

Graham County

Report on Audit of
Annual Expenditure Limitation Report

Year Ended June 30, 2005

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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, 2005. 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, 2005, 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.

September 30, 2006

Graham County
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2005

1. Economic Estimates Commission expenditure limitation	\$ 11,271,847
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	8,042,642
3. Amount under the expenditure limitation	<u>\$ 3,229,205</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: September 30, 2006

See accompanying notes to report.

Graham County
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2005

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$ 22,027,100	\$ 48,008,274	\$ 70,035,374
B. Less exclusions claimed:			
Dividends, interest, and gains on sale or redemption of investment securities (Note 2)	366,048		366,048
Trustee or custodian (Note 3)		48,008,274	48,008,274
Grants and aid from the federal government (Note 4)	5,856,291		5,856,291
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	1,425		1,425
Amounts received from the State of Arizona (Note 4)	2,894,124		2,894,124
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	2,907,990		2,907,990
Contracts with other political subdivisions (Notes 4, 5 and 6)	1,465,075		1,465,075
Refunds, reimbursements, and other recoveries (Note 6)	399,101		399,101
Amounts received for distribution to school districts (Notes 4 and 7)	94,404		94,404
Total exclusions claimed	<u>13,984,458</u>	<u>48,008,274</u>	<u>61,992,732</u>
C. Amounts subject to the expenditure limitation	<u>\$ 8,042,642</u>	<u>\$ -0-</u>	<u>\$ 8,042,642</u>

See accompanying notes to report.

Graham County
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2005

<u>Description</u>	<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	<u>\$ 22,943,100</u>	<u>\$ 48,008,274</u>	<u>\$ 70,951,374</u>
B. Subtractions:			
Long-term care contributions withheld by the State Treasurer (Note 8)	<u>916,000</u>	<u> </u>	<u>916,000</u>
Total subtractions	<u>916,000</u>	<u>-0-</u>	<u>916,000</u>
C. Amounts reported on Part II, Line A	<u>\$ 22,027,100</u>	<u>\$ 48,008,274</u>	<u>\$ 70,035,374</u>

See accompanying notes to report.

Graham County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2005

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 \$366,048 in the Governmental Funds includes interest on investments expended of \$183,334 and interest on delinquent taxes expended of \$182,714, which was recorded as tax revenue.

Note 3 - The exclusion claimed for trustee or custodian in the Fiduciary Funds consists of \$48,008,274 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	\$ 5,856,291
Amounts received from the State of Arizona	2,894,124
Highway user revenues in excess of those received in fiscal year 1979-80	2,907,990
Contracts with other political subdivisions	712,504
Distribution to school districts	94,404
Other revenues - (nonexcludable)	4,990,728
Total intergovernmental revenues as reported in the Fund financial statements	\$ 17,456,041

Note 5 - The exclusion claimed for contracts with other political subdivisions of \$1,465,075 includes \$712,504 of intergovernmental revenues, \$710,571 of charges for services expended and \$42,000 of miscellaneous revenues expended.

Graham County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2005

Note 6- The following schedule presents revenues from which exclusions have been claimed that were reported in miscellaneous revenue in the fund financial statements.

Description	Governmental Funds
Grants, aid, contributions or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	\$ 1,425
Refunds, reimbursements, and other recoveries	399,101
Contracts with other political subdivisions	42,000
Other revenues – (nonexcludable)	453,604
Total miscellaneous revenues as reported in the fund financial statements	\$ 896,130

Note 7 - 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.

Note 8 - 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.