

Graham County, Arizona

**Annual Financial and
Single Audit Reports**

Year Ended June 30, 2024

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Graham County, Arizona

Annual Financial and Single Audit Reports

Year Ended June 30, 2024

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Graham County, Arizona

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Year Ended June 30, 2024

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ANNUAL FINANCIAL REPORT

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Independent auditors' report

Members of the Arizona State Legislature

To the Arizona Auditor General
and Board of Supervisors of
Graham County, Arizona

Report on the audit of the financial statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Graham County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with the U.S. generally accepted accounting principles.

Basis for opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Emphasis of matter

As discussed in Note 2 to the financial statements, the County restated beginning fund balances and net position of its financial statements for the year ended June 30, 2024, due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and to correct misstatements in its previously issued financial statements, respectively. Our opinions are not modified with respect to this matter.

Other matters

Compliance over the use of Highways User Revenue Fund and other dedicated State transportation revenue monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have to come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Arizona Auditor General, the County's Board of Supervisors and management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 7 through 18, budgetary comparison schedules on pages 66 through 73, Schedule of the County's proportionate share of the net pension liability - cost-sharing pension plans on page 74, schedule of changes in the County's net pension liability (asset) and related ratios - agent pension plans on pages 75 through 77, and schedule of County pension contributions on pages 78 and 79 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Schedule of expenditures of federal awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2025 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Fester & Chapman, PLLC

March 12, 2025

Graham County
Management's discussion and analysis
Year ended June 30, 2024

As management of Graham County, we offer readers of Graham County's financial statements this narrative overview and analysis of the financial activities of Graham County for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial highlights for fiscal year 2024

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$80,277,015 (net position). Of this amount, \$37,102,933 is the net investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, intangibles, and construction in progress); \$22,729,711 is restricted for specific purposes (restricted net position); and \$20,444,371 is the unrestricted net position balance. The unrestricted net position balance increased \$11,281,315 which is primarily a result of a \$8,948,288 increase in the General Fund unrestricted balance and \$2,056,986 increase in the net of pension assets, liabilities, outflows, and inflows.
- The increase in the County's net position was \$18,294,292 in fiscal year 2024.
- As of the close of the current fiscal year, Graham County's governmental funds reported combined ending fund balances of \$59,887,715, an increase of \$10,840,166 in comparison with the prior year. The increase was primarily due to an increase of \$8,949,288 in the General Fund balance, resulting from a \$9,173,711 increase in General Fund cash, cash equivalents, and investments.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$33,848,207, or 213.6 percent, of total general fund expenditures.
- Graham County's capital assets increased by \$4,251,305 during the current fiscal year. The key factors were increases in machinery and equipment, infrastructure, intangibles, and construction-in-progress for a total of \$5,875,050, offset by the increase in depreciation expense of \$2,347,017. The largest capital asset additions were the two new chip sealed roads, a low water crossing and a bridge totaling \$1,594,836; 12 intangible information technology software assets totaling \$1,522,323; highway department heavy equipment, two motor graders, a tractor, a hydraulic trailer, and a dump truck totaling \$1,266,752; the purchase of a piece of land with two new buildings and other building remodel costs totaling \$723,272; eight vehicles totaling \$530,079; \$364,947 in communication radios and dispatch console equipment; and \$286,866 for playground floor tiles. The remaining assets were equipment for safety and security, maintenance, heating and cooling, office, kitchen and laundry and software.

Overview of the financial statements

The discussion and analysis are intended to serve as an introduction to Graham County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of Graham County's finances in a manner similar to a private-sector business.

Graham County
Management's discussion and analysis
Year ended June 30, 2024

The *statement of net position* presents information on all of Graham County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Graham County's financial position is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which will only result in cash flows in only future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish County functions that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions which are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Graham County did not have any business-type activities during the fiscal year.

Graham County's governmental activities include general government, public safety, highway and streets, sanitation, health, welfare, culture and recreation, and education.

The government-wide statements can be found on pages 19 - 20 of this report.

Fund financial statements are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into two categories: *governmental* and *fiduciary*.

Governmental funds are used to account for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financial requirements.

Because the governmental funds' focus is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains numerous individual funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Highways Road Fund, Jail District Operations Fund, the Jail District Debt Service Fund, the Attorney Fund, the Capital Projects Fund, and the American Rescue Plan Act & Local Assistance and Tribal Consistency fund which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation.

The basic governmental funds financial statements can be found on pages 22 - 26 of this report.

Graham County
Management's discussion and analysis
Year ended June 30, 2024

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Graham County’s own programs.

The fiduciary fund financial statements can be found on pages 27 - 28 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 29 - 64 of this report.

Required supplementary information presents budgetary comparison schedule for the general and major special revenue funds. This section also includes certain information concerning Graham County's progress in funding its obligation to provide pension benefits to its employees.

Required supplementary information can be found on pages 65 - 79 of this report.

Government-wide financial analysis

Statement of net position- as noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the fiscal year, Graham County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80,277,015.

Condensed Statements of Net Position
As of June 30, 2024 and 2023

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
		(as restated)
Current and other assets	\$ 66,633,834	\$ 54,906,683
Capital assets	<u>62,107,267</u>	<u>57,855,962</u>
Total assets	<u>128,741,101</u>	<u>112,762,645</u>
Deferred outflows of resources		
Total deferred outflows of resources	<u>4,446,717</u>	<u>5,547,536</u>
Long-term liabilities outstanding	45,450,846	51,324,468
Other liabilities	<u>4,115,130</u>	<u>3,616,435</u>
Total liabilities	<u>49,565,976</u>	<u>54,940,903</u>
Deferred inflows of resources		
Total deferred inflows of resources	<u>3,344,827</u>	<u>1,386,555</u>
Net position:		
Net investment in capital assets	37,102,933	32,327,281
Restricted	22,729,711	20,781,702
Unrestricted	<u>20,444,371</u>	<u>8,873,740</u>
Total net position	<u>\$ 80,277,015</u>	<u>\$ 61,982,723</u>

**Graham County
Management's discussion and analysis
Year ended June 30, 2024**



The County's net position includes its net investment in capital assets, (e.g., land, buildings, machinery and equipment, infrastructure, and intangibles). This amount is presented less accumulated depreciation/amortization and any related debt still outstanding that was used to acquire those assets. Graham County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Graham County's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other resources, because the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased \$11,570,631 from \$8,873,740 at June 30, 2023 to \$20,444,371 at June 30, 2024, primarily because of an increase in grants and contributions not restricted to specific programs, an increase in the General Fund unassigned fund balance, and changes in cash and investments due to increases in investment earnings, property taxes, and both County and Jail District sales taxes.

Current and other assets, related to government activities, increased \$11,727,151 or 21.4 percent, as compared to the previous fiscal year. This was primarily because of an increase in cash and cash equivalents of \$11,086,143. The increase in cash was largely influenced by the increase in General Fund cash as property taxes, sales taxes and investment earnings increased over the previous year and total revenues exceeded total expenses. Capital assets increased by \$4,251,305 this fiscal year as new assets placed in service and construction in progress increases exceeded depreciation of all assets.

Deferred outflows of resources decreased \$1,100,819, or 19.8 percent while deferred inflows of resources increased \$1,958,272, or 141.2 percent. These changes were due mainly to changes in pension plan assumptions by the various plan actuaries, the restatement of prior year balances to recognize OPEB deferred inflows and outflows, as well as increased County pension contributions as the County continued to work to pay down unfunded liabilities.

Graham County
Management's discussion and analysis
Year ended June 30, 2024

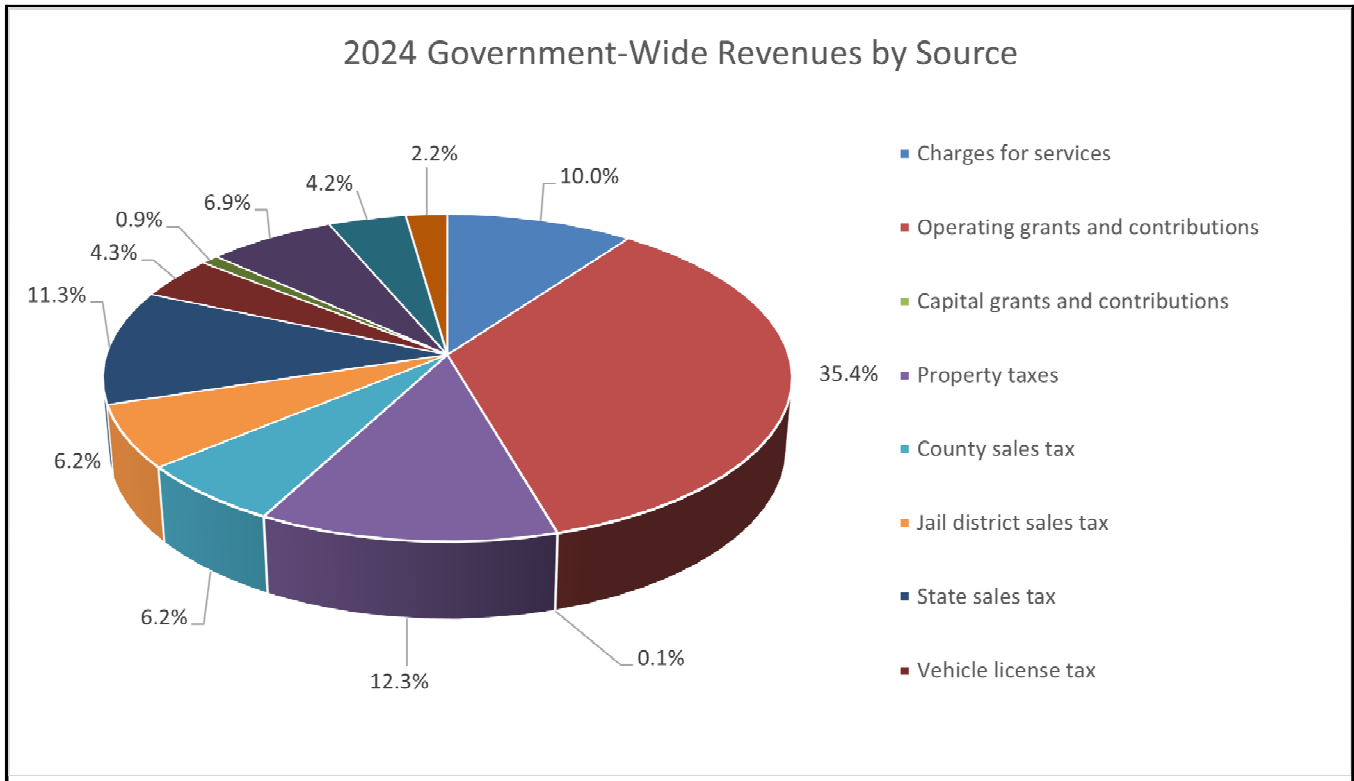
Long-term liabilities decreased \$5,873,622 primarily from a \$5,519,064 decrease in net pension liability to \$18,776,451 for its employees at year-end. Financed purchases increased \$391,110 with the purchase of two new motor graders. Total bonds payable decreased \$908,934 due to scheduled payments throughout the year. Other liabilities increased \$498,695, or 13.8 percent, mainly because of an increase in unearned revenues and accounts payable.

Condensed Statement of Activities
Years Ended June 30, 2024 and 2023

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u> <u>(as restated)</u>
Revenues		
Program revenues:		
Charges for services	\$ 5,842,144	\$ 6,361,945
Operating grants and contributions	20,611,353	20,675,450
Capital grants and contributions	-	1,492,770
General revenues:		
Property taxes, levied for general purposes	7,155,240	6,702,350
County sales taxes, levied for general purposes	3,587,910	3,384,618
Jail District sales taxes, levied for debt service	3,601,193	3,375,346
Shared revenue-State sales taxes	6,593,850	6,475,161
Shared revenue-State vehicle license taxes	2,472,553	2,347,628
State appropriations	550,050	550,050
Grants and contributions not restricted to specific programs	4,007,870	3,657,966
Investment earnings	2,429,450	616,821
Miscellaneous (including gain on disposal of capital assets)	1,291,386	982,194
Total revenues	<u>\$ 58,142,999</u>	<u>\$ 56,622,299</u>
Expenses		
General government	10,203,221	9,494,981
Public safety	14,203,871	13,680,333
Highways and streets	5,574,558	6,294,580
Sanitation	187,686	173,304
Health	1,611,753	1,691,246
Welfare	2,934,740	2,513,906
Culture and recreation	1,171,696	1,058,062
Education	2,896,117	2,978,577
Interest on long-term debt	1,065,065	1,095,008
Total expenses	<u>39,848,707</u>	<u>38,979,997</u>
Change in net position	18,294,292	17,642,302
Net position - beginning	<u>61,982,723</u>	<u>44,060,625</u>
Recognition of OPEB asset	-	279,796
Net position, beginning, as restated	<u>61,982,723</u>	-
Net position - ending	<u>\$ 80,277,015</u>	<u>\$ 61,982,723</u>

The prior period net position was restated due to an error correction, resulting from not recording an OPEB asset and related deferred inflows of resources and deferred outflows of resources. Additional information on the error correction can be found in Note 2 to the financial statements on page 35.

**Graham County
Management's discussion and analysis
Year ended June 30, 2024**



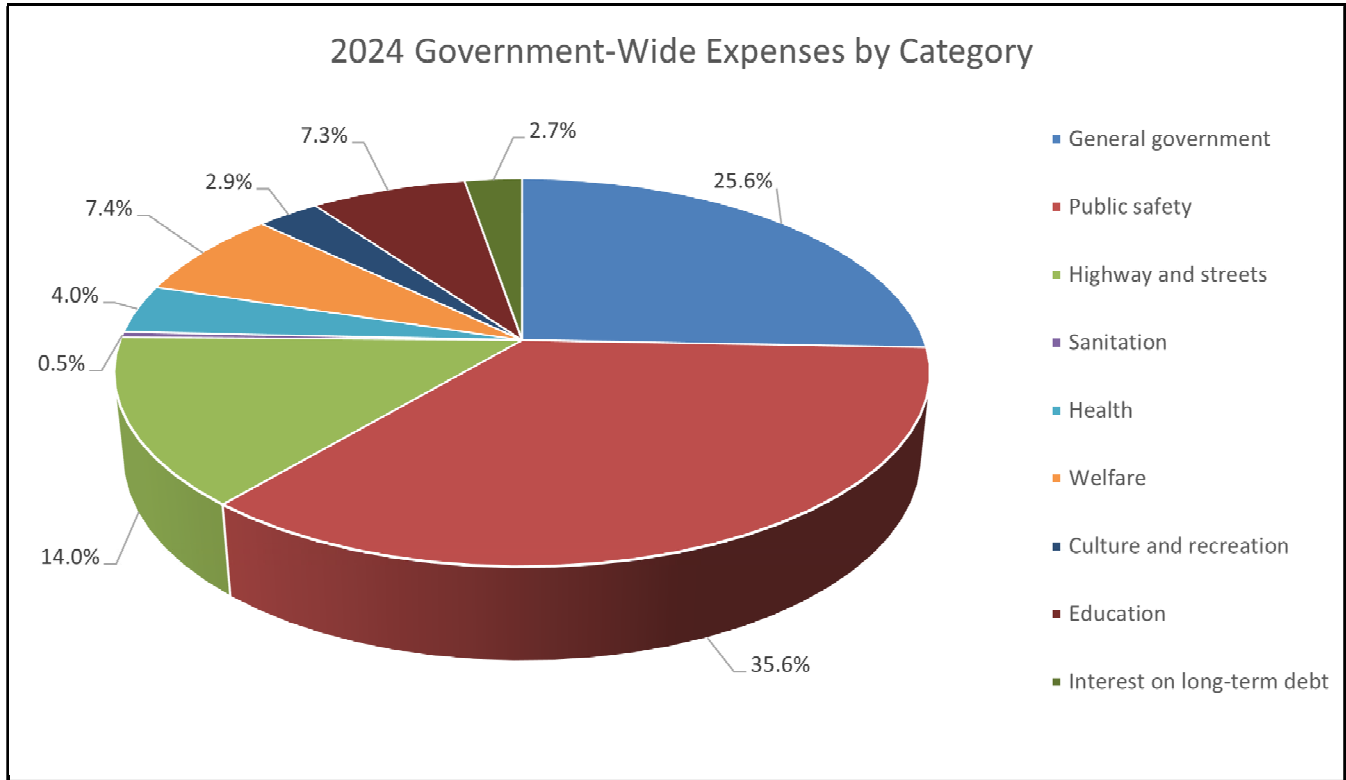
Statement of activities- Already noted was the statement of activities' purpose in presenting information on how the County's net position changed during the most recent fiscal year. The three program revenues on the statement of activities decreased a total of 7.3 percent while all general revenues increased or remained the same with a total percent increase of 12.8. The net result was an increase in revenue of \$1,520,700 or 2.7 percent for the fiscal year. The basis of accounting used in the government-wide statement of activities excludes capital expenditures, while its revenues include taxes for which the primary purpose is County operations.

