,116,904	188,618,327
Grants and aid from the federal government (Note 4)	1,561,409	-	1,561,409
Amounts received from the State of Arizona (Note 4)	5,923,256	-	5,923,256
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	7,313,317	-	7,313,317
Dividends, interest, and gains on the sale or redemption of investment securities (Note 9)	1,162,046	-	1,162,046
Contracts with other political subdivisions (Note 4)	245,757	-	245,757
Total exclusions claimed	<u>17,950,711</u>	<u>188,116,904</u>	<u>206,067,615</u>
C. Amounts subject to the expenditure limitation	<u>\$ 17,069,842</u>	<u>\$ -</u>	<u>\$ 17,069,842</u>

See accompanying notes to annual expenditure limitation report.

**Apache County, Arizona**  
**Annual Expenditure Limitation Report—Reconciliation**  
**For the Year Ended June 30, 2019**

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	\$ 46,611,675	\$ 188,116,904	\$ 234,728,579
B. Subtractions			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 5)	7,803,267	-	7,803,267
Contributions to fire districts (Note 6)	542,115	-	542,115
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 7)	2,040,000	-	2,040,000
Long-term care contributions withheld by the State Treasurer (Note 8)	644,500	-	644,500
Involuntary court judgments	30,363		30,363
Present value of net minimum capital lease payments recorded as expenditures at inception of the agreements	<u>530,877</u>	<u>-</u>	<u>530,877</u>
Total subtractions	<u>11,591,122</u>	<u>-</u>	<u>11,591,122</u>
C. Amounts reported on Part II, Line A	<u>\$ 35,020,553</u>	<u>\$ 188,116,904</u>	<u>\$ 223,137,457</u>

**Apache County, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**For the Year Ended June 30, 2019**

**1) Summary of Significant Accounting Policies**

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR 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, 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 position 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 as follows:

	Principal Retirement	Interest Expenditures	Total
Bond indebtedness	\$ 635,000	\$ 90,000	\$ 725,000
Other long-term obligations	458,943	59,560	518,503
Total	\$ 1,093,943	\$ 149,560	\$ 1,243,503

**3) Trustee**

The exclusion claimed for trustee or custodian in the governmental funds consists of \$392,600 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions, and uncompensated care; and \$108,823 of commissary proceeds and expenditures for the Sheriff's Canteen.

In the fiduciary funds, the exclusion consists of \$188,116,904 in distributions to investment pool participants.

**Apache County, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**For the Year Ended June 30, 2019**

**4) Intergovernmental Revenue**

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:

Grants and aid from the federal government	\$ 1,561,409
Amounts received from the State of Arizona	5,923,256
Highway user revenues in excess of those received in fiscal year 1979-80	7,313,317
Contracts with other political subdivisions	245,757
Other revenues (nonexcludable)	<u>16,929,879</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 31,973,618</u></u>

**5) Special Assessment Districts**

The subtraction of \$7,803,267 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:

Public safety	\$ 2,496,430
Health	3,330,798
Culture and recreation	1,626,263
General government	86,521
Capital outlay	<u>263,255</u>
	<u><u>\$ 7,803,267</u></u>

**6) Fire Districts**

The subtraction of \$542,115 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, 2019**

**7) Community College Reimbursement Payments**

The subtraction of \$2,040,000 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 of \$644,500 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) Dividends and Interest Income**

The \$1,162,046 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$937,410 and interest on delinquent taxes expended of \$224,636, which was recorded as tax revenue.