

Graham County, Arizona

Report on Audit of  
Annual Expenditure Limitation Report

Year Ended June 30, 2004

Graham County  
Report on Audit of Annual Expenditure Limitation Report  
Year Ended June 30, 2004

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**MILLER, ALLEN & CO., P.C.**

*Certified Public Accountants*

5333 NORTH 7TH STREET, SUITE 100  
PHOENIX, ARIZONA 85014  
TEL (602) 264-3888  
FAX (602) 230-0348

MARK L. LANDY, C.P.A.  
STEPHEN T. HARRIS, C.P.A.  
THOMAS L. FRIEND, C.P.A.

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ROBERT L. MILLER, C.P.A.  
(1931 - 1992)

Independent Auditor's Report

The Auditor General of the State of Arizona

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, 2004. 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 auditing standards generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of Graham County for the year ended June 30, 2004, 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.

*Miller, Allen & Co., P.C.*

October 6, 2005

Graham County  
Annual Expenditure Limitation Report - Part I  
Year Ended June 30, 2004

|  |                     |
|--|---------------------|
| 1. Economic Estimates Commission expenditure limitation                                | \$ 11,064,384       |
| 2. Amount subject to the expenditure limitation<br>(total amount from Part II, Line C) | 9,195,032           |
| 3. Amount under the expenditure limitation   | <u>\$ 1,869,352</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, Manager/Board Clerk

Telephone Number: (928) 428-3250

Date: October 6, 2005

See accompanying notes to report.

Graham County  
Annual Expenditure Limitation Report - Part II  
Year Ended June 30, 2004

| Description   | Governmental<br>Funds | Fiduciary<br>Fund | Total         |
|---|-----------------------|-------------------|---------------|
| A. Amounts reported on the Reconciliation, Line C   | \$ 22,414,016         | \$ 48,985,247     | \$ 71,399,263 |
| B. Less exclusions claimed:   |                       |                   |               |
| Dividends, interest, and gains on sale or redemption of investment securities (Note 2)  | 392,178               |                   | 392,178       |
| Trustee or custodian (Note 3)   |                       | 48,985,247        | 48,985,247    |
| Grants and aid from the federal government (Note 4)   | 5,643,312             |                   | 5,643,312     |
| Grants, aid contributions, or gifts, from a private agency, organization, or individual except amounts received in lieu of taxes (Note 7) | 4,201                 |                   | 4,201         |
| Amounts received from the State of Arizona (Note 4)   | 2,798,946             |                   | 2,798,946     |
| Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)   | 2,661,198             |                   | 2,661,198     |
| Contracts with other political subdivisions (Notes 4, 5 and 7)  | 1,441,493             |                   | 1,441,493     |
| Refunds, reimbursements, and other recoveries (Note 7)  | 193,647               |                   | 193,647       |
| Amounts received for distribution to school districts (Notes 4, 8)  | 84,009                |                   | 84,009        |
| Total exclusions claimed  | 13,218,984            | 48,985,247        | 62,204,231    |
| C. Amounts subject to the expenditure limitation  | \$ 9,195,032          | \$ -0-            | \$ 9,195,032  |

See accompanying notes to report.

Graham County  
Annual Expenditure Limitation Report - Reconciliation  
Year Ended June 30, 2004

| <u>Description</u>  | <u>Governmental<br/>Funds</u> | <u>Fiduciary<br/>Fund</u>   | <u>Total</u>                |
|---|-------------------------------|-----------------------------|-----------------------------|
| A. Total expenditures/expenses/ deductions and applicable other financing uses, special items, and extraordinary items reported with the fund financial statements. | <u>\$ 23,263,407</u>          | <u>\$ 48,985,247</u>        | <u>\$ 72,248,654</u>        |
| B. Subtractions:  |                               |                             |                             |
| Long-term care contributions withheld by the State Treasurer (Note 6)   | <u>849,391</u>                | <u>                    </u> | <u>849,391</u>              |
| Total subtractions  | <u>849,391</u>                | <u>-0-</u>                  | <u>849,391</u>              |
| C. Amounts reported on Part II, Line A  | <u><u>\$ 22,414,016</u></u>   | <u><u>\$ 48,985,247</u></u> | <u><u>\$ 71,399,263</u></u> |

See accompanying notes to report.

Graham County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2004

**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 or expenses 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 Fiduciary Net Assets for the Fiduciary Fund.

**Note 2 -** The exclusion claimed for dividends, interest and gains on the sale or redemption of investment securities of \$392,178 in the Governmental Funds includes interest on investments expended of \$218,231 and interest on delinquent taxes expended of \$173,947, which were recorded as tax revenue.

**Note 3 -** The exclusion claimed for trustee or custodian in the Fiduciary Funds consists of \$48,985,247 in distributions to investment pool participants.

**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, contracts with other political subdivisions, and distributions to school districts in the Governmental Funds.

| Description  |               |
|--|---------------|
| Grants and aid from the federal government                                       | \$ 5,643,312  |
| Amounts received from the State of Arizona                                       | 2,798,946     |
| Highway user revenues in excess of those received<br>in fiscal year 1979-80      | 2,661,198     |
| Contracts with other political subdivisions                                      | 774,481       |
| Distribution to School Districts   | 84,009        |
| Other Revenues - (nonexcludable)   | 4,643,258     |
| Total intergovernmental revenues as reported in the<br>fund financial statements | \$ 16,605,204 |

**Note 5 -** The exclusion claimed for contracts with other political subdivisions of \$1,441,493 includes \$774,481 of intergovernmental revenues, \$625,012 of charges for services expended and \$42,000 of miscellaneous revenues expended.

Graham County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2004

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

**Note 7-** The following schedule presents revenues from which exclusions have been claimed that were reported in miscellaneous revenue in the fund financial statements.

| Description   | Governmental<br>Funds |
|---|-----------------------|
| Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes | \$ 4,201              |
| Refunds, reimbursements, and other recoveries   | 193,647               |
| Contracts with other political subdivisions   | 42,000                |
| Other revenues – (nonexcludable)  | 201,316               |
| Total miscellaneous revenues as reported in the fund financial statements   | \$ 441,164            |

**Note 8 -** The exclusion claimed for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.