Governmental activities:

Governmental activities revenues totaled \$58,142,999 for fiscal year 2024. The following are highlights of County revenues:

- Charges for services decreased \$519,801, or 8.2 percent. The main source of the decrease was \$396,375 less paid by Gila County for the housing of their inmates.
- Capital grants and contributions decreased by \$1,492,770, or 100 percent. In 2023, a grant funded by the Arizona Department of Transportation was received for Cottonwood Wash Road and Golf Course Road Safety Improvements. There were no such contributions received during fiscal year 2024.
- Graham County benefited from high retail and online sales in the economy. County sales tax increased \$203,292, or 6.0 percent and Jail District sales tax increased \$225,847, or 6.7 percent over 2023.
- Even with a \$0.02 decrease in the general property tax rate for 2024, the increase in assessed valuation lead to a \$452,890 increase, or 6.8 percent, in property tax collections.
- Investment earnings increased by \$1,812,629, or 293.9 percent, as both fund balances and interest rates were higher than the prior year.

**Graham County
Management's discussion and analysis
Year ended June 30, 2024**



Expenses:

Overall expenses in governmental activities minimally increased \$868,710, or 2.2 percent. There were some individual functions with larger variances.

- General government expenses increased \$708,240, or 7.5 percent. The largest contributing factor is the increase in personnel costs as the County adjusted employee salaries across the board. In addition, general government depreciation expenses increased \$179,986 in fiscal year 2024.
- Public safety expenses totaled \$14,203,871 for the fiscal year 2024, only a 3.8 percent increase from the prior year, due to the increase in personnel costs from the County-wide payroll increases.
- Highway and streets expenses decreased \$720,022, or 11.4 percent. The largest contributing factor was grant expenses from a grant started in June 2023, funded by the National Resources Conservation Service for a Gila Valley Watershed Study, decreased \$412,946, or 65.5, compared to the prior year. In addition, approximately \$270,000, or 21.7 percent less road surface supplies were purchased in 2024.
- Welfare expenses increased \$420,834, or 16.7 percent largely due to \$123,684, or 24.8 percent increases in contract attorney fees provided for indigent defense and increases in the County ALTCS (Arizona Long Term Care System) costs of \$281,400, or 22.4 percent.
- Culture and recreation expenses increased \$113,634, or 10.7 percent. The largest contributing factor was the hiring of an additional park service worker in 2024 and increased depreciation expenses of \$86,566 in fiscal year 2024.

Graham County
Management's discussion and analysis
Year ended June 30, 2024

Financial analysis of the County's funds

As noted earlier, Graham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of Graham County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Graham County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net sources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Graham County. On June 30, 2024, the General Fund's unassigned fund balance was \$33,848,207 which was an increase of \$9,022,654 from the prior fiscal year. Revenues were more than expenditures by \$12,000,609 in the General Fund (prior to any other financing sources or uses). Revenues were \$2,804,492, or 11.2, more than the previous fiscal year with only minor decreases in licenses and permits, and donation. The most significant increases over the previous year were investment earnings of \$1,127,532 and intergovernmental revenues of \$968,516. Property taxes and county sales taxes also saw strong increases of \$399,985 and \$203,292, respectively.

The Highway Road Fund receives the County's share of the highway users revenue funds collected and distributed by the State of Arizona for the purposes of maintaining and improving the roads under the County's care. The fund balance for the Highway Road Fund increased \$160,952, or 2.8 percent, this fiscal year to \$5,961,155. Intergovernmental revenues saw the largest dollar increase of \$359,676, or 8.0 percent, while charges for services revenues saw the largest percentage increase of 2,181.5 percent, or \$70,202. Investment income also had a significant increase of \$164,721, or 146.5 percent. Highway expenses in total increased by \$808,496 or 14.9 percent. The main contributing factor was an increase in capital outlay of \$1,187,731, or 110.9 percent, a result of the purchase of two additional motor graders for \$762,227.

The Jail District Operations Fund is comprised of two main functions-adult detention and detention health services. The Jail District Operations Fund's main source of revenues is the statutorily required maintenance of effort transfer from the General Fund. For fiscal year 2024, this transfer totaled \$3,326,538, a \$111,976 increase over the previous year. The transfer varies each year based on calculations tied to the lower of the property tax maximum or changes in the U.S gross domestic product. The Jail District Operations' fund balance decreased \$765,034 this fiscal year to end with a balance of \$101,660. The largest revenue decrease was \$377,909 in charges for services as the housing of Gila County inmates dropped dramatically from the prior year. There was also a \$314,688, or 36.9 percent decrease in intergovernmental revenues due to declining numbers from contracts with both the U.S. Marshals and the Bureau of Indian Affairs to house federal detainees. Investment earnings increased \$21,261, or 416.3 percent due to higher interest rates, even with a declining fund balance. Expenses in the Jail District Operations Fund increased \$619,949, or 14.5 percent. The main factors were an increase in personnel expenses of \$374,409, or 12.0 percent, and a \$131,833, or 1,074.9 percent increase in spending on capital assets.

**Graham County
Management's discussion and analysis
Year ended June 30, 2024**

The Jail District Debt Service Fund receives the voter-approved Jail District sales tax which went into effect on July 1, 2015. The District uses these taxes to service the principal and interest payments on the bonds issued to build the new adult detention facility. In addition, the taxes can be used for the maintenance and operations of the jail. The debt service schedule includes a 25-year payoff, to be completed in the year 2040. The County sales tax for the Jail District Debt Service Fund totaled \$3,601,193, an increase of \$225,847, or 6.7 percent. A principal payment of \$870,000 was made toward the outstanding bonds, as well as \$1,032,743 in bond interest payments. The ending fund balance increased \$2,171,083, or 20.6 percent.

The American Rescue Plan and Local Assistance and Tribal Consistency Fund is a major fund consisting of two different funding sources which were both used for the same purpose. The fund was established during the 2022 fiscal year and accounts for the Coronavirus State and Local Fiscal Recovery Funds authorized under the American Rescue Plan Act (ARPA) of 2021. The County received \$7,543,632 across fiscal years 2022 and 2023. The Local Area Tribal Consistency Fund was established during fiscal year 2023 and the County received \$7,032,662 across fiscal years 2023 and 2024. During the current year, the funds recognized expenditures in the amount of \$6,168,218 to mitigate the fiscal effects stemming from the public health emergency with respect to the Coronavirus Disease (COVID-19). At fiscal year-end, the ARPA and LATCF funds were fully expended but \$129,379 was reported as unearned revenues from some smaller ARPA funds received by Probation and Superior Court representing funding received but not yet spent.

In fiscal year 2024, the Attorney Funds were considered a major fund stemming from the funds received as a result of the One Arizona Opioid Settlement. The County received an additional \$397,106 in Opioid funds which are classified as fines and forfeiture revenues. There is \$1,401,321 in unavailable revenues due to future, expected settlement fines to be received in future years.

For the first time in fiscal year 2024, the Capital Projects funds were also considered a major fund. There is \$2,302,943 in unearned revenues as two capital projects, the Norton Road-Reay Lane Intersection and the Talley Wash All-Weather Crossing both received grant funds from the State in advance of expenditures on the projects.

The other governmental funds are a combination of many nonmajor funds of the County, most funded by various grants. Grants are typically only awarded for one fiscal year at a time. Even though variances in the types of revenues may show some major percentage variations from the prior year, these variances are more pronounced after both the Attorney and Capital Projects funds were removed from other governmental funds and shown as major funds this fiscal year. Total revenues increased by \$9,891, or 0.1 percent. Expenditures increased by \$1,053,074, or 10.0 percent with the largest increase in capital outlay expenses. Capital outlay expenses totaled \$3,223,974, a \$1,621,065, or 101.1 percent increase. Most of these expenditures related to four state grants awarded to the Sheriff's Office which were used to purchase public safety vehicles, new dispatch equipment and communications equipment related to a public safety refresh of the dispatch/communication system.

General fund budgetary highlights

There were no amendments to the original revenue budget for the General Fund. General fund revenues received were over the adopted budget amount by \$2,916,776, or 11.7 percent. All revenues were greater than budget with the exception of rental revenue, which was \$10,657, or 23.7 percent less than budget. The largest variance from the budgeted amount was for intergovernmental revenues which were \$1,272,355, or 9.9 percent, higher and investment earnings which were \$982,316, or 436.6 percent, above budget. Interest rates remained higher than we expected, and a high fund balance contributed to the high investment earnings. County sales taxes, which we believed would decrease after a record high in fiscal year 2023, again set a new record at \$3,587,910 which was \$587,910, or 19.6 percent above budget.

Graham County
Management's discussion and analysis
Year ended June 30, 2024

The General Fund expenditure budget of \$46,743,225 was also not amended in total this fiscal year. General fund expenditures were less than the final budget by \$30,898,813, or 66.1 percent. The largest favorable expenditure variances were \$19,415,529 in unspent contingency and \$3,678,985 in miscellaneous as General Fund salaries and benefits were paid for with American Rescue Plan Act and Local Area Tribal Consistency Fund revenues. Other significant favorable expenditure variances, as compared to the budget, incurred in the general government function were: \$654,154 by the information technology department, \$449,077 by the attorney's department, \$170,260 by the planning and zoning department and \$159,949 by the superior court. The public safety, sanitation, health, welfare, cultural and recreation, and education functions all had favorable expenditure variances compared to the budget. For all of these functions, actuals were less than budgets because General Fund salaries and benefits were paid for with American Rescue Plan Act and Local Area Tribal Consistency Funds. The welfare function was under budget as indigent burial expenses were less than budgeted.

In accordance with A.R.S., the General Fund spendable fund balance amount will be budgeted in the next fiscal year. A.R.S. §42-17151 requires that total estimated sources of revenue must equal the total estimated expenditures in the budget for the current fiscal year. The estimated expenditures will likely include an amount for unanticipated contingencies or emergencies, per A.R.S. §42-17102.

Capital asset and debt administration

Capital assets - The County's capital assets for its governmental activities, as of June 30, 2024, amount to \$62,107,267 (net of accumulated depreciation/amortization). The net increase of \$4,251,305 is spread between \$1,683,658 for machinery and equipment, \$638,664 for infrastructure, and \$1,052,650 for intangible assets. Construction in progress increased \$1,089,841, land increased \$202,949 while the depreciation on buildings was greater than building additions resulting in a net decrease of \$416,457. This was the second year of reporting under GASB 96, Subscription-Based Information Technology Arrangements, and an additional \$1,522,323 of intangible assets were placed in service in 2024.

Graham County's Capital Assets
(Net of depreciation)

	Governmental Activities	
	2024	2023
Land	\$ 3,684,379	\$ 3,481,430
Buildings	25,955,339	26,371,796
Machinery and equipment	5,533,121	3,849,463
Infrastructure	21,922,578	21,283,914
Intangible assets	1,828,743	776,093
Construction in progress	<u>3,183,107</u>	<u>2,093,266</u>
Total	<u>\$ 62,107,267</u>	<u>\$ 57,855,962</u>

Additional information on Graham County's capital assets can be found in Note 6 on pages 40 and 41 of this report.

Graham County
Management's discussion and analysis
Year ended June 30, 2024

Long-term debt - At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$45,450,846, a decrease of \$5,873,622 from fiscal year 2023. The largest change was a decrease in net pension liability of \$5,519,064. The two largest components of long-term liabilities include \$22,895,000 in revenue bonds payable, along with a \$622,956 unamortized bond premium, and \$18,776,451 for net pension liability. Also included in long-term liabilities is \$1,595,928 for the future payment of compensated absences for unused employee vacation and sick leave, financed purchases of \$932,461, subscriptions liability of \$553,917, and landfill post-closure care costs of \$74,133.

Additional information on the County's long-term debt can be found in Note 8 to the financial statements on pages 42-44.

Economic factors and next year's budget and rates

- The unemployment rate as of June 2024 for Graham County was 3.6 percent, which was a 0.9 percent decrease from 4.5 percent a year ago. The County rate was higher than the State of Arizona rate at 3.3 percent but lower than the national rate at 4.1 percent.
- State shared revenues had increased yearly from 2016 to 2022 but resulted in a slight decline in 2023. State shared revenues increased again in 2024. At the local level, Graham County has been seeing record-high County sales taxes increasing since 2018. The 2024 increase was smaller than 2023 but they are on pace to increase again in 2025. These factors indicate that, at this point, the local and state economy are healthy; there may be a slowdown on the state level but the local level seems to still be expanding.
- As Graham County has high General Fund reserves, and the economy in rural Arizona is still going strong, the County is working to maintain a budget reserve to minimize future negative fiscal impacts of unforeseen events over which the County has little, or no, control. During fiscal year 2024, the County has continued to make progress on catching up on years of maintenance work on County buildings and facilities as well as other projects that had been deferred for years due to lack of economic resources to address needs.
- County long-term care costs increased 22.4 percent in 2024 and are budgeted to increase again in 2025. Costs outside of the County's control have increased, such as indigent attorney, restoration to competency costs, employee healthcare costs, as well as employee pension and retirement costs.
- Inflationary costs and labor market issues continue to drive up labor costs. The County has made salary adjustments and will continue to analyze human resource issues that may require attention in the upcoming budget cycles.
- The State Legislature is currently in session and both the executive branch and JLBC are forecasting moderate revenue growth, with small ending balances under currently enacted spending levels. Each year, there are bills introduced that impact Graham County operations and finances which have the potential to increase local costs or impact revenues with no resources to address the policy changes. Legislation like this greatly concerns Graham County, and the Board is diligently working to communicate what these proposals would do to the long-term economic stability of the County. These changes, if implemented by the State, would cause significant uncertainties in the development of future County budgets and impact all of Graham County's existing service priorities and programs. The County will continue their efforts to educate state legislators regarding the impact of cost shifts and unfunded state mandates.

