



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Graham County

Year Ended June 30, 2011



Debra K. Davenport
Auditor General

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Graham County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2011

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Graham County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Graham 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 Graham County 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.

Jay Zsorey, CPA
Financial Audit Director

January 31, 2013

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Graham County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2011

| | |
|---|---------------------|
| 1. Economic Estimates Commission expenditure limitation | \$15,301,858 |
| 2. Amount subject to the expenditure limitation (total amount from Part II, Line C) | <u>10,841,563</u> |
| 3. Amount under the expenditure limitation | <u>\$ 4,460,295</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: Terry Cooper, County Manager/Clerk of the Board

Telephone Number: (928) 428-3250 Date: January 31, 2013

See accompanying notes to report.

Graham County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2011

| Description | <u>Governmental Funds</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|--|-------------------------------|-----------------------------|----------------------|
| A. Amounts reported on the Reconciliation, Line C | \$ 26,187,552 | \$ 60,401,972 | \$ 86,589,524 |
| B. Less exclusions claimed: | | | |
| Dividends, interest, and gains on the sale or redemption of investment securities (Note 2) | 202,403 | | 202,403 |
| Trustee or custodian (Note 3) | 638,207 | 60,401,972 | 61,040,179 |
| Grants and aid from the federal government (Note 4) | 7,867,383 | | 7,867,383 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 4) | 8,764 | | 8,764 |
| Amounts received from the State of Arizona (Note 4) | 2,483,662 | | 2,483,662 |
| Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4) | 1,697,021 | | 1,697,021 |
| Contracts with other political subdivisions (Note 4) | 1,754,354 | | 1,754,354 |
| Refunds, reimbursements, and other recoveries (Note 4) | 458,364 | | 458,364 |
| Amounts received for distribution to school districts (Notes 4 and 5) | <u>235,831</u> | <u> </u> | <u>235,831</u> |
| Total exclusions claimed | <u>15,345,989</u> | <u>60,401,972</u> | <u>75,747,961</u> |
| C. Amounts subject to the expenditure limitation | <u>\$ 10,841,563</u> | <u>\$ -</u> | <u>\$ 10,841,563</u> |

See accompanying notes to report.

Graham County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2011

| Description | <u>Governmental Funds</u> | <u>Fiduciary Funds</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------|----------------------|
| A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements | \$ 27,285,552 | \$ 60,401,972 | \$ 87,687,524 |
| B. Subtractions: | | | |
| Long-term care contributions withheld by the State Treasurer (Note 6) | <u>1,098,000</u> | <u> </u> | <u>1,098,000</u> |
| Total subtractions | <u>1,098,000</u> | <u> </u> | <u>1,098,000</u> |
| C. Amounts reported on Part II, Line A | <u>\$ 26,187,552</u> | <u>\$ 60,401,972</u> | <u>\$ 86,589,524</u> |

See accompanying notes to report.

Graham County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

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 §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 dividends, interest, and gains on the sale or redemption of investment securities of \$202,403 in the Governmental Funds includes investment earnings expended of \$51,595 and interest on delinquent taxes expended of \$150,808, which was recorded as tax revenue.

Note 3 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$638,207 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs, and in the Fiduciary Funds, the exclusion consists of \$60,401,972 in distributions to investment pool participants.

Note 4 - The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government; grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes; amounts received from the State of Arizona; highway user revenues; contracts with other political subdivisions; refunds, reimbursements, and other recoveries; and amounts received for distribution to school districts in the Governmental Funds:

| Description | Intergovernmental | Charges for Services | Miscellaneous | Total |
|---|-------------------|-------------------------|---------------|--------------|
| Grants and aid from the federal government | \$ 7,867,383 | | | \$ 7,867,383 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes | | | \$ 8,764 | 8,764 |
| Amounts received from the State of Arizona | 2,483,662 | | | 2,483,662 |
| Highway user revenues in excess of those received in fiscal year 1979-80 | 1,697,021 | | | 1,697,021 |
| Contracts with other political subdivisions | 128,286 | \$1,626,068 | | 1,754,354 |
| Refunds, reimbursements, and other recoveries | | | 458,364 | 458,364 |
| Amounts received for distribution to school districts | 235,831 | | | 235,831 |

Graham County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

| Description | Intergovernmental | Charges for Services | Miscellaneous | Total |
|--|--------------------------|---------------------------------|----------------------|---------------------|
| Other revenues—(nonexcludable) | \$ 6,656,341 | \$1,499,551 | \$391,562 | \$ 8,547,454 |
| Amounts carried forward | <u>298,787</u> | <u> </u> | <u> </u> | <u>298,787</u> |
| Total revenues as reported in the fund financial statements | <u>\$19,367,311</u> | <u>\$3,125,619</u> | <u>\$858,690</u> | <u>\$23,351,620</u> |

Note 5 - The exclusion claimed for amounts received for distribution to school districts consists of federal and state revenues recorded as education expenditures for operating an accommodation school.

Note 6 - 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 a revenue and an offsetting expenditure in the County's Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.

