

Graham County

Annual Expenditure
Limitation Report

Year Ended June 30, 2019

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of
Graham County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Graham 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.

Donna Miller, CPA
Director, Financial Audit Division

May 11, 2020

Graham County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2019

1. Economic Estimates Commission expenditure limitation	\$16,307,634
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>13,267,672</u>
3. Amount under the expenditure limitation	<u>\$ 3,039,962</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: (Signature removed for website presentation.)

Name and title: Julie Rodriguez, Chief Financial Officer

Telephone number: (928) 792-5039 Date: May 11, 2020

See accompanying notes to report.

Graham County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2019

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line C	\$ 28,449,404	\$ 80,897,989	\$ 109,347,393
B. Less exclusions claimed:			
Debt service requirements (Note 2)	1,468,955		1,468,955
Trustee or custodian (Note 3)	602,722	80,897,989	81,500,711
Grants and aid from the federal government (Note 4)	4,376,870		4,376,870
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 4)	146,496		146,496
Amounts received from the State of Arizona (Note 4)	3,589,983		3,589,983
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	2,102,333		2,102,333
Contracts with other political subdivisions (Note 4)	2,613,668		2,613,668
Refunds, reimbursements, and other recoveries (Note 4)	147,943		147,943
Amounts received for distribution to school districts (Notes 4 and 5)	<u>132,762</u>		<u>132,762</u>
Total exclusions claimed	<u>15,181,732</u>	<u>80,897,989</u>	<u>96,079,721</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,267,672</u>	<u>\$ -</u>	<u>\$ 13,267,672</u>

See accompanying notes to report.

Graham County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2019

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	\$ 30,311,284	\$ 80,897,989	\$ 111,209,273
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	253,843		253,843
Long-term care contributions the State Treasurer withheld (Note 6)	1,578,400		1,578,400
Required fees/reimbursements made to Arizona state agencies (Note 8)	<u>29,637</u>		<u>29,637</u>
Total subtractions	<u>1,861,880</u>		<u>1,861,880</u>
C. Amounts reported on part II, line A	<u>\$ 28,449,404</u>	<u>\$ 80,897,989</u>	<u>\$ 109,347,393</u>

See accompanying notes to report.

Graham County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2019

Note 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 (A.R.S.) §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.

Note 2

The exclusion claimed for debt service requirements consists of principal retirement and interest expenditures on bonded indebtedness of \$1,393,619 in the governmental funds. In addition, the exclusion claimed for debt service requirements consists of principal and interest payments for capital leases totaling \$75,336, which were reported as general government expenditures and highways and streets expenditures of \$928 and \$74,408 respectively, in the governmental funds.

Note 3

The \$602,722 exclusion claimed for trustee or custodian in the governmental funds consists of county contributions 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 \$80,897,989 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:

Graham County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2019

Description	Intergovernmental	Charges for services	Miscellaneous	Donations	Total
Grants and aid from the federal government	\$ 4,376,870				\$ 4,376,870
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes				\$146,496	146,496
Amounts received from the State of Arizona	3,589,983				3,589,983
Highway user revenues in excess of those received in fiscal year 1979-80	2,102,333				2,102,333
Contracts with other political subdivisions	54,248	\$2,559,420			2,613,668
Refunds, reimbursements, and other recoveries			\$147,943		147,943
Amounts received for distribution to school districts	132,762				132,762
Other revenues—(nonexcludable)	<u>8,511,933</u>	<u>941,724</u>	<u>398,174</u>		<u>9,851,831</u>
Total revenues as reported in the fund financial statements	<u>\$18,768,129</u>	<u>\$3,501,144</u>	<u>\$546,117</u>	<u>\$146,496</u>	<u>\$22,961,886</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 the State Treasurer withheld 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.

Note 7

The subtraction of \$253,843 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.

Special assessment districts:

Public safety	<u>\$253,843</u>
Total	<u>\$253,843</u>

Note 8

The subtraction of \$29,637 for required fees/reimbursements paid to Arizona state agencies was paid to the Arizona Department of Administration pursuant to A.R.S. §42-5041 for administrative, program, and operating costs.