Graham County
Management's discussion and analysis
Year ended June 30, 2024

- Graham County has worked extremely hard to pay down our unfunded liabilities for the Public Safety Personnel Retirement System (PSPRS) and Corrections Officer Retirement Plan (CORP) for Detention. We have had success in this area resulting in lower annual pension rates, however, increasing costs from other State-controlled pension systems such as Arizona State Retirement System (ASRS) are still a concern for Graham County. Like other counties in Arizona, Graham County continues to pay the required high rates for the Elected Officials Retirement Plan (EORP), and Corrections Officer Retirement Plan (CORP) for the Administrative Office of the Courts as employer contribution rates are at significantly high rates.

These factors were considered in preparing Graham County's budget for the 2025 fiscal year. The unassigned ending fund balance in the General Fund of \$33,848,207 was appropriated for spending in the 2024-2025 fiscal year budget, with most of it budgeted in contingency for unexpected needs that may arise during the fiscal year. The remainder was budgeted into capital and non-capital projects to address deferred maintenance needs. Graham County balances the use of available fund balances with realistic revenue projections while implementing a conservative plan for the expenditure of limited resources to meet its citizens' current and future needs. Assessed valuations rose for the sixth consecutive year. The County lowered the General Fund property tax rate from 2.2179 to 2.1293, which was at the Truth in Taxation Rate for the fiscal year 2025. This was the sixth consecutive year in which the County lowered the General Fund property tax rate.

Requests for information

This financial report is designed to provide a greater overview of Graham County's finance for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Supervisors, 921 W. Thatcher Blvd., Safford, AZ 85546.

Graham County
Statement of net position
June 30, 2024

	Primary government Governmental activities
Assets	
Cash, cash equivalents, and investments	\$ 51,018,598
Receivables (net of allowance of uncollectibles)	
Property taxes	210,331
Accounts	25,835
Settlements	1,523,656
Due from other governments	3,301,091
Investments held by trustee - restricted	8,991,002
Inventories	506,124
Prepaid expenses	298,899
Net pension/OPEB assets	758,298
Capital assets, not being depreciated/amortized	6,867,486
Capital assets, being depreciated/amortized, net	<u>55,239,781</u>
Total assets	<u>128,741,101</u>
 Deferred outflows of resources	
Deferred outflows related to pensions/OPEB	<u>4,446,717</u>
Total deferred outflows of resources	<u>4,446,717</u>
 Liabilities	
Accounts payable	315,409
Accrued payroll and employee benefits	722,096
Due to other governments	97,139
Unearned revenues	2,980,486
Noncurrent liabilities	
Due within one year	2,485,973
Due in more than one year	<u>42,964,873</u>
Total liabilities	<u>49,565,976</u>
 Deferred inflows of resources	
Deferred inflows related to pensions/OPEB	<u>3,344,827</u>
Total deferred inflows of resources	<u>3,344,827</u>
 Net position	
Net investment in capital assets	37,102,933
Restricted for:	
Highways and streets	5,961,155
Debt service	12,714,110
Other purposes	3,296,148
Pension/OPEB assets	758,298
Unrestricted	<u>20,444,371</u>
Total net position	<u>\$ 80,277,015</u>

See accompanying notes to financial statements.

Graham County
Statement of activities
Year ended June 30, 2024

Functions/programs	Expenses	Program revenues		Net (expenses)
		Charges for services	Operating grants and contributions	revenue and changes in net position
				Governmental activities
Governmental activities:				
General government	\$ 10,203,221	\$ 2,006,502	\$ 3,525,688	\$ (4,671,031)
Public safety	14,203,871	1,560,539	7,993,094	(4,650,238)
Highways and streets	5,574,558	73,420	6,762,960	1,261,822
Sanitation	187,686	14,033	80,166	(93,487)
Health	1,611,753	93,596	1,395,266	(122,891)
Welfare	2,934,740	-	-	(2,934,740)
Culture and recreation	1,171,696	274,038	316,780	(580,878)
Education	2,896,117	1,820,016	537,399	(538,702)
Interest on long-term debt	<u>1,065,065</u>	-	-	<u>(1,065,065)</u>
Total governmental activities	<u>\$ 39,848,707</u>	<u>\$ 5,842,144</u>	<u>\$ 20,611,353</u>	<u>\$ (13,395,210)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				7,155,240
County sales taxes, levied for general purposes				3,587,910
Jail District sales tax, levied for debt service				3,601,193
Shared revenue - State sales tax				6,593,850
Shared revenue - State vehicle license tax				2,472,553
State appropriations				550,050
Grants and contributions not restricted to specific programs				4,007,870
Investment earnings				2,429,450
Miscellaneous				<u>1,291,386</u>
Total general revenues				<u>31,689,502</u>
Change in net position				18,294,292
Net position, July 1, 2023				<u>61,557,654</u>
Recognition of OPEB asset				<u>425,069</u>
Net position, July 1, 2023, as restated				<u>61,982,723</u>
Net position, June 30, 2024				<u>\$ 80,277,015</u>

See accompanying notes to financial statements.

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Graham County
Balance sheet
Governmental funds
June 30, 2024

	General Fund	Highway Road Fund	Jail District Operations Fund	Jail District Debt Service Fund	ARPA & LATCF
Assets					
Cash, cash equivalents and investments	\$ 32,914,798	\$ 5,071,295	\$ 228,881	\$ 3,056,052	\$ 129,946
Investments held by trustee	-	-	-	8,991,002	-
Receivables (net of allowance for uncollectibles):					
Property taxes	204,546	-	-	-	-
Accounts	6,790	518	-	-	-
Settlements	-	-	-	-	-
Due from:					
Other funds	-	23,193	-	-	-
Other governments	1,691,552	449,310	53,159	667,056	-
Inventories	-	506,124	-	-	-
Prepaid items	280,498	1,034	8,894	-	-
Total assets	<u>\$ 35,098,184</u>	<u>\$ 6,051,474</u>	<u>\$ 290,934</u>	<u>\$ 12,714,110</u>	<u>\$ 129,946</u>
Liabilities					
Accounts payable	\$ 178,502	\$ 21,467	\$ 46,562	-	-
Accrued payroll and employee benefits	393,723	68,630	131,991	-	\$ 567
Due to other governments	65,068	222	5,224	-	-
Due to other funds	16,034	-	497	-	-
Unearned revenue	128,750	-	5,000	-	129,379
Total liabilities	<u>782,077</u>	<u>90,319</u>	<u>189,274</u>	<u>-</u>	<u>129,946</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	185,295	-	-	-	-
Unavailable revenue - intergovernmental	2,107	-	-	-	-
Unavailable revenue - accounts receivable	-	-	-	-	-
Unavailable revenue - settlements	-	-	-	-	-
Total deferred inflows of resources	<u>187,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	280,498	507,158	8,894	-	-
Restricted	-	5,453,997	92,766	12,714,110	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	<u>33,848,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>34,128,705</u>	<u>5,961,155</u>	<u>101,660</u>	<u>12,714,110</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,098,184</u>	<u>\$ 6,051,474</u>	<u>\$ 290,934</u>	<u>\$ 12,714,110</u>	<u>\$ 129,946</u>

See accompanying notes to financial statements.

Graham County
Balance sheet
Governmental funds
June 30, 2024

	<u>Attorney Funds</u>	<u>Capital Project Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash, cash equivalents and investments	\$ 1,088,825	\$ 2,330,000	\$ 6,198,801	\$ 51,018,598
Investments held by trustee	-	-	-	8,991,002
Receivables (net of allowance for uncollectibles):				
Property taxes	-	-	5,785	210,331
Accounts	-	-	18,526	25,834
Settlements	1,523,656	-	-	1,523,656
Due from:				
Other funds	-	-	-	23,193
Other governments	11,546	-	428,468	3,301,091
Inventories	-	-	-	506,124
Prepaid items	4,284	-	4,189	298,899
Total assets	<u>\$ 2,628,311</u>	<u>\$ 2,330,000</u>	<u>\$ 6,655,769</u>	<u>\$ 65,898,728</u>
Liabilities				
Accounts payable	\$ 444	\$ 825	\$ 67,608	\$ 315,408
Accrued payroll and employee benefits	4,984	-	122,201	722,096
Due to other governments	-	-	26,625	97,139
Due to other funds	-	-	6,662	23,193
Unearned revenue	-	2,302,943	414,414	2,980,486
Total liabilities	<u>5,428</u>	<u>2,303,768</u>	<u>637,510</u>	<u>4,138,322</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	4,745	190,040
Unavailable revenue - intergovernmental	912	-	274,330	277,349
Unavailable revenue - accounts receivable	-	-	3,981	3,981
Unavailable revenue - settlements	1,401,321	-	-	1,401,321
Total deferred inflows of resources	<u>1,402,233</u>	<u>-</u>	<u>283,056</u>	<u>1,872,691</u>
Fund balances				
Nonspendable	4,284	-	4,189	805,023
Restricted	947,530	-	2,246,958	21,455,361
Committed	-	-	648,023	648,023
Assigned	268,836	31,852	2,836,033	3,136,721
Unassigned	-	(5,620)	-	33,842,587
Total fund balances	<u>1,220,650</u>	<u>26,232</u>	<u>5,735,203</u>	<u>59,887,715</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,628,311</u>	<u>\$ 2,330,000</u>	<u>\$ 6,655,769</u>	<u>\$ 65,898,728</u>

See accompanying notes to financial statements.

Graham County
Reconciliation of the governmental funds balance sheet to the
government-wide statement of net position
June 30, 2024

Fund balances - total governmental funds		\$ 59,887,715
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 111,142,576	
Accumulated depreciation	<u>(49,035,309)</u>	62,107,267
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		1,872,691
Net pension/OPEB assets held in trust for future benefits are not available for county operations and, therefore, are not reported in the funds.		
		758,298
Long-term liabilities, such as net pension liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:		
Bonds payable	(22,895,000)	
Bond premium	(622,956)	
Net pension liability	(18,776,451)	
Compensated absences payable	(1,595,928)	
Financed purchases	(932,461)	
Subscriptions liability payable	(553,917)	
Landfill liability	<u>(74,133)</u>	(45,450,846)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
		<u>1,101,890</u>
Net position of governmental activities		<u>\$ 80,277,015</u>

See accompanying notes to financial statements.

Graham County
Statement of revenues, expenditures, and changes in fund balances
Governmental funds
Year ended June 30, 2024

	General Fund	Highway Road Fund	Jail District Operations Fund	Jail District Debt Service	ARPA & LATCF	Attorney Funds	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Revenues:									
Property Taxes	\$ 6,912,713	-	-	-	-	-	-	\$ 251,369	\$ 7,164,082
County sales taxes	3,587,910	-	-	\$ 3,601,193	-	-	-	-	7,189,103
Licenses and permits	130,893	-	-	-	-	-	-	-	130,893
Intergovernmental	14,182,120	\$ 4,871,357	\$ 537,594	-	\$ 6,030,185	\$ 325,066	\$ 539,748	7,818,027	34,304,097
Charges for services	1,535,338	73,420	134,726	-	-	42,759	-	2,570,235	4,356,478
Fines and forfeits	178,731	-	-	-	-	397,106	-	40,625	616,462
Investment income	1,207,316	277,189	26,368	473,833	140,427	48,467	(17,267)	273,117	2,429,450
Rents	34,343	-	-	-	-	-	-	168,657	203,000
Miscellaneous	67,585	326,528	24,012	-	-	5,533	-	270,297	693,955
Donations	8,072	-	-	-	-	-	27,639	278,756	314,467
Total revenues	27,845,021	5,548,494	722,700	4,075,026	6,170,612	818,931	550,120	11,671,083	57,401,987
Expenditures									
Current:									
General government	6,050,270	-	-	-	3,555,788	523,164	-	587,142	10,716,364
Public safety	3,894,353	-	4,725,452	1,200	2,323,425	-	-	2,829,316	13,773,746
Highways and streets	-	3,844,157	-	-	-	-	-	436,451	4,280,608
Sanitation	88,392	-	-	-	15,077	-	-	80,296	183,765
Health	107,009	-	-	-	53,162	-	-	1,481,996	1,642,167
Welfare	2,934,740	-	-	-	-	-	-	-	2,934,740
Culture and recreation	509,264	-	-	-	90,387	-	-	373,179	972,830
Education	215,255	-	-	-	130,379	-	-	2,559,014	2,904,648
Debt service:									
Principal retirement	320,058	135,637	27,679	870,000	-	-	-	9,833	1,363,207
Interest and other charges	26,993	5,196	-	1,032,743	-	-	-	133	1,065,065
Capital outlay	1,698,078	2,258,588	144,098	-	-	53,393	595,844	3,224,047	7,974,048
Total expenditures	15,844,412	6,243,578	4,897,229	1,903,943	6,168,218	576,557	595,844	11,581,407	47,811,188
Excess (deficiency) of revenues over expenditures	12,000,609	(695,084)	(4,174,529)	2,171,083	2,394	242,374	(45,724)	89,676	9,590,799
Other financing sources (uses):									
Subscription-based information technology arrangements	247,537	-	82,957	-	-	-	-	24,654	355,148
Financed purchase agreements	-	762,227	-	-	-	-	-	-	762,227
Sale of capital assets	24,223	18,939	-	-	-	-	-	13,960	57,122
Transfers in	53,019	-	3,326,538	-	-	19,450	30,112	53,479	3,482,598
Transfers out	(3,376,100)	-	-	-	(2,394)	(585)	-	(103,519)	(3,482,598)
Total other financing sources (uses)	(3,051,321)	781,166	3,409,495	-	(2,394)	18,865	30,112	(11,426)	1,174,497
Net change in fund balances	8,949,288	86,082	(765,034)	2,171,083	-	261,239	(15,612)	78,250	10,765,296
Fund balances, July 1, 2023	25,179,417	5,800,203	866,694	10,543,027	-	-	-	6,658,208	49,047,549
Change within reporting entity	-	-	-	-	-	959,411	41,844	(1,001,255)	-
Fund balances, July 1, 2023, as restated	25,179,417	5,800,203	866,694	10,543,027	-	959,411	41,844	5,656,953	49,047,549
Increase in inventories	-	74,870	-	-	-	-	-	-	74,870
Fund balances, June 30, 2024	\$ 34,128,705	\$ 5,961,155	\$ 101,660	\$ 12,714,110	\$ -	\$ 1,220,650	\$ 26,232	\$ 5,735,203	\$ 59,887,715

See accompanying notes to financial statements.

Graham County
Reconciliation of the governmental funds statement of revenues, expenditures,
and changes in fund balances to the government-wide statement of activities
Year ended June 30, 2024

Net change in fund balances - total governmental funds \$ 10,765,296

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 7,974,048	
Less current year depreciation/amortization	<u>(3,713,105)</u>	4,260,943

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.

