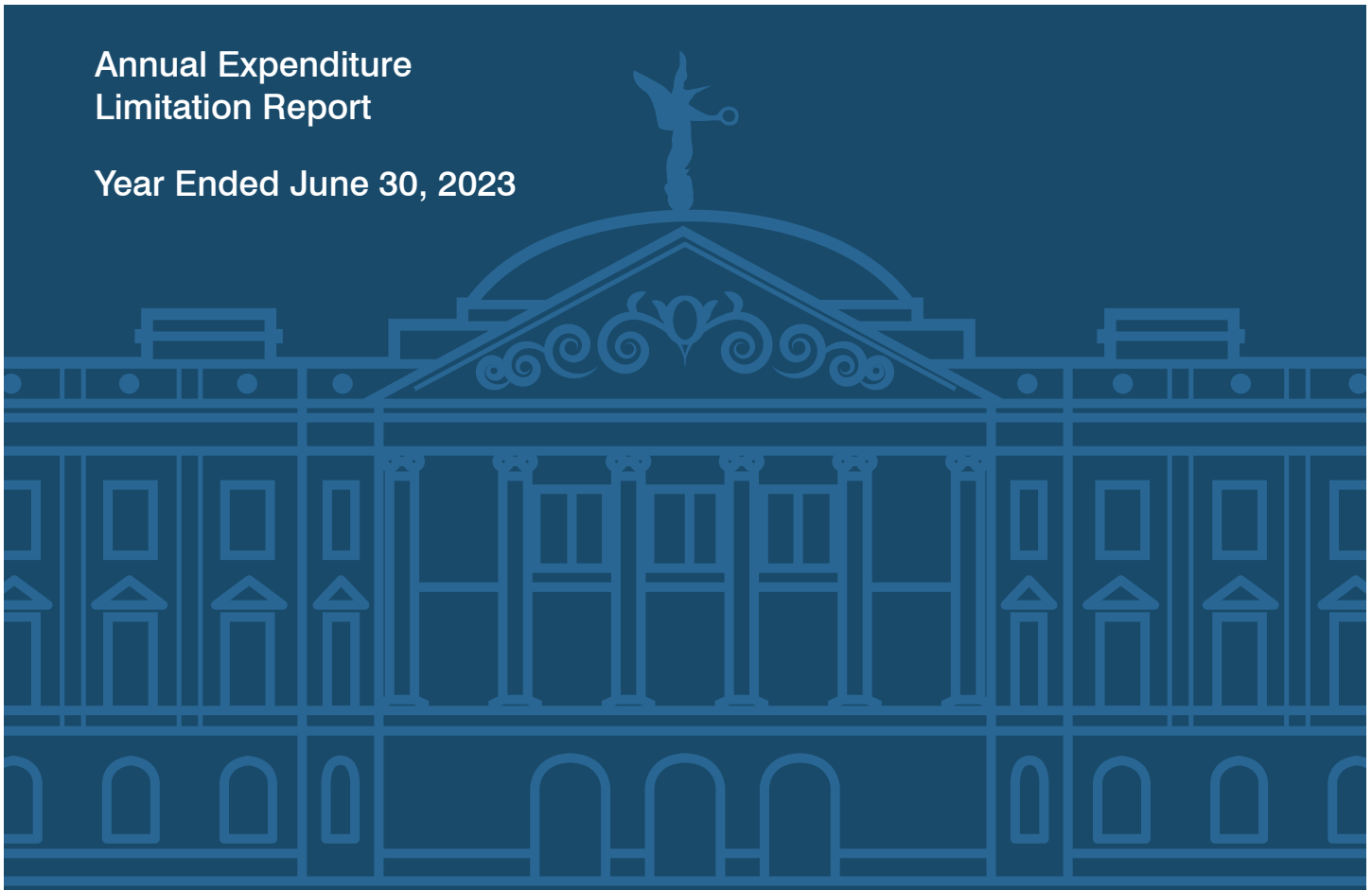


# Graham County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2023



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona 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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## Audit Staff

**Melanie M. Chesney**, Deputy Auditor General and Acting Director, Financial Audit Division

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**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**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 (report) of Graham County for the year ended June 30, 2023, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

June 19, 2024

**Graham County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2023**

1. Economic Estimates Commission expenditure limitation	\$18,283,004
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>13,812,732</u>
3. Amount under the expenditure limitation	<u>\$ 4,470,272</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: Julie Rodriguez, Chief Financial Officer

Telephone number: (928) 792-5039 Date: June 19, 2024

See accompanying notes to report.

