

Graham County

Expenditure Limitation Report

Year Ended June 30, 2016



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she 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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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
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, 2016. 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.

Jay Zsorey, CPA
Financial Audit Director

August 9, 2017



Graham County
Annual expenditure limitation report—part I
Year ended June 30, 2016

1. Economic Estimates Commission expenditure limitation	\$15,617,658
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>15,323,967</u>
3. Amount under the expenditure limitation	<u>\$ 293,691</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: August 9, 2017

See accompanying notes to report.

Graham County
Annual expenditure limitation report—part II
Year ended June 30, 2016

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line C	\$ 29,586,824	\$ 87,503,965	\$ 117,090,789
B. Less exclusions claimed:			
Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	182,593		182,593
Trustee or custodian (Note 3)	644,682	87,503,965	88,148,647
Grants and aid from the federal government (Note 4)	5,272,765		5,272,765
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 4)	109,556		109,556
Amounts received from the State of Arizona (Note 4)	4,227,168		4,227,168
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	1,519,193		1,519,193
Contracts with other political subdivisions (Note 4)	1,968,053		1,968,053
Refunds, reimbursements, and other recoveries (Note 4)	202,360		202,360
Amounts received for distribution to school districts (Notes 4 and 5)	<u>136,487</u>		<u>136,487</u>
Total exclusions claimed	<u>14,262,857</u>	<u>87,503,965</u>	<u>101,766,822</u>
C. Amounts subject to the expenditure limitation	<u>\$ 15,323,967</u>	<u>\$ -</u>	<u>\$ 15,323,967</u>

See accompanying notes to report.

Graham County
Annual expenditure limitation report—reconciliation
Year ended June 30, 2016

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	\$ 30,923,524	\$ 87,503,965	\$ 118,427,489
B. Subtractions:			
Long-term care contributions withheld by the State Treasurer (Note 6)	<u>1,336,700</u>	<u> </u>	<u>1,336,700</u>
Total subtractions	<u>1,336,700</u>	<u> </u>	<u>1,336,700</u>
C. Amounts reported on part II, line A	<u><u>\$ 29,586,824</u></u>	<u><u>\$ 87,503,965</u></u>	<u><u>\$ 117,090,789</u></u>

See accompanying notes to report.

Graham County
Notes to annual expenditure limitation report
Year ended June 30, 2016

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 §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 dividends, interest, and gains on the sale or redemption of investment securities of \$182,593 in the governmental funds includes investment earnings expended of \$34,154 and interest on delinquent taxes expended of \$148,439, which was recorded as tax revenue.

Note 3

The exclusion claimed for trustee or custodian in the governmental funds consists of \$644,682 in 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 \$87,503,965 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	Donations	Total
Grants and aid from the federal government	\$ 5,272,765				\$ 5,272,765
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes				\$109,556	109,556
Amounts received from the State of Arizona	4,227,168				4,227,168
Highway user revenues in excess of those received in fiscal year 1979-80	1,519,193				1,519,193

Graham County
Notes to annual expenditure limitation report
Year ended June 30, 2016

Description	Intergovernmental	Charges for services	Miscellaneous	Donations	Total
Contracts with other political subdivisions	\$ 38,281	\$1,929,772			\$ 1,968,053
Refunds, reimbursements, and other recoveries			\$202,360		202,360
Amounts received for distribution to school districts	136,487				136,487
Other revenues—(nonexcludable)	<u>5,999,894</u>	<u>1,289,292</u>	<u>432,607</u>	<u> </u>	<u>7,721,793</u>
Total revenues as reported in the fund financial statements	<u>\$17,193,788</u>	<u>\$3,219,064</u>	<u>\$634,967</u>	<u>\$109,556</u>	<u>\$21,157,375</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.