(9,638)

Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore, are not reported as revenues in the governmental funds. Also, the collection of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Property taxes	(8,842)	
Intergovernmental revenue	(68,421)	
Settlement revenue	531,330	
Charges for service	<u>3,981</u>	458,048

County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liabilities are measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pension/OPEB, is reported in the Statement of Activities.

County pension contributions	3,081,017	
Pension/OPEB expense	(1,401,919)	
State's nonemployer pension contributions	<u>711,117</u>	2,390,215

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt consumes the current financial resources of governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the Statement of Activities.

SBITA agreements	(355,148)	
Financed purchase agreements	(762,227)	
Amortization of bond premium	38,934	
Principal payments on long-term (bond) debt	870,000	
Principal payments on long-term (financed purchases) debt	371,117	
Principal payments on long-term (SBITA) debt	<u>361,671</u>	524,347

Under the modified accrual basis accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.

Increase in compensated absences	(171,096)	
Decrease in landfill closure and postclosure care costs	<u>1,307</u>	(169,789)

Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the Statement of Activities, however, they are reported as expenses when consumed.

Increase in inventories		<u>74,870</u>
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Change in net position of governmental activities \$ 18,294,292

See accompanying notes to financial statements.

Graham County
Statement of fiduciary net position
Fiduciary funds
June 30, 2024

	Private-purpose trust funds	Custodial funds	
		External investment pool	Other
Assets			
Cash and cash equivalents	\$ 159,105	\$ 41,556,226	\$ 1,354,045
Property tax receivable	<u>-</u>	<u>-</u>	<u>743,503</u>
Total assets	<u><u>159,105</u></u>	<u><u>41,556,226</u></u>	<u><u>2,097,548</u></u>
Liabilities			
Due to others	-	-	712,794
Due to other governments	<u>-</u>	<u>-</u>	<u>179,659</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>892,453</u>
Net position			
Restricted for:			
Pool participants	-	41,556,226	-
Individuals, organizations, and other governments	<u>159,105</u>	<u>-</u>	<u>1,205,095</u>
Total net position	<u><u>\$ 159,105</u></u>	<u><u>\$ 41,556,226</u></u>	<u><u>\$ 1,205,095</u></u>

See accompanying notes to financial statements.

Graham County
Statement of changes in fiduciary net position
Fiduciary funds
Year ended June 30, 2024

	Private-purpose trust funds	Custodial funds	
		External investment pool	Other
Additions:			
Contributions from pool participants	-	\$ 100,827,463	-
Property tax collections for other governments	-	-	\$ 20,122,964
Investment earnings	-	1,955,806	1,911
Inmate collections	-	-	186,116
Other	\$ 258,125	-	2,473,546
Total additions	<u>258,125</u>	<u>102,783,269</u>	<u>22,784,537</u>
Deductions:			
Distributions to pool participants	-	99,167,043	-
Property tax distributions to other governments	-	-	20,183,897
Payments to inmates	-	-	284,029
Other	236,424	-	2,214,816
Total deductions	<u>236,424</u>	<u>99,167,043</u>	<u>22,682,742</u>
Net increase in fiduciary net position	21,701	3,616,226	101,795
Net position, July 1, 2023	<u>137,404</u>	<u>37,940,000</u>	<u>1,103,300</u>
Net position, June 30, 2024	<u>\$ 159,105</u>	<u>\$ 41,556,226</u>	<u>\$ 1,205,095</u>

See accompanying notes to financial statements.

Graham County
Notes to financial statements
June 30, 2024

Note 1 - Summary of significant accounting policies

Graham County's (the County) accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting entity

The County is a general-purpose local government that a separately elected board of 3 County supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The Graham County Flood Control District is a legally separate tax-levying entity pursuant to Arizona Revised Statutes (A.R.S.) §48-3602 that provides flood control facilities and regulates floodplains and drainage to prevent flooding of property within Graham County. The Graham County Jail District is a legally separate tax-levying entity pursuant to A.R.S. §48-4001 that acquires, constructs, operates, maintains, and finances the County adult detention facility. As the Graham County Board of Supervisors serves as the Board of Directors of the Flood Control and Jail Districts, it is able to significantly influence the programs, projects, activities, and level of services provided by the districts; the Board also establishes policy, appoints management, exercises budgetary control, and determines the Flood Control District's tax rate. Further, the districts provide services almost entirely for the benefit of the County; therefore, the Flood Control and the Jail Districts are considered blended component units of the County. Separate financial statements for the districts are not available.

B. Basis of presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness..

Government-Wide Statements - provide information about the primary government (the County) and its component units. The statements include a *Statement of Net Position and a Statement of Activities*. These statements report the overall government's financial activities, except for fiduciary activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

Graham County
Notes to financial statements
June 30, 2024

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided.
- Operating grants and contributions.
- Capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies and imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements - provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Fiduciary funds are aggregated and reported by fund type.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Highway Road Fund* accounts for road construction and maintenance of major regional roads and is funded by the highway user revenue fund (HURF) and vehicle license taxes.

The *Jail District Operations Fund* accounts for all financial resources of the Jail District and is funded mainly by maintenance-of-effort payments from the County's General Fund.

The *Jail District Debt Service Fund* accounts for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance the construction of a new adult detention facility. Revenues are from the voter-approved Jail District sales tax.

The *American Rescue Plan Act Fund and Local Assistance and Tribal Consistency Fund* accounts for specific federal assistance allocated to the County to support efforts in minimizing the spread of the COVID-19 virus and provide immediate economic relief to the County and its businesses and households due to the public health emergency.

The *Attorney Fund* accounts for all special revenue funds that are under the control of the County Attorney, including the Opioid Settlement Fund.

The *Capital Projects Fund* accounts for all special revenue funds that are received for the purpose of constructing large fixed assets, such as roads or bridges.

Graham County
Notes to financial statements
June 30, 2024

The County also reports the following fund types:

The *Fiduciary Funds* consist of private-purpose trust funds, which account for assets the County's Public Fiduciary holds in trust for the benefit of various parties; and custodial funds, which account for other fiduciary activities, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust and the County Treasurer's receipt and distribution of taxes for other governmental entities.

C. Basis of accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net position resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after fiscal year-end. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under financed purchase agreements and subscription-based information technology arrangements are reported as other financing sources.

D. Cash and investments

All investments are stated at fair value.

E. Inventories

Inventories in the government-wide financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out valuation method.

The County accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for information purposes only and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out valuation method.

Graham County
Notes to financial statements
June 30, 2024

F. Prepaid items

The County reports prepaid items as an asset in the period in which they were purchased and defers recognition of the expenditure until the period in which the prepaid items are consumed. The prepaid items of the governmental funds consist of prepaid water costs and prepaid multi-year purchases. Amounts at year-end are shown on the balance sheet as nonspendable fund balance to indicate that they do not constitute "available spendable resources".

G. Property tax calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

H. Capital assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization threshold	Depreciation/ amortization method	Estimated useful life
Land (including right of ways)	\$10,000		
Land improvements	10,000		
Construction in progress	10,000		
Buildings	10,000	Straight line	40 years
Machinery and equipment	2,500	Straight line	5-28 years
Vehicles	5,000	Straight line	5 years
Infrastructure	10,000	Straight line	40 years
Intangibles:			
Right-to-use subscription assets	25,000	Straight line	Varies

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

Graham County
Notes to financial statements
June 30, 2024

I. Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Fund balance classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted and unrestricted, which includes committed, assigned and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but that are neither restricted nor committed. The Board has authorized the County manager to assign resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, the County will use restricted fund balance first. The County will use committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

K. Investment earnings

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

Graham County
Notes to financial statements
June 30, 2024

L. Compensated absences

Compensated absences payable consists of vacation and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to 370 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at calendar year-end. Upon terminating employment, the County pays a maximum of 370 hours of unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Employees may also accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, employees who have accumulated at least 500 hours of sick leave receive some benefits payments. Benefit payments vary based on the number of hours accumulated but cannot exceed 1,500 hours or \$30,000. A liability is calculated for all employees whose accumulated sick leave exceeds 500 hours at the end of the fiscal year and accrued as a liability in the government-wide financial statements at the lesser of \$30,000 or the number of accrued hours multiplied by the employee's current hourly rate at the rate of reimbursement presented below. Vested sick leave hours are accrued in the government funds' financial statements only if they have matured, for example, as a result of employee retirements by fiscal year end.

Sick leave balance	Rate of reimbursement
500-749 hours	25% of accrued leave hours
750-999 hours	33% of accrued leave hours
1,000-1,500 hours	50% of accrued leave hours

M. Subscription-based information technology arrangements

The County recognizes subscription liabilities with an initial, individual value of \$25,000 or more. The County uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The County's estimated incremental borrowing rate is based on the County's existing bond interest rates ranging from 3.5% to 5%.

Graham County
Notes to financial statements
June 30, 2024

Note 2 – Accounting changes and error corrections

Adjustments to and restatements of beginning balances

During fiscal year 2024, accounting changes and error corrections resulted in adjustments to and restatements of beginning net position and/or fund balance, as follows:

	Net position/fund balance June 30, 2023 as previously reported	Change to or within the reporting entity - New major funds	Error correction- OPEB Asset	Net position/fund balance July 1, 2023 as restated
Government-wide				
Governmental activities	\$ <u>61,557,654</u>	\$ <u>-</u>	\$ <u>425,069</u>	\$ <u>61,982,723</u>
Governmental funds				
Major funds:				
General Fund	\$ 25,179,417	\$ -	\$ -	\$ 25,179,417
Highway Road Fund	5,800,203	-	-	5,800,203
Jail District Operations Fund	866,694	-	-	866,694
Jail District Debt Service Fund	10,543,027	-	-	10,543,027
ARPA	-	-	-	-
Attorney Funds	-	959,411	-	959,411
Capital Project Funds	-	41,844	-	41,844
Nonmajor funds	<u>6,658,208</u>	<u>(1,001,255)</u>	<u>-</u>	<u>5,656,953</u>
Total governmental funds	\$ <u>49,047,549</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>49,047,549</u>

Correction of an Error in Previously Issued Financial Statements

During the fiscal year 2024, the County determined that the other post-employment benefit asset in the prior year was not reported. Therefore, the OPEB assets and related deferred outflows of resources and deferred inflows of resources, were understated by a net of \$425,069 for the fiscal year ended June 30, 2023. The effect of correcting the error is shown in the error correction column of the table above.

Changes to or within the Financial Reporting Entity

The Attorney Funds and Capital Projects Funds were previously reported as nonmajor funds in prior years. These funds are now are separately reported as major funds. The effects of that change to or within the financial reporting entity are shown in the change to or within the reporting entity column on the table above.

Graham County
Notes to financial statements
June 30, 2024

Note 3 - Deposits and investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified State and local government bonds, notes, and other evidences of indebtedness; including registered warrants for counties, incorporated cities and towns, school districts, or special taxing districts; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit Risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top 2 ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better, at the time of purchase by at least 2 nationally recognized rating agencies.
3. Fixed income securities must carry 1 of the 2 highest ratings by Moody's investor's service and Standard and Poor's rating service. If only 1 of the above mentioned services rates the security, it must carry the highest rating of that service.

Custodial Credit Risk

Statutes require collateral for deposits at 102 percent of all federal depository insurance does not cover.

Concentration of Credit Risk

Statutes do not include any requirements for concentration of credit risk.

Interest Rate Risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign Currency Risk

Statutes do not allow foreign investments, unless the investment is denominated in United States dollars.

Deposits - At June 30, 2024, the carrying amount of the County's deposits was \$2,564,492 and the bank balance was \$4,636,348. The County does not have a formal policy with respect to custodial credit risk.

Investments - The County had total investments of \$100,497,082 at June 30, 2024. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

Graham County
Notes to financial statements
June 30, 2024

	Amount	Fair value measurement using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by fair value level			
U.S. agency securities	\$ 41,610,405	-	\$ 41,610,405
Negotiable certificates of deposit	19,810,587	\$ 19,810,587	-
Money market funds with trustee	<u>8,991,002</u>	<u>8,991,002</u>	-
Total investments categorized by fair value level	<u>70,411,994</u>	<u>\$ 28,801,589</u>	<u>\$ 41,610,405</u>
External investment pools measured at fair value:			
State Treasurer's investment pools	<u>30,085,088</u>		
Total investments	<u><u>\$ 100,497,082</u></u>		

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using an automated-IDC institutional bond pricing model. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

The money market fund investments are attributable solely to the Jail District Debt Service Fund. Monies from the Jail District's tax levy and remaining unspent revenue bond proceeds reported in the Jail District Debt Service Fund were invested in these money market funds through a trustee.

Credit Risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal policy with respect to credit risk. At June 30, 2024, credit risk for the County's investments was as follows:

Investment type	Rating	Rating agency	Amount
U.S. agency securities	AA+	Moody's	\$ 41,610,405
Negotiable certificates of deposit	Unrated	Not applicable	19,810,587
Money market funds with trustee	AAAm	Standard & Poor's	8,991,002
State Treasurer's investment pool 7	Unrated	Not applicable	2,795,243
State Treasurer's investment pool 5	AAAf/S1+	Standard & Poor's	<u>27,289,845</u>
Total			<u><u>\$ 100,497,082</u></u>

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. The County's formal policy stipulates that securities shall be held in the name of Graham County Treasurer. At June 30, 2024 the County did not have investments exposed to custodial credit risk.

Concentration of credit risk - Concentration of credit risk is the risk of loss associated with the significance of investments in a single issuer. The County does not have a formal policy with respect to concentration of credit risk. The County has investments at June 30, 2024, of 5 percent or more in Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments were 20.7 percent and 8.9 percent, respectively, of the County's total investments.

Graham County
Notes to financial statements
June 30, 2024

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The County does not have a formal policy with respect to interest rate risk.

At June 30, 2024, the County had the following investments in debt securities:

Investment type	Amount	Weighted average maturity (in years)
U.S. agency securities	\$ 41,610,405	1.83
Negotiable certificates of deposit	19,810,587	1.96
Money market funds with trustee	8,991,002	0.19
State Treasurer's investment pool 7	2,795,243	0.08
State Treasurer's investment pool 5	<u>27,289,845</u>	0.09
Total	<u>\$ 100,497,082</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the statements of net position follows:

Cash, deposits and investments:

Cash on hand	\$ 17,402
Amount of deposits	2,564,492
Amount of investments	<u>100,497,082</u>
	<u>\$ 103,078,976</u>

	Governmental activities	Private purpose trust funds	<u>Custodial funds</u>		Total
			External investment pools	Other	
Statement of net position:					
Cash, cash equivalents, and investments	\$ 51,018,598	\$ 159,105	\$ 41,556,226	\$ 1,354,045	\$ 94,087,974
Investments held by trustee - restricted	<u>8,991,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,991,002</u>
Total	<u>\$ 60,009,600</u>	<u>\$ 159,105</u>	<u>\$ 41,556,226</u>	<u>\$ 1,354,045</u>	<u>\$ 103,078,976</u>

Note 4 - County Treasurer's investment pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County's monies under her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The pool's structure does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

The Treasurer allocates interest earnings to each of the pool's participants. However, for the County's monies in the pool, \$2,511 of interest earned in certain other funds was transferred to the General Fund.