**Graham County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2023**

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 39,123,270	\$ 112,226,219	\$ 151,349,489
B. Less exclusions claimed:			
Debt service requirements (Note 2)	1,979,652		1,979,652
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	136,764		136,764
Trustee or custodian (Note 4)	612,408	112,226,219	112,838,627
Grants and aid from the federal government (Note 5)	10,289,085		10,289,085
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	468,194		468,194
Amounts received from the State of Arizona (Note 5)	7,540,358		7,540,358
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,125,457		3,125,457
Contracts with other political subdivisions (Note 5)	980,598		980,598
Refunds, reimbursements, and other recoveries (Note 5)	106,067		106,067
Amounts received for distribution to school districts (Notes 5 and 6)	<u>71,955</u>		<u>71,955</u>
Total exclusions claimed	<u>25,310,538</u>	<u>112,226,219</u>	<u>137,536,757</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,812,732</u>	<u>\$ -</u>	<u>\$ 13,812,732</u>

See accompanying notes to report.

**Graham County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2023**

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	\$ 42,476,669	\$ 112,226,219	\$ 154,702,888
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	4,423,107		4,423,107
Long-term care contributions the State Treasurer withheld (Note 7)	1,258,800		1,258,800
Required fees/reimbursements made to Arizona State agencies (Note 9)	5,682		5,682
Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	<u>880,372</u>		<u>880,372</u>
Total subtractions	<u>6,567,961</u>		<u>6,567,961</u>
C. Additions:			
County Transfers to separate legal entities (Note 8)	<u>3,214,562</u>		<u>3,214,562</u>
	<u>3,214,562</u>		<u>3,214,562</u>
D. Amounts reported on part II, line A	<u>\$ 39,123,270</u>	<u>\$ 112,226,219</u>	<u>\$ 151,349,489</u>

See accompanying notes to report.

# Graham County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2023

#### 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 \$1,905,244 in the governmental funds. In addition, the exclusion claimed for debt service requirements consists of principal and interest payments for financed purchases totaling \$74,408, which were reported as highways and streets expenditures in the governmental funds.

#### Note 3

The \$136,764 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$136,764. Remaining unspent, excludable revenues of \$480,057 from investment earnings, and \$168,227 from interest on delinquent taxes, which was recorded as property taxes revenue in the governmental funds, have been carried forward to future years.

#### Note 4

The \$612,408 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 of \$112,226,219 consists of \$91,967,860, \$19,311,028, \$232,033, and \$715,298 in distributions to pool participants, property tax distributions to other governments, payments to inmates, and other deductions, respectively.

#### Note 5

The following schedule presents revenues from which exclusions in the governmental funds 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:



# Graham County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2023

Description	Intergovernmental	Charges for services	Miscellaneous	Donations	Total
Grants and aid from the federal government	\$10,289,085				\$10,289,085
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes				\$468,194	468,194
Amounts received from the State of Arizona	7,540,358				7,540,358
Highway user revenues in excess of those received in fiscal year 1979-80	3,125,457				3,125,457
Contracts with other political subdivisions		\$ 980,598			980,598
Refunds, reimbursements, and other recoveries			\$106,067		106,067
Amounts received for distribution to school districts	71,955				71,955
Other revenues—(nonexcludable)	9,142,811	2,451,743	557,776		12,152,330
Unspent, excludable revenues	<u>3,412,981</u>	<u>1,254,481</u>			<u>4,667,462</u>
Total revenues as reported in the fund financial statements	<u>\$33,582,647</u>	<u>\$4,686,822</u>	<u>\$663,843</u>	<u>\$468,194</u>	<u>\$39,401,506</u>

#### Note 6

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 7

The subtraction for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes the State Treasurer withheld to meet the County's share of long-term care costs that were reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

#### Note 8

The subtraction of \$4,423,107 for separate legal entities established under Arizona Revised Statutes consists of \$4,277,280 public safety expenditures and \$145,827 highways and streets 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. The \$3,214,562 addition for county monies transferred to separate legal entities consists of the County's required maintenance of effort payment to the jail district.

#### Note 9

The \$5,682 subtraction for required fees/reimbursements paid to Arizona State agencies consists of \$5,682 paid to the Arizona Department of Revenue pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; which were recorded as general government expenditures.

**Graham County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2023**

**Note 10**

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. The reduction for dividends, interest and gains on the sale or redemption of investment securities includes amounts no longer available for carryforward. The reduction for the Highway user revenues in excess of those received in fiscal year 1979-80 includes amounts no longer available for carryforward. A summary of the revenue sources and the changes in their balances is shown in the table below:

	<b>Balance June 30, 2022</b>	<b>Carryforward added</b>	<b>Carryforward used</b>	<b>Balance June 30, 2023</b>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 223,961	\$ 648,284	\$(223,961)	\$ 648,284
Grants and aid from the federal government		3,412,981		3,412,981
Highway user revenues in excess of those received in fiscal year 1979-80	6,029,980		(661,031)	5,368,949
Contracts with other political subdivisions		<u>1,254,481</u>		<u>1,254,481</u>
Total carryforward	<u>\$6,253,941</u>	<u>\$5,315,746</u>	<u>\$(884,992)</u>	<u>\$10,684,695</u>

