

GRAHAM COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT
FISCAL YEAR ENDED JUNE 30, 2008

GRAHAM COUNTY
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FISCAL YEAR ENDED JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

The Auditor General of the State of Arizona
and 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, 2008. This report is the responsibility of Graham County 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, 2008, 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, Graham County's Board of Supervisors, management 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.

Cronstrom, Osuch + Company, P.C.

Cronstrom, Osuch & Company, P.C.

February 15, 2009

GRAHAM COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2008

1. Economic Estimates Commission Expenditure Limitation	\$ 13,058,763
2. Amount subject to the expenditure limitation (total amount from part II, Line C)	<u>11,219,246</u>
3. Amount under (in excess of) the expenditure limitation	<u><u>\$ 1,839,517</u></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 No: (928) 428-3250 Date: February 15, 2009

GRAHAM COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2008

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 28,763,014	\$ -	\$ -	\$ 58,897,110	\$ 87,660,124
B. Less exclusions claimed:					
1. Bond proceeds					-
Debt service requirements on bonded indebtedness					-
Proceeds from other long-term obligations					-
Debt service requirements on other long-term obligations					-
2. Dividends, interest, and gains on the sale or redemption of investment securities (Note 2)	461,295				461,295
3. Trustee or custodian (Note 3)				58,897,110	58,897,110
4. Grants and aid from the federal government (Notes 4 and 6)	4,020,372				4,020,372
5. Grants, aid, contributions, or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 6)	2,000,000				2,000,000
6. Amounts received from the State of Arizona (Notes 4 and 6)	3,052,254				3,052,254
7. Quasi-external interfund transactions					-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements					-
9. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	3,200,751				3,200,751
10. Contracts with other political subdivisions (Notes 4 and 5)	4,033,195				4,033,195
11. Refunds, reimbursements, and other recoveries (Note 6)	590,204				590,204
12. Amounts received for distribution to school districts (Notes 4 and 7)	185,697				185,697
13. Prior years carryforward					-
14. Total exclusions claimed	<u>17,543,768</u>	<u>-</u>	<u>-</u>	<u>58,897,110</u>	<u>76,440,878</u>
C. Amount subject to expenditure limitaiton	<u>\$ 11,219,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,219,246</u>

GRAHAM COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2008

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 30,013,003	\$ -	\$ -	\$ 58,897,110	\$ 88,910,113
B. Subtractions:					
1. Items not requiring use of working capital:					
Depreciation					-
Loss on disposal of capital assets					-
Bad debt expense					-
Claims incurred but not reported					-
Landfill closure and postclosure care costs					-
2. Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.)					-
3. Contributions to fire districts					-
4. Community college reimbursement payments pursuant to A.R.S. 15-1469.01					-
5. Long-term care contributions withheld by the State Treasurer (Note 8)	1,042,800				1,042,800
6. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	207,189				207,189
7. Involuntary court judgements	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8. Total subtractions	<u>1,249,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249,989</u>
C. Additions:					
1. Principal payments on long-term debt					-
2. Acquisition of capital assets					-
3. Claims paid in the current year but reported as expenses incurred but not reported in previous years					-
4. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5. Total additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
D. Amounts reported on Part II, Line A	<u>\$ 28,763,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,897,110</u>	<u>\$ 87,660,124</u>

GRAHAM COUNTY
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2008

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 – DIVIDENDS, INTEREST, AND GAINS ON THE SALE OR REDEMPTION OF INVESTMENT SECURITIES

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$461,295 in the Governmental Funds includes interest on investments expended of \$298,893 and interest on delinquent taxes expended of \$162,402 which was recorded as tax revenue.

NOTE 3 – EXCLUSION FOR TRUSTEE OR CUSTODIAN

The exclusion claimed for trustee or custodian in the Fiduciary Funds consists of \$58,897,110 in distributions to investment pool participants.

GRAHAM COUNTY
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 YEAR ENDED JUNE 30, 2008

NOTE 4 – EXCLUSIONS FOR FEDERAL GRANTS AND AID, AMOUNTS RECEIVED FROM STATE, HIGHWAY USER REVENUES, CONTRACTS WITH POLITICAL SUBDIVISIONS, AND DISTRIBUTIONS TO SCHOOL DISTRICTS

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.

<u>Description</u>	
Grants and aid from the federal government	\$ 3,877,929
Amounts received from the State of Arizona	3,003,283
Highway user revenues in excess of those received in fiscal year 1979-80	3,200,751
Contracts with other political subdivisions	3,228,169
Amounts received for distribution to school districts	185,697
Other revenues - (nonexcludable)	<u>7,050,177</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 20,546,006</u>

NOTE 5 – CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS

The exclusion claimed for contracts with other political subdivisions of \$4,033,195 includes \$3,228,169 of intergovernmental revenues expended and \$805,026 of charges for services revenues expended.

NOTE 6 – MISCELLANEOUS REVENUES IN THE FUND FINANCIAL STATEMENTS

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

<u>Description</u>	
Grants, aid, contributions, or gifts from a private agency, organization or individual, except amounts received in lieu of taxes	\$ 2,000,000
Refunds, reimbursements, and other recoveries	590,204
Grants and aid from the federal government	142,443
Amounts received from the State of Arizona	48,971
Other revenues - (nonexcludable)	<u>203,186</u>
Total miscellaneous revenues as reported in the fund financial statements	<u>\$ 2,984,804</u>

GRAHAM COUNTY
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2008

NOTE 7 – EXCLUSION FOR AMOUNTS RECEIVED FOR DISTRIBUTION TO SCHOOL DISTRICTS

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 – SUBTRACTION FOR LONG-TERM CARE CONTRIBUTIONS WITHHELD BY THE STATE TREASURER

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 has been subtracted on the reconciliation.