Graham County
Notes to financial statements
June 30, 2024

The deposits and investments the County holds are included in the County Treasurer's investment pool, except for \$5,050 of cash on hand, \$661,304 of deposits, \$39,790 of investments in the State Treasurer's investment pools, and \$8,991,002 of investments held by trustee. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest rates	Maturities	Amount
State Treasurer's investment pool 5	\$ 27,250,055	None stated	None stated	\$ 27,250,055
State Treasurer's investment pool 7	2,795,243	None stated	None stated	2,795,243
Negotiable certificates of deposit	20,093,000	0.2-5.35%	07/24 - 06/28	19,810,587
U.S. agency securities	42,006,015	0.43-5.7%	07/24 - 06/28	41,610,405

A condensed statement of the investment pool's net position and changes in net position follows:

Statement of fiduciary net position

Assets	\$ <u>93,381,830</u>
Net position	\$ <u><u>93,381,830</u></u>

Net position held for:

Internal participants	\$ 50,933,151
External participants	<u>42,448,679</u>
Total net position	\$ <u><u>93,381,830</u></u>

Statement of changes in fiduciary net position

Total additions	\$ 169,511,797
Total deductions	<u>(153,946,199)</u>
Net increase	<u>15,565,598</u>
Net position:	
July 1, 2023	<u>77,816,232</u>
June 30, 2024	\$ <u><u>93,381,830</u></u>

Graham County
Notes to financial statements
June 30, 2024

Note 5 - Due from other governments

Amounts due from other governments at June 30, 2024, were as follows:

	General Fund	Highway Road Fund	Jail District Operations Fund	Jail District Debt Service Fund	Attorney Funds	Other Governmental Funds	Total Governmental Funds
State-shared sales tax	\$ 933,708	-	-	-	-	-	\$ 933,708
County sales tax	668,749	-	-	-	-	-	668,749
Jail district sales tax	-	-	-	\$ 667,056	-	-	667,056
State-shared vehicle license tax	54,125	\$ 43,161	-	-	-	-	97,286
Highway user revenue	-	377,615	-	-	-	-	377,615
Grants and contributions from local, state and federal governments	20,578	-	\$ 400	-	\$ 11,546	\$ 427,718	460,242
Reimbursement for services provided for governmental units	14,364	28,029	52,759	-	-	-	95,152
Miscellaneous reimbursements	28	505	-	-	-	750	1,283
	<u>\$ 1,691,552</u>	<u>\$ 449,310</u>	<u>\$ 53,159</u>	<u>\$ 667,056</u>	<u>\$ 11,546</u>	<u>\$ 428,468</u>	<u>\$ 3,301,091</u>

Note 6 - Capital assets

Capital asset activity for the year ended June 30, 2024, was as follows:

Governmental activities	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated/amortized:				
Land	\$ 3,481,430	\$ 202,949	-	\$ 3,684,379
Construction in progress	<u>2,093,266</u>	<u>4,415,680</u>	<u>\$ 3,325,839</u>	<u>3,183,107</u>
Total capital assets not being depreciated/amortized	<u>5,574,696</u>	<u>4,618,629</u>	<u>3,325,839</u>	<u>6,867,486</u>
Capital assets being depreciated/amortized:				
Buildings	38,902,695	520,323	-	39,423,018
Machinery and equipment	17,926,992	3,043,776	1,375,726	19,595,042
Infrastructure	41,180,648	1,594,836	-	42,775,484
Intangibles: Right-to-use subscription assets	<u>959,223</u>	<u>1,522,323</u>	<u>-</u>	<u>2,481,546</u>
Total of assets being depreciated/amortized	<u>98,969,558</u>	<u>6,681,258</u>	<u>1,375,726</u>	<u>104,275,090</u>
Less accumulated depreciation/amortization for:				
Buildings	12,530,899	936,780	-	13,467,679
Machinery and equipment	14,077,529	1,350,480	1,366,088	14,061,921
Infrastructure	19,896,734	956,172	-	20,852,906
Intangibles: Right-to-use subscription assets	<u>183,130</u>	<u>469,673</u>	<u>-</u>	<u>652,803</u>
Total	<u>46,688,292</u>	<u>3,713,105</u>	<u>1,366,088</u>	<u>49,035,309</u>
Total capital assets, being depreciated/amortized, net	<u>52,281,266</u>	<u>2,968,153</u>	<u>9,638</u>	<u>55,239,781</u>
Governmental activities capital assets, net	<u>\$ 57,855,962</u>	<u>\$ 7,586,782</u>	<u>\$ 3,335,477</u>	<u>\$ 62,107,267</u>

Graham County
Notes to financial statements
June 30, 2024

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 660,405
Public safety	1,210,608
Highways and streets	1,485,047
Sanitation	4,900
Health	60,626
Culture and recreation	218,599
Education	<u>72,920</u>
Total governmental activities depreciation/amortization expense	<u>\$ 3,713,105</u>

Note 7 - Construction and other commitments

On July 1, 2022, a contractual commitment was entered into between the County and Motorola Solutions related to a Public Safety Communication System Refresh project. The original cost of the project was \$2,047,297. The project was modified to \$2,776,421 to include public safety digital radios, both mobile (car-mounted) and handheld. The payment terms of the contract are 25 percent due upon contract execution (due upon invoice receipt). A total of \$719,123 in payments were made in fiscal year 2023 and a total of \$1,741,583 in payments were made in fiscal year 2024. The project should complete in fiscal year 2025 with additional payments of \$203,809 representing the equipment installation and \$101,905 representing the final project acceptance. The \$719,123 paid in fiscal year 2023 was funded by the General Fund. The remaining amounts are being funded through a grant by the Arizona Department of Emergency and Military Affairs. The estimated project completion date is March 2025.

There are substantial post-warranty maintenance cost estimates that are also a part of the commitment. These will be paid for by the County general fund. They are as follows:

	Year 1 (Warranty)	Year 2	Year 3	Year 4	Year 5
System support agreement	Included \$	\$ 86,585	\$ 90,141	\$ 93,876	\$ 97,795

Graham County
Notes to financial statements
June 30, 2024

Note 8 - Long-term liabilities

The following schedule details the County’s long-term liability and obligation activity for the fiscal year ended June 30, 2024:

Governmental activities	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within 1 Year
Bonds Payable:					
Revenue bonds	\$ 23,765,000	-	\$ 870,000	\$ 22,895,000	\$ 915,000
Premium on bonds	<u>661,890</u>	<u>-</u>	<u>38,934</u>	<u>622,956</u>	<u>38,934</u>
Total bonds payable	<u>24,426,890</u>	<u>-</u>	<u>908,934</u>	<u>23,517,956</u>	<u>953,934</u>
Compensated absences payable	1,424,832	\$ 1,223,959	1,052,863	1,595,928	1,117,150
Financed purchases	541,351	762,227	371,117	932,461	72,774
Subscriptions liability	560,440	355,148	361,671	553,917	338,851
Net pension liability	24,295,515	-	5,519,064	18,776,451	-
Landfill closure and post-closure care costs payable	<u>75,440</u>	<u>1,833</u>	<u>3,140</u>	<u>74,133</u>	<u>3,264</u>
Total governmental activities long-term liabilities	<u>\$ 51,324,468</u>	<u>\$ 2,343,167</u>	<u>\$ 8,216,789</u>	<u>\$ 45,450,846</u>	<u>\$ 2,485,973</u>

Bonds - The County’s bonded debt consists of one issuance of \$26,340,000 of revenue bonds that are generally noncallable with interest payable semiannually. Bond proceeds paid for the construction of an adult detention facility as part of the County Jail District. The County has pledged, as security for bonds issued, the proceeds from a half-cent sales tax to be used for debt repayment of the bonds. The projected amount of the revenue pledged was estimated to be \$2 million for fiscal year 2024 and each year thereafter. The sales tax, which was voter approved for the purpose of building the adult detention facility, began on July 1, 2015, and continues for 25 years. This special sales tax collected was pledged to be used for acquiring, constructing, operating, maintaining, and financing of the County jail facilities and County jail system. The revenue bonds were issued on September 23, 2015. For fiscal year 2024, \$3,601,193 of pledged revenues were recognized. Interest payments of \$1,032,743 and principal payments of \$870,000 were due in fiscal year 2024. The final bond principal and interest payments will be made on July 1, 2040.

The following bond was outstanding at June 30, 2024:

Description	Amount issued	Maturity ranges	Interest rates	Outstanding principal
Revenue bonds	\$26,340,000	7/1/2023 - 7/1/2040	3.500% - 5.000%	\$22,895,000

Graham County
Notes to financial statements
June 30, 2024

The following schedule details debt service requirements to maturity for the County's bond payable at June 30, 2024:

Year ending June 30	Governmental activities revenue bonds	
	Principal	Interest
2025	\$ 915,000	\$ 988,119
2026	960,000	941,244
2027	1,010,000	891,994
2028	1,060,000	840,244
2029	1,110,000	785,994
2030-2034	6,355,000	3,127,131
2035-2039	7,860,000	1,591,306
2040-2041	<u>3,625,000</u>	<u>151,078</u>
Total	<u>\$ 22,895,000</u>	<u>\$ 9,317,110</u>

Financed purchases - The County traded two existing motor graders, terminating those agreements, and acquired two new motor graders, under contract agreements at a total purchase price of \$762,227. The County still has a solar panel array at the adult detention facility, purchased in fiscal year 2022 for \$306,452. The following schedule details debt service requirements to maturity for the County's financed purchases at June 30, 2024:

Year ending June 30	Governmental activities	
	Principal	Interest
2025	\$ 72,774	\$ 39,627
2026	76,371	35,971
2027	80,189	32,095
2028	84,238	27,988
2029	88,534	23,634
2030-34	374,153	33,149
2035-39	55,231	-
2040-44	53,865	-
2045-49	<u>47,106</u>	<u>-</u>
Total	<u>\$ 932,461</u>	<u>\$ 192,464</u>

Subscription-based information technology arrangements (SBITAs) - The County has obtained the right to use IT software and subscriptions under the provisions of various subscription-based information technology arrangements. These assets include enterprise applications, security and storage applications, telephone systems, and vehicle tracking systems for both the Sheriff's Office and Highway Department.

The total amount of subscription assets and the related accumulated amortization are as follows:

Total intangible right-to-use subscription assets	\$ 2,481,546
Less: accumulated amortization	<u>652,803</u>
Carrying value	<u>\$ 1,828,743</u>

Graham County
Notes to financial statements
June 30, 2024

The following schedule details minimum subscription payments to maturity for the County’s subscriptions liability at June 30, 2024:

Year ending June 30	Governmental activities	
	Principal	Interest
2025	\$ 338,851	\$ 28,342
2026	123,496	10,514
2027	53,383	4,579
2028	38,187	1,909
Total	<u>\$ 553,917</u>	<u>\$ 45,344</u>

Landfill closure and postclosure care costs - State and federal laws and regulations required the County to place a final cover on its Central landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

The County closed the landfill in 2003. The \$74,133 reported as landfill postclosure care costs payable at June 30, 2024, is based on what it would cost to perform all remaining postclosure care in fiscal year 2024. These costs will be paid from the general fund. The actual cost may be higher because of inflation, changes in technology, or changes in regulations.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements to ensure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Compensated absences – Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2024, the County paid for compensated absences as follows: 27 percent from General Fund, 10 percent from the Highway Road Fund, 16 percent from the Jail District Operations Fund, 28 percent from the American Rescue Plan Act/Local Area Tribal Consistency Fund, 1 percent from the Attorney Funds and 18 percent from Other Governmental Funds.

Graham County
Notes to financial statements
June 30, 2024

Note 9 - Fund balance classifications of the governmental funds

The fund balance classifications of the governmental funds as of June 30, 2024, were as follows:

	General Fund	Highway Road Fund	Jail District Operations Fund	Jail District Debt Service Fund	Attorney Funds	Capital Project Funds	Other Governmental	Total Governmental
Fund balances:								
Nonspendable:								
Inventories	-	\$ 506,124	-	-	-	-	-	\$ 506,124
Prepaid items	<u>\$ 280,498</u>	<u>1,034</u>	<u>\$ 8,894</u>	<u>-</u>	<u>\$ 4,284</u>	<u>-</u>	<u>\$ 4,189</u>	<u>298,899</u>
Total nonspendable	<u>280,498</u>	<u>507,158</u>	<u>8,894</u>	<u>-</u>	<u>4,284</u>	<u>-</u>	<u>4,189</u>	<u>805,023</u>
Restricted for:								
Social services	-	-	-	-	947,530	-	693,165	1,640,695
Law enforcement	-	-	92,766	-	-	-	768,466	861,232
Flood control	-	5,453,997	-	-	-	-	-	5,453,997
Health	-	-	-	-	-	-	555,326	555,326
Education	-	-	-	-	-	-	230,001	230,001
Debt service	-	-	-	\$ 12,714,110	-	-	-	12,714,110
Capital outlay	-	-	-	-	-	-	-	-
Total restricted	<u>-</u>	<u>5,453,997</u>	<u>92,766</u>	<u>12,714,110</u>	<u>947,530</u>	<u>-</u>	<u>2,246,958</u>	<u>21,455,361</u>
Committed to:								
Social services	-	-	-	-	-	-	93,089	93,089
Flood control	-	-	-	-	-	-	554,934	554,934
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648,023</u>	<u>648,023</u>
Assigned to:								
Social services	-	-	-	-	268,836	-	546,199	815,035
Law enforcement	-	-	-	-	-	-	352,340	352,340
Flood control	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	125,295	125,295
Culture and recreation	-	-	-	-	-	-	657,577	657,577
Education	-	-	-	-	-	-	1,154,622	1,154,622
Capital outlay	-	-	-	-	-	\$ 31,852	-	31,852
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,836</u>	<u>31,852</u>	<u>2,836,033</u>	<u>3,136,721</u>
Unassigned:	<u>33,848,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,620)</u>	<u>-</u>	<u>33,842,587</u>
Total fund balances	<u>\$ 34,128,705</u>	<u>\$ 5,961,155</u>	<u>\$ 101,660</u>	<u>\$ 12,714,110</u>	<u>\$ 1,220,650</u>	<u>\$ 26,232</u>	<u>\$ 5,735,203</u>	<u>\$ 59,887,715</u>

Graham County
Notes to financial statements
June 30, 2024

Note 10 - Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by 3 public entity risk pools: the Arizona Counties Property and Casualty Insurance Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust that are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants and a deductible of \$5,000 per occurrence for property claims, and \$25,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties with workers' compensation coverage, as law requires, and risk-management services. The County is responsible for paying a premium, based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Local Government Employee Benefit Trust is a public entity pool currently composed of 9 member entities. The pool provides member entities with health, prescription, dental, vision, life, short-term disability, and accidental death benefits for the entities' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

Graham County
Notes to financial statements
June 30, 2024

Note 11 - Pensions

The County contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2024, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities
Net pension liability	\$ 18,776,451
Net pension/OPEB asset	758,298
Deferred outflows of resources related to pensions and OPEB	4,446,717
Deferred inflows of resources related to pensions and OPEB	3,344,827
Pension and OPEB expense	1,401,919

The County’s accrued payroll and employee benefits includes \$89,723 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2024. Also, the County reported \$3,081,017 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

The ASRS, PSPRS Sheriff, CORP Detention, CORP Dispatchers, CORP AOC, EORP, PSPDCRP, and EODCRS pension plans are all described below. All OPEB plans are not described due to their relative insignificance to the County's financial statements.

A. Arizona State Retirement System

Plan description - County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits provided - The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Graham County
Notes to financial statements
June 30, 2024

ASRS	Retirement Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.14 percent for retirement of the members’ annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.03 percent for retirement of the active members’ annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.94 percent for retirement of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County’s contributions to the pension plan for the year ended June 30, 2024, was \$1,212,659.

During fiscal year 2024, the County paid for ASRS pension contributions as follows: 25.0 percent from the General Fund, 14.9 percent from the Highway Road Fund, 2.2 percent from the Jail District Operations Fund, 29.9 percent from the American Rescue Plan Act and Local Area Tribal Consistency Fund, and 28.0 percent from other funds.

Graham County
Notes to financial statements
June 30, 2024

Pension liability - At June 30, 2024, the County reported a liability of \$11,385,264 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2023. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The County's proportion measured as of June 30, 2023, was 0.0704 percent, which was an increase of 0.0008 from its proportions measured as of June 30, 2022.

Expense – For the year ended June 30, 2024 the County recognized pension expense for ASRS of \$1,781,070.

Deferred outflows/inflows of resources – At June 30, 2024 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 257,261	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 402,820
Changes in proportion and differences between County contributions and proportionate share of contributions	209,796	92,157
County contributions subsequent to the measurement date	<u>1,212,659</u>	<u>-</u>
Total	<u>\$ 1,679,716</u>	<u>\$ 494,977</u>

The \$1,212,659 reported as deferred outflows of resources related to ASRS pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized as expenses as follows:

Year ending June 30	
2025	\$ 99,471
2026	(511,455)
2027	434,121
2028	(50,057)

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Graham County
Notes to financial statements
June 30, 2024

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

ASRS		Target allocation	Long-term expected geometric real rate of return
	Asset class		
	Public equity	44%	3.50%
	Credit	23%	5.90%
	Real estate	17%	5.90%
	Private equity	10%	6.70%
	Interest rate sensitive	6%	1.50%
	Total	<u>100%</u>	

Discount rate - At June 30, 2023, The discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

ASRS	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability	\$ 17,053,454	\$ 11,385,264	\$ 6,658,997

Pension plan fiduciary net position - Detailed information about the pension plans' fiduciary net position is available in the separately issued ASRS financial report.

Graham County
Notes to financial statements
June 30, 2024

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions - County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County's financial statements.

County detention officers; County dispatchers; and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers and dispatchers (agent plans), which were closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost-sharing plan). Employees who were CORP members before July 1, 2018, participate in CORP and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers, County dispatchers, and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues publicly available financial reports that include financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits provided - The PSPRS and CORP provide retirement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Graham County
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PSPRS

Initial membership date:

Retirement and disability	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Graham County
Notes to financial statements
June 30, 2024

CORP	Before January 1, 2012	Initial membership date: On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and disability			
Years of service and age required to receive benefit	Sum of years and age equals 80 25 years, any age (dispatchers) 20 years, any age (all others) 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5 10 or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
Benefit percent			
Normal retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement, if more than 25 years of credited service	
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary disability retirement		2.5% per year of credited service	
Survivor Benefit			
Retired Members	80% of retired member's pension benefit		
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions		

*With actuarially reduced benefits

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms - At June 30, 2024, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention	CORP Dispatchers
Inactive employees or beneficiaries currently receiving benefits	11	7	-
Inactive employees entitled to but not yet receiving benefits	5	27	3
Active employees	10	8	2
Total	<u>26</u>	<u>42</u>	<u>5</u>

Graham County
Notes to financial statements
June 30, 2024

Contributions – State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active member - pension	County - pension
PSPRS Sheriff	7.65% - 12.01%	16.42%
CORP Detention	8.41	5.71
CORP Dispatchers	7.96	1.94
CORP AOC	8.41 or 9.81	39.43 or 40.94

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County’s required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	PSPRS Sheriff	CORP Detention	CORP Dispatchers	CORP AOC
Pension	8.00%	6.00%	0.00%	36.31%

The County’s contributions to the plans for the year ended June 30, 2024, were:

	Pension
PSPRS Sheriff	\$ 833,641
CORP Detention	94,496
CORP Dispatchers	2,121
CORP AOC	287,520

During fiscal year 2024, the County paid for PSPRS and CORP pension contributions as follows: 55.9 percent from the General Fund, 7.9 percent from the Jail District Operations Fund, 10.8 percent from the American Rescue Plan Act and Local Assistance and Tribal Consistency Fund, and 25.4 percent from other funds.

Pension liability (asset) - At June 30, 2024, the County reported the following net pension liabilities and assets:

	Net pension liability (asset)
PSPRS Sheriff	\$ 749,885
CORP Detention	193,157
CORP Dispatchers	(12,825)
CORP AOC (County's proportionate share)	2,426,360

The net pension liabilities (assets) were measured as of June 30, 2023, and the total liability used to calculate the net pension liability (assets) was determined by an actuarial valuation as of that date.

Graham County
Notes to financial statements
June 30, 2024

Pension actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP - Pension	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0-6.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP	Target allocation	Long-term expected geometric real rate of return
Asset class		
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	<u>100%</u>	

Graham County
Notes to financial statements
June 30, 2024

Discount rate - At June 30, 2024, the discount rate used to measure the PSPRS and CORP total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability
PSPRS-Sheriff

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2023	\$ 10,641,395	\$ 9,247,436	\$ 1,393,959
Changes for the year:			
Service cost	172,549	-	172,549
Interest on the total pension liability	762,988	-	762,988
Differences between expected and actual experience in the measurement of the pension liability	154,840	-	154,840
Contributions - employer	-	929,509	(929,509)
Contributions - employee	-	78,595	(78,595)
Net investment income	-	731,845	(731,845)
Benefit payments, including refunds or employee contributions	(433,766)	(433,766)	-
Administrative expense	-	(5,498)	5,498
Net changes	<u>656,611</u>	<u>1,300,685</u>	<u>(644,074)</u>
Balances at June 30, 2024	<u>\$ 11,298,006</u>	<u>\$ 10,548,121</u>	<u>\$ 749,885</u>

CORP - Detention

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2023	\$ 2,823,531	\$ 2,879,775	\$ (56,244)
Changes for the year:			
Service cost	60,096	-	60,096
Interest on the total pension liability	203,359	-	203,359
Differences between expected and actual experience in the measurement of the pension liability	263,227	-	263,227
Contributions - employer	-	46,633	(46,633)
Contributions - employee	-	34,917	(34,917)
Net investment income	-	221,155	(221,155)
Benefit payments, including refunds or employee contributions	(118,387)	(118,386)	(1)
Administrative expense	-	(8,269)	8,269
Other changes	-	(17,156)	17,156
Net changes	<u>408,295</u>	<u>158,894</u>	<u>249,401</u>
Balances at June 30, 2024	<u>\$ 3,231,826</u>	<u>\$ 3,038,669</u>	<u>\$ 193,157</u>

Graham County
Notes to financial statements
June 30, 2024

CORP - Dispatchers

	Increase (decrease)		
	Total pension liability	Plan fiduciary net position	Net pension liability (asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2023	\$ 681,154	\$ 738,580	\$ (57,426)
Changes for the year:			
Service cost	10,944	-	10,944
Interest on the total pension liability	49,831	-	49,831
Differences between expected and actual experience in the measurement of the pension liability	51,667	-	51,667
Contributions - employer	-	7,984	(7,984)
Contributions - employee	-	8,575	(8,575)
Net investment income	-	57,422	(57,422)
Administrative expense	-	(1,030)	1,030
Other changes	-	(5,110)	5,110
Net changes	112,442	67,841	44,601
Balances at June 30, 2024	<u>\$ 793,596</u>	<u>\$ 806,421</u>	<u>\$ (12,825)</u>

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2023. The County's proportion measured as of June 30, 2023, was 0.5369 percent, which was a decrease of 0.1179 from its proportion measured as of June 30, 2022.

Sensitivity of the County's net pension liability (asset) to changes in the discount rate - The following table presents the County's net pension liabilities calculated using the discount rate of 7.2 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
PSPRS Sheriff			
Net pension liability	\$ 2,387,943	\$ 749,885	\$ 575,823
CORP Detention			
Net pension liability/(asset)	\$ 649,245	\$ 193,157	\$ (175,137)
CORP Dispatchers			
Net pension liability/(asset)	\$ 116,087	\$ (12,825)	\$ (117,736)
CORP AOC			
County's proportionate share of the net pension liability	\$ 3,251,503	\$ 2,426,360	\$ 1,754,096

Pension plan fiduciary net position - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Graham County
Notes to financial statements
June 30, 2024

Pension expense - For the year ended June 30, 2024, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$ 437,777
CORP Detention	117,225
CORP Dispatchers	11,070
CORP AOC (County's proportionate share)	(107,553)

Pension deferred outflows/inflows of resources - At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
PSPRS- Sheriff		
Differences between expected and actual experience	\$ 136,447	\$ 37,856
Changes of assumptions or other inputs	42,876	-
Net difference between projected and actual earnings on pension plan investments	196,835	-
County contributions subsequent to the measurement date	833,641	-
Total	\$ 1,209,799	\$ 37,856

	Deferred outflows of resources	Deferred inflows of resources
CORP- Detention		
Differences between expected and actual experience	\$ 131,614	-
Net difference between projected and actual earnings on pension plan investments	16,330	-
County contributions subsequent to the measurement date	94,496	-
Total	\$ 242,440	-

	Deferred Outflows of Resources	Deferred Inflows of Resources
CORP- Dispatchers		
Differences between expected and actual experience	\$ 46,606	-
Changes of assumptions or other inputs	-	\$ 263
Net difference between projected and actual earnings on pension plan investments	6,044	-
County contributions subsequent to the measurement date	2,121	-
Total	\$ 54,771	\$ 263

	Deferred outflows of resources	Deferred inflows of resources
CORP- AOC		
Differences between expected and actual experience	\$ 131,280	\$ 23,594
Changes of assumptions or other inputs	44,484	-
Net difference between projected and actual earnings on pension plan investments	26,702	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,978	493,655
County contributions subsequent to the measurement date	287,520	-
Total	\$ 494,964	\$ 517,249

Graham County
Notes to financial statements
June 30, 2024

The amounts reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	PSPRS Sheriff	CORP Detention	CORP Dispatchers	CORP AOC
2025	\$ 120,665	\$ 119,317	\$ 27,261	\$ (85,221)
2026	25,141	(32,164)	9,846	(129,823)
2027	201,606	63,878	16,031	(17,280)
2028	(9,110)	(3,087)	(751)	(77,481)

PSPDCRP plan - County sheriff employees, County detention officers, County dispatchers, and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2024, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers, County dispatchers, and AOC probation, surveillance, and juvenile detention officers) of the members’ annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County’s contributions each year as set forth in statute. The plan retains non-vested County contributions when forfeited because of employment terminations. For the year ended June 30, 2024, the County recognized pension expense of \$0.

C. Elected Officials Retirement Plan

Plan description - Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS’s website at www.psprs.com.

Benefits provided - The EORP provides retirement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

Graham County
Notes to financial statements
June 30, 2024

EORP

Retirement and disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With actuarially reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plans.

Contributions - State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2024, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 76.51 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 64.37 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 70.51 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. The County's contribution to the pension plan for the year ended June 30, 2024, were \$650,580.

During fiscal year 2024, the County paid for EORP pension contributions as follows: 45.3 percent from the General Fund, 2.9 percent from the Jail District Operations Fund, and 51.8 percent from the American Rescue Plan Act Fund.

Graham County
Notes to financial statements
June 30, 2024

Pension liability - At June 30, 2024, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$ 4,021,785
State's proportionate share of the EORP net pension liability associated with the County	<u>4,496,563</u>
Total	<u>\$ 8,518,348</u>

The net pension liability was measured as of June 30, 2023, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

The County's proportion of the net pension liability was based on the County's required contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2023. The County's proportion measured as of June 30, 2023, was 0.64169 percent, which was an decrease of 0.59527 from its proportion measured as of June 30, 2022.

Pension expense – For the year ended June 30, 2024, the County recognized pension expense for EORP of \$(723,818) and revenue of \$711,117 for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

Deferred outflows/inflows of resources – At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ 16,869	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	\$ 1,991,278
County contributions subsequent to the measurement date	<u>650,580</u>	<u>-</u>
Total	<u>\$ 667,449</u>	<u>\$ 1,991,278</u>

The amounts reported as deferred outflows of resources related to EORP pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	Pension expense
2025	\$ (1,994,496)
2026	(22,034)
2027	45,715
2028	(3,594)

Graham County
Notes to financial statements
June 30, 2024

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

EORP pension	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on EORP plan investments was determined to be 7.2 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP	Target allocation	Long-term expected geometric real rate of return
Asset class		
U.S. public equity	24%	3.98%
International public equity	16%	4.49%
Global private equity	20%	7.28%
Other assets (capital appreciation)	7%	4.49%
Core bonds	6%	1.90%
Private credit	20%	6.19%
Diversifying strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	100%	

Discount rate - At June 30, 2023, the discount rate used to measure the EORP total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Graham County
Notes to financial statements
June 30, 2024

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate - The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

EORP	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
County's proportionate share of the net pension liability	\$ 4,646,229	\$ 4,021,785	\$ 3,486,389

Plan fiduciary net position - Detailed information about the plans' fiduciary net position is available in the separately issued EORP financial report.

EODCRS plan - Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS. The EODCRS is a defined contribution pension plan. The PSPRS Board of Trustees governs the EODCRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by State statute. The EODCDP is not further disclosed because of its relative insignificance to the County's financial statements

For the year ended June 30, 2024, active EODCRS members were required by statute to contribute 8 percent of the active members' annual covered payroll, and the County was required by statute to contribute 6 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County's contribution to the individual employee account and the earnings on those contributions. For the year ended 2024, the County recognized pension expense of \$15,111.

Note 12 - Interfund activity

Interfund transfers

Interfund transfers for the year ended June 30, 2024, were as follows:

Transfer from	Transfer to					Total
<u>General Fund</u>	<u>Jail District Operations Fund</u>	<u>Attorney Funds</u>	<u>Capital Project Funds</u>	<u>Other Governmental Funds</u>		
General Fund	\$ 3,326,538	\$ 19,450	\$ 30,112	-	\$ 3,376,100	
ARPA/LATCF	-	-	-	\$ 2,394	2,394	
Attorney Funds	-	-	-	585	585	
Other Governmental Funds	\$ 53,019	-	-	50,500	103,519	
Total	<u>\$ 3,326,538</u>	<u>\$ 19,450</u>	<u>\$ 30,112</u>	<u>\$ 53,479</u>	<u>\$ 3,482,598</u>	

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them. \$3,326,538, which represents the majority of the \$3,376,100 transfers from the General Fund was to fund statutorily required maintenance-of-effort payments to the Jail District Operations Fund.

Graham County
Notes to financial statements
June 30, 2024

Interfund payables

Interfund payables for the year ended June 30, 2024, were as follows:

Payable from	Payable to
	Highway Road Fund
General Fund	\$ 16,034
Jail District Operations Fund	497
Other Governmental Funds	<u>6,662</u>
Total	<u>\$ 23,193</u>

General Fund, Jail District Operations Fund, and Other Governmental Funds have a total payable balance of \$23,193 to Highway Road Fund. The interfund balances resulted from time lags between the funds, and all interfund balances are expected to be paid in one year.

Note 13 - Subsequent event

The County is a participant in the One Arizona Distribution of Opioid Settlement Funds Agreement, which is part of the nationwide Opioid Settlement. Under the One Arizona Opioid Settlement Memorandum of Understanding (One Arizona Plan) related to national opioid settlements, Graham County is allocated a portion of settlement monies as the cases are settled. The Arizona Attorney General's Office handles the settlements of all parties in the One Arizona Plan. As of June 30, 2024, agreements have been finalized with eight defendants resulting in the County recording a receivable of \$1.5 million. Due to the on-going litigation and finalization of agreements with other defendants, additional settlements are expected to be measurable and available for subsequent reporting periods.

Other required supplementary information

Graham County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues:				
Property taxes	\$ 6,902,500	\$ 6,902,500	\$ 6,912,713	\$ 10,213
County sales tax	3,000,000	3,000,000	3,587,910	587,910
License and permits	111,600	111,600	130,893	19,293
Intergovernmental	12,909,765	12,909,765	14,182,120	1,272,355
Charges for services	1,530,760	1,530,760	1,535,338	4,578
Fines and forfeits	156,000	156,000	178,731	22,731
Investment earnings	225,000	225,000	1,207,316	982,316
Rents	45,000	45,000	34,343	(10,657)
Miscellaneous	45,120	45,120	67,585	22,465
Donations	2,500	2,500	8,072	5,572
Total revenues	<u>24,928,245</u>	<u>24,928,245</u>	<u>27,845,021</u>	<u>2,916,776</u>
Expenditures				
Current:				
General government				
Board of supervisors	1,098,346	1,158,346	1,060,919	97,427
Treasurer	417,992	417,992	390,114	27,878
Assessor	791,515	811,515	759,691	51,824
Recorder	356,218	356,218	326,241	29,977
Elections	195,007	195,007	120,086	74,921
Attorney	1,531,372	1,531,372	1,082,295	449,077
Human resources	246,108	246,108	201,665	44,443
Clerk of the court	837,050	837,050	751,230	85,820
Superior court	1,023,404	1,223,404	1,063,455	159,949
Justice court	639,419	679,419	623,944	55,475
Victim witness	49,444	49,444	(947)	50,391
Public Fiduciary	164,395	164,395	149,722	14,673
Planning and zoning	500,233	500,233	329,973	170,260
Building maintenance	305,388	305,388	251,664	53,724
Electrical maintenance	9,192	9,192	5,278	3,914
General services	191,750	191,750	171,626	20,124
Contingency	20,780,529	19,415,529	-	19,415,529
Miscellaneous	1,250,669	1,250,669	(2,428,316)	3,678,985
Information technology	1,856,840	1,845,784	1,191,630	654,154
Total general government	<u>32,244,871</u>	<u>31,188,815</u>	<u>6,050,270</u>	<u>25,138,545</u>

See accompanying notes to budgetary comparison schedules.

Graham County
Required supplementary information
Budgetary comparison schedule
General Fund
Year ended June 30, 2024
(Continued)

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Public safety				
Probation	244,466	269,466	150,798	118,668
Sheriff	4,431,568	5,071,568	2,896,954	2,174,614
Juvenile detention center	784,510	934,510	721,399	213,111
Animal shelter	<u>277,831</u>	<u>277,831</u>	<u>125,202</u>	<u>152,629</u>
Total public safety	<u>5,738,375</u>	<u>6,553,375</u>	<u>3,894,353</u>	<u>2,659,022</u>
Sanitation				
Sanitary landfill	<u>212,503</u>	<u>212,503</u>	<u>88,392</u>	<u>124,111</u>
Health				
Health services	<u>160,494</u>	<u>160,494</u>	<u>107,009</u>	<u>53,485</u>
Welfare				
Attorney for the indigent	608,420	668,420	650,962	17,458
Indigent medical	<u>2,325,300</u>	<u>2,325,300</u>	<u>2,283,778</u>	<u>41,522</u>
Total welfare	<u>2,933,720</u>	<u>2,993,720</u>	<u>2,934,740</u>	<u>58,980</u>
Culture and recreation				
Parks and recreation	<u>580,299</u>	<u>690,299</u>	<u>509,264</u>	<u>181,035</u>
Education				
School Superintendent	<u>308,743</u>	<u>368,743</u>	<u>215,255</u>	<u>153,488</u>
Debt service				
Principal	-	-	320,058	(320,058)
Interest	-	-	26,993	(26,993)
Capital outlay	<u>4,564,220</u>	<u>4,575,276</u>	<u>1,698,078</u>	<u>2,877,198</u>
Total expenditures	<u>46,743,225</u>	<u>46,743,225</u>	<u>15,844,412</u>	<u>30,898,813</u>
Excess (deficiency) of revenues over expenditures	<u>(21,814,980)</u>	<u>(21,814,980)</u>	<u>12,000,609</u>	<u>33,815,589</u>
Other financing sources (uses):				
Subscription-based info tech agreements	-	-	247,537	247,537
Proceeds from sale of capital assets	-	-	24,223	24,223
Transfers in	867,475	867,475	53,019	(814,456)
Transfers out	<u>(3,582,916)</u>	<u>(3,582,916)</u>	<u>(3,376,100)</u>	<u>206,816</u>
Total other financing sources (uses)	<u>(2,715,441)</u>	<u>(2,715,441)</u>	<u>(3,051,321)</u>	<u>(335,880)</u>
Net change in fund balances	(24,530,421)	(24,530,421)	8,949,288	33,479,709
Fund balances - July 1, 2023	<u>24,530,421</u>	<u>24,530,421</u>	<u>25,179,417</u>	<u>648,996</u>
Fund balances - June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,128,705</u>	<u>\$ 34,128,705</u>

See accompanying notes to budgetary comparison schedules.

Graham County
Required supplementary information
Budgetary comparison schedule
Highway Road Fund
Year ended June 30, 2024

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 4,777,129	\$ 4,777,129	\$ 4,871,357	\$ 94,228
Charges for services	178,000	178,000	73,420	(104,580)
Investment income	75,000	75,000	277,189	202,189
Miscellaneous	<u>525,000</u>	<u>525,000</u>	<u>326,528</u>	<u>(198,472)</u>
Total revenues	<u>5,555,129</u>	<u>5,555,129</u>	<u>5,548,494</u>	<u>(6,635)</u>
Expenditures:				
Current:				
Highways and streets				
General road	7,542,156	7,428,633	3,438,931	3,989,702
Engineering	<u>637,503</u>	<u>637,503</u>	<u>405,226</u>	<u>232,277</u>
Total highways and streets	<u>8,179,659</u>	<u>8,066,136</u>	<u>3,844,157</u>	<u>4,221,979</u>
Debt service				
Principal	-	-	135,637	(135,637)
Interest	-	-	5,196	(5,196)
Capital outlay	<u>-</u>	<u>-</u>	<u>2,258,588</u>	<u>(2,258,588)</u>
Total expenditures	<u>8,179,659</u>	<u>8,066,136</u>	<u>6,243,578</u>	<u>1,822,558</u>
Excess (deficiency) of revenues over expenditures	<u>(2,624,530)</u>	<u>(2,511,007)</u>	<u>(695,084)</u>	<u>1,815,923</u>
Other financing sources (uses):				
Financed purchase agreements	-	-	762,227	762,227
Proceeds from sale of capital assets	-	-	18,939	18,939
Transfers out	<u>(623,370)</u>	<u>(623,370)</u>	<u>-</u>	<u>623,370</u>
Total other financing sources (uses)	<u>(623,370)</u>	<u>(623,370)</u>	<u>781,166</u>	<u>1,404,536</u>
Net change in fund balances	(3,247,900)	(3,134,377)	86,082	3,220,459
Fund balances - July 1, 2023	3,247,900	3,134,377	5,800,203	2,665,826
Changes in nonspendable resources:				
Increase in inventories	<u>-</u>	<u>-</u>	<u>74,870</u>	<u>(74,870)</u>
Fund balances - June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,961,155</u>	<u>\$ 5,811,415</u>

See accompanying notes to budgetary comparison schedules.

Graham County
Required supplementary information
Budgetary comparison schedule
Jail District Operations Fund
Year ended June 30, 2024

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 851,000	\$ 851,000	\$ 537,594	\$ (313,406)
Charges for services	448,000	448,000	134,726	(313,274)
Investment income	10,000	10,000	26,368	16,368
Miscellaneous	8,500	8,500	24,012	15,512
Total revenues	<u>1,317,500</u>	<u>1,317,500</u>	<u>722,700</u>	<u>(594,800)</u>
Expenditures:				
Current:				
Public safety	<u>5,261,637</u>	<u>5,261,637</u>	<u>4,725,452</u>	<u>536,185</u>
Debt service				
Principal	-	-	27,679	(27,679)
Capital outlay	<u>90,000</u>	<u>90,000</u>	<u>144,098</u>	<u>(54,098)</u>
Total expenditures	<u>5,351,637</u>	<u>5,351,637</u>	<u>4,897,229</u>	<u>454,408</u>
Excess (deficiency) of revenues over expenditures	<u>(4,034,137)</u>	<u>(4,034,137)</u>	<u>(4,174,529)</u>	<u>(140,392)</u>
Other financing sources (uses):				
Subscription-based info tech agreements	-	-	82,957	82,957
Transfers in	3,326,538	3,326,538	3,326,538	-
Transfers out	<u>228,257</u>	<u>228,257</u>	<u>-</u>	<u>(228,257)</u>
Total other financing sources (uses)	<u>3,554,795</u>	<u>3,554,795</u>	<u>3,409,495</u>	<u>(145,300)</u>
Net change in fund balances	(479,342)	(479,342)	(765,034)	(285,692)
Fund balances - July 1, 2023	<u>479,342</u>	<u>479,342</u>	<u>866,694</u>	<u>387,352</u>
Fund balances - June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,660</u>	<u>\$ 101,660</u>

See accompanying notes to budgetary comparison schedules.

Graham County
Required supplementary information
Budgetary comparison schedule
American Rescue Plan Act & Local Assistance and Tribal Consistency Fund
Year ended June 30, 2024

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,516,331	\$ 3,516,331	\$ 6,030,185	\$ 2,513,854
Investment income	<u>11,200</u>	<u>11,200</u>	<u>140,427</u>	<u>129,227</u>
Total revenues	<u>3,527,531</u>	<u>3,527,531</u>	<u>6,170,612</u>	<u>2,643,081</u>
Expenditures:				
Current:				
General government	6,287,229	6,287,229	3,555,788	2,731,441
Public safety	-	-	2,323,425	(2,323,425)
Sanitation	-	-	15,077	(15,077)
Health	-	-	53,162	(53,162)
Culture and recreation	-	-	90,387	(90,387)
Education	<u>-</u>	<u>-</u>	<u>130,379</u>	<u>(130,379)</u>
Total American rescue plan act	<u>6,287,229</u>	<u>6,287,229</u>	<u>6,168,218</u>	<u>119,011</u>
Total expenditures	<u>6,287,229</u>	<u>6,287,229</u>	<u>6,168,218</u>	<u>119,011</u>
Excess (deficiency) of revenues over expenditures	<u>(2,759,698)</u>	<u>(2,759,698)</u>	<u>2,394</u>	<u>2,762,092</u>
Other financing sources (uses):				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(2,394)</u>	<u>197,606</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(2,394)</u>	<u>197,606</u>
Net change in fund balances	(2,959,698)	(2,959,698)	-	2,959,698
Fund balances - July 1, 2023	<u>2,929,698</u>	<u>2,929,698</u>	<u>-</u>	<u>(2,929,698)</u>
Fund balances - June 30, 2024	<u><u>\$ (30,000)</u></u>	<u><u>\$ (30,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,000</u></u>

See accompanying notes to budgetary comparison schedules.

Graham County
Required supplementary information
Budgetary comparison schedule
Capital Project Funds
Year ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 20,242,621	\$ 20,242,621	\$ 539,748	\$ (19,702,873)
Investment income	400	400	(17,267)	(17,667)
Donations	50,000	50,000	27,639	(22,361)
Total revenues	<u>20,293,021</u>	<u>20,293,021</u>	<u>550,120</u>	<u>(19,742,901)</u>
Expenditures:				
Capital outlay	<u>20,673,921</u>	<u>20,673,921</u>	<u>595,844</u>	<u>20,078,077</u>
Total expenditures	<u>20,673,921</u>	<u>20,673,921</u>	<u>595,844</u>	<u>20,078,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(380,900)</u>	<u>(380,900)</u>	<u>(45,724)</u>	<u>335,176</u>
Other financing sources (uses):				
Transfers in	<u>351,788</u>	<u>351,788</u>	<u>30,112</u>	<u>(321,676)</u>
Total other financing sources (uses)	<u>351,788</u>	<u>351,788</u>	<u>30,112</u>	<u>(321,676)</u>
Net change in fund balances	(29,112)	(29,112)	(15,612)	13,500
Fund balances - July 1, 2023	<u>29,112</u>	<u>29,112</u>	<u>41,844</u>	<u>12,732</u>
Fund balances - June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,232</u>	<u>\$ 26,232</u>

See accompanying notes to budgetary comparison schedules.

Graham County
Required supplementary information
Budgetary comparison schedule
Attorney Funds
Year ended June 30, 2024

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 237,480	\$ 237,480	\$ 325,066	\$ 87,586
Charges for services	33,500	33,500	42,759	9,259
Fines and forfeits	3,000	3,000	397,106	394,106
Investment income	8,814	8,814	48,467	39,653
Miscellaneous	<u>505,600</u>	<u>505,600</u>	<u>5,533</u>	<u>(500,067)</u>
Total revenues	<u>788,394</u>	<u>788,394</u>	<u>818,931</u>	<u>30,537</u>
Expenditures:				
Current:				
General government	1,682,227	1,678,834	523,164	1,155,670
Capital outlay	<u>75,000</u>	<u>78,393</u>	<u>53,393</u>	<u>25,000</u>
Total expenditures	<u>1,757,227</u>	<u>1,757,227</u>	<u>576,557</u>	<u>1,180,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(968,833)</u>	<u>(968,833)</u>	<u>242,374</u>	<u>1,211,207</u>
Other financing sources:				
Transfers in	19,450	19,450	19,450	-
Transfers out	<u>(6,733)</u>	<u>(6,733)</u>	<u>(585)</u>	<u>6,148</u>
Total other financing sources (uses)	<u>12,717</u>	<u>12,717</u>	<u>18,865</u>	<u>6,148</u>
Net change in fund balances	(956,116)	(956,116)	261,239	1,217,355
Fund balances - July 1, 2023	<u>956,116</u>	<u>956,116</u>	<u>959,411</u>	<u>3,295</u>
Fund balances - June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,220,650</u>	<u>\$ 1,220,650</u>

See accompanying notes to budgetary comparison schedules.

Graham County
Required supplementary information
Notes to budgetary comparison schedules
June 30, 2024

Note 1 - Budgeting and budgetary control

Arizona Revised Statutes (A.R.S.) requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the General Fund, each fund includes only one department.

Graham County
Required supplementary information
Schedule of County's proportionate share of the net pension liability
Cost-sharing pension plans
Year ended June 30, 2024

	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Arizona State Retirement System										
County's proportion of the net pension liability	0.07040 %	0.07124 %	0.06690 %	0.06390 %	0.06473 %	0.06740 %	0.06980 %	0.07322 %	0.07409 %	0.07169 %
County's proportionate share of the net pension liability	\$ 11,385,264	\$ 11,627,950	\$ 8,789,049	\$ 11,068,181	\$ 9,418,968	\$ 9,399,928	\$ 10,873,479	\$ 11,818,443	\$ 11,540,653	\$ 10,607,990
County's covered payroll	\$ 8,784,395	\$ 8,467,368	\$ 7,463,509	\$ 6,974,466	\$ 6,829,380	\$ 6,707,392	\$ 7,074,003	\$ 6,869,957	\$ 6,847,161	\$ 6,476,618
County's proportionate share of the net pension liability as a percentage of its covered payroll	129.61 %	137.33 %	117.76 %	158.70 %	137.92 %	140.14 %	153.71 %	172.03 %	168.55 %	163.79 %
Plan fiduciary net position as a percentage of the total pension liability	75.47 %	74.26 %	78.58 %	69.33 %	73.24 %	73.40 %	69.92 %	67.06 %	68.35 %	69.49 %
Corrections Officer Retirement Plan - Administrative Office of the Courts										
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	0.53686 %	0.65488 %	0.69437 %	0.69124 %	0.71128 %	1.09002 %	1.17318 %	1.20362 %	1.32167 %	1.23223 %
County's proportionate share of the net pension liability	\$ 2,426,360	\$ 2,922,489	\$ 2,577,655	\$ 3,301,842	\$ 3,001,162	\$ 3,923,763	\$ 4,707,005	\$ 3,396,055	\$ 3,213,105	\$ 2,765,040
County's covered payroll	\$ 656,123	\$ 767,174	\$ 817,801	\$ 830,745	\$ 878,776	\$ 1,272,621	\$ 1,376,650	\$ 1,391,108	\$ 1,394,172	\$ 1,372,002
County's proportionate share of the net pension liability as a percentage of its covered payroll	369.80 %	380.94 %	315.19 %	397.46 %	341.52 %	308.32 %	341.92 %	244.13 %	230.47 %	201.53 %
Plan fiduciary net position as a percentage of the total pension liability	59.28 %	57.52 %	62.53 %	50.07 %	51.99 %	53.72 %	49.21 %	54.81 %	57.89 %	58.59 %
Elected Officials Retirement Plan										
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
County's proportion of the net pension liability	0.64169 %	1.23696 %	1.16731 %	1.12695 %	1.12099 %	1.49991 %	1.03997 %	1.05609 %	0.96768 %	0.94204 %
County's proportionate share of the net pension liability	\$ 4,021,785	\$ 8,351,117	\$ 7,103,820	\$ 7,606,467	\$ 7,434,177	\$ 9,451,475	\$ 12,672,683	\$ 9,977,428	\$ 7,561,981	\$ 6,317,081
State's proportionate share of the net pension liability associated with the County	<u>4,496,563</u>	<u>813,128</u>	<u>714,050</u>	<u>722,934</u>	<u>698,736</u>	<u>1,619,449</u>	<u>2,630,160</u>	<u>2,060,080</u>	<u>2,357,511</u>	<u>1,935,486</u>
Total	<u>\$ 8,518,348</u>	<u>\$ 9,164,245</u>	<u>\$ 7,817,870</u>	<u>\$ 8,329,401</u>	<u>\$ 8,132,913</u>	<u>\$ 11,070,924</u>	<u>\$ 15,302,843</u>	<u>\$ 12,037,508</u>	<u>\$ 9,919,492</u>	<u>\$ 8,252,567</u>
County's covered payroll	\$ 959,165	\$ 981,385	\$ 915,605	\$ 873,092	\$ 876,826	\$ 878,739	\$ 871,498	\$ 861,210	\$ 866,869	\$ 865,822
County's proportionate share of the net pension liability as a percentage of its covered payroll	419.30 %	850.95 %	775.86 %	871.21 %	847.85 %	1,075.57 %	1,454.13 %	1,158.54 %	872.33 %	729.61 %
Plan fiduciary net position as a percentage of the total pension liability	38.63 %	32.01 %	36.28 %	29.80 %	30.14 %	30.40 %	19.66 %	23.42 %	28.32 %	31.91 %

See the accompanying notes to this schedule.

Graham County
Required supplementary information
Schedule of changes in the County's net pension liability (asset) and related ratios
Agent pension plans
Year ended June 30, 2024

PSPRS	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability:										
Service cost	\$ 172,549	\$ 158,231	\$ 145,540	\$ 163,049	\$ 214,770	\$ 216,213	\$ 224,725	\$ 161,447	\$ 160,546	\$ 192,299
Interest on the total pension liability	762,988	737,755	709,284	660,023	627,960	594,532	554,223	486,999	459,771	407,274
Changes of benefit terms							110,368	262,914		108,018
Differences between expected and actual experience in the measurement of the pension liability	154,840	(75,712)	132,882	431,069	(20,846)	33,814	(6,699)	212,998	(29,096)	(396,687)
Changes of assumptions or other inputs		85,752			172,001		196,027	285,576		606,963
Benefit payments, including refunds of employee contributions	<u>(433,766)</u>	<u>(425,261)</u>	<u>(795,524)</u>	<u>(328,099)</u>	<u>(445,313)</u>	<u>(553,668)</u>	<u>(305,962)</u>	<u>(205,520)</u>	<u>(284,120)</u>	<u>(182,340)</u>
Net change in total pension liability	656,611	480,765	192,182	926,042	548,572	290,891	772,682	1,204,414	307,101	735,527
Total pension liability—beginning	<u>10,641,395</u>	<u>10,160,630</u>	<u>9,968,448</u>	<u>9,042,406</u>	<u>8,493,834</u>	<u>8,202,943</u>	<u>7,430,261</u>	<u>6,225,847</u>	<u>5,918,746</u>	<u>5,183,219</u>
Total pension liability—ending (a)	<u>\$ 11,298,006</u>	<u>\$ 10,641,395</u>	<u>\$ 10,160,630</u>	<u>\$ 9,968,448</u>	<u>\$ 9,042,406</u>	<u>\$ 8,493,834</u>	<u>\$ 8,202,943</u>	<u>\$ 7,430,261</u>	<u>\$ 6,225,847</u>	<u>\$ 5,918,746</u>
Plan fiduciary net position:										
Contributions—employer	\$ 929,509	\$ 961,023	\$ 2,688,126	\$ 604,150	\$ 323,440	\$ 383,852	\$ 387,287	\$ 350,828	\$ 193,270	\$ 195,845
Contributions—employee	78,595	74,924	72,258	70,908	83,079	96,079	114,060	120,677	101,878	98,297
Net investment income	731,845	(373,311)	1,621,366	68,041	265,479	312,773	471,427	21,393	125,056	414,968
Benefit payments, including refunds of employee contributions	(433,766)	(425,261)	(795,524)	(328,099)	(445,313)	(553,668)	(305,962)	(205,520)	(284,120)	(182,340)
Administrative expense	(5,498)	(6,735)	(7,557)	(5,548)	(5,611)	(5,460)	(4,571)	(3,478)	(3,429)	(3,342)
Other changes						2,840	44,995	43,422	(15,746)	(89,584)
Net change in plan fiduciary net position	<u>1,300,685</u>	<u>230,640</u>	<u>3,578,669</u>	<u>409,452</u>	<u>221,074</u>	<u>236,416</u>	<u>707,236</u>	<u>327,322</u>	<u>116,909</u>	<u>433,844</u>
Plan fiduciary net position—beginning	<u>9,247,436</u>	<u>9,014,009</u>	<u>5,435,340</u>	<u>5,025,888</u>	<u>4,807,601</u>	<u>4,573,972</u>	<u>3,866,736</u>	<u>3,539,414</u>	<u>3,422,505</u>	<u>2,988,661</u>
Plan fiduciary net position—ending (b)	<u>\$ 10,548,121</u>	<u>\$ 9,244,649</u>	<u>\$ 9,014,009</u>	<u>\$ 5,435,340</u>	<u>\$ 5,025,888</u>	<u>\$ 4,810,388</u>	<u>\$ 4,573,972</u>	<u>\$ 3,866,736</u>	<u>\$ 3,539,414</u>	<u>\$ 3,422,505</u>
County's net pension liability - ending (a) – (b)	<u>\$ 749,885</u>	<u>\$ 1,396,746</u>	<u>\$ 1,146,621</u>	<u>\$ 4,533,108</u>	<u>\$ 4,016,518</u>	<u>\$ 3,683,446</u>	<u>\$ 3,628,971</u>	<u>\$ 3,563,525</u>	<u>\$ 2,686,433</u>	<u>\$ 2,496,241</u>
Plan fiduciary net position as a percentage of the total pension liability	93.36 %	86.87 %	88.72 %	54.53 %	55.58 %	56.63 %	55.76 %	52.04 %	56.85 %	57.82 %
Covered payroll	\$ 1,352,630	\$ 1,272,524	\$ 1,207,114	\$ 1,082,791	\$ 1,070,552	\$ 1,127,941	\$ 1,075,201	\$ 1,034,588	\$ 935,210	\$ 1,006,178
County's net pension liability as a percentage of covered payroll	55.44 %	109.76 %	94.99 %	418.65 %	375.18 %	326.56 %	337.52 %	344.44 %	287.25 %	248.09 %

See the accompanying notes to this schedule.

Graham County
Required supplementary information
Schedule of changes in the County's net pension liability (asset) and related ratios
Agent pension plans
Year ended June 30, 2024

	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CORP - Detention										
Total pension liability:										
Service cost	\$ 60,096	\$ 75,224	\$ 75,993	\$ 123,684	\$ 172,423	\$ 203,644	\$ 185,996	\$ 167,701	\$ 179,080	\$ 159,853
Interest on the total pension liability	203,359	213,487	196,723	220,025	212,465	213,815	183,953	186,579	181,379	169,277
Changes of benefit terms						(81,792)	283,832	(39,923)		37,587
Differences between expected and actual experience in the measurement of the pension liability	263,227	(280,709)	126,270	(423,551)	(7,230)	(139,068)	(62,978)	(131,219)	(86,107)	(171,643)
Changes of assumptions or other inputs		32,555			52,309		76,221	94,493		196,121
Benefit payments, including refunds of employee contributions	(118,387)	(132,576)	(204,566)	(178,775)	(297,901)	(272,984)	(205,339)	(216,397)	(188,456)	(304,826)
Net change in total pension liability	408,295	(92,019)	194,420	(258,617)	132,066	(76,385)	461,685	61,234	85,896	86,369
Total pension liability—beginning	2,823,531	2,915,550	2,721,130	2,979,747	2,847,681	2,924,066	2,462,381	2,401,147	2,315,251	2,228,882
Total pension liability—ending (a)	<u>\$ 3,231,826</u>	<u>\$ 2,823,531</u>	<u>\$ 2,915,550</u>	<u>\$ 2,721,130</u>	<u>\$ 2,979,747</u>	<u>\$ 2,847,681</u>	<u>\$ 2,924,066</u>	<u>\$ 2,462,381</u>	<u>\$ 2,401,147</u>	<u>\$ 2,315,251</u>
Plan fiduciary net position:										
Contributions—employer	\$ 46,633	\$ 31,831	\$ 133,563	\$ 233,423	\$ 113,877	\$ 120,374	\$ 103,251	\$ 107,149	\$ 74,587	\$ 104,148
Contributions—employee	34,917	38,363	44,326	53,500	80,173	111,107	104,932	104,762	122,500	93,360
Net investment income	221,155	(113,933)	656,608	69,243	117,297	153,706	226,659	11,695	67,673	230,025
Benefit payments, including refunds of employee contributions	(118,386)	(132,576)	(204,566)	(178,775)	(297,901)	(272,984)	(205,339)	(216,397)	(188,456)	(304,826)
Administrative expense	(8,269)	(2,074)	(3,032)	(2,680)	(2,793)	(3,025)	(2,383)	(2,054)	(2,059)	(1,809)
Other changes	(17,156)		1			(42)	(11)	(1,373)	(33,057)	
Net change in plan fiduciary net position	158,894	(178,389)	626,900	174,711	10,653	109,136	227,109	3,782	41,188	120,898
Plan fiduciary net position—beginning	2,879,775	3,058,165	2,431,265	2,256,554	2,245,901	2,136,765	1,909,656	1,905,874	1,864,686	1,743,788
Plan fiduciary net position—ending (b)	<u>\$ 3,038,669</u>	<u>\$ 2,879,776</u>	<u>\$ 3,058,165</u>	<u>\$ 2,431,265</u>	<u>\$ 2,256,554</u>	<u>\$ 2,245,901</u>	<u>\$ 2,136,765</u>	<u>\$ 1,909,656</u>	<u>\$ 1,905,874</u>	<u>\$ 1,864,686</u>
County's net pension liability (asset) - ending (a) - (b)	<u>\$ 193,157</u>	<u>\$ (56,245)</u>	<u>\$ (142,615)</u>	<u>\$ 289,865</u>	<u>\$ 723,193</u>	<u>\$ 601,780</u>	<u>\$ 787,301</u>	<u>\$ 552,725</u>	<u>\$ 495,273</u>	<u>\$ 450,565</u>
Plan fiduciary net position as a percentage of the total pension liability	94.02 %	101.99 %	104.89 %	89.35 %	75.73 %	78.87 %	73.08 %	77.55 %	79.37 %	80.54 %
Covered payroll	\$ 1,534,775	\$ 1,281,422	\$ 1,402,614	\$ 1,375,440	\$ 1,578,323	\$ 1,312,576	\$ 1,347,959	\$ 1,244,657	\$ 1,202,220	\$ 1,107,018
County's net pension liability as a percentage of covered payroll	12.59 %	(4.39)%	(10.17)%	21.07 %	45.82 %	45.85 %	58.41 %	44.41 %	41.20 %	40.70 %

See the accompanying notes to this schedule.

Graham County
Required supplementary information
Schedule of changes in the County's net pension liability (asset) and related ratios
Agent pension plans
Year ended June 30, 2024

	Reporting fiscal year (Measurement date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CORP - Dispatchers										
Total pension liability:										
Service cost	\$ 10,944	\$ 11,018	\$ 10,293	\$ 16,975	\$ 22,951	\$ 25,228	\$ 23,154	\$ 22,530	\$ 29,562	\$ 34,365
Interest on the total pension liability	49,831	45,182	39,666	47,947	46,409	45,702	35,865	34,979	33,166	31,045
Changes of benefit terms						(35,339)	98,268	1,892		
Differences between expected and actual experience in the measurement of the pension liability	51,667	17,834	24,866	(114,608)	35,705	(6,865)	(11,358)	(16,635)	(21,537)	9,030
Changes of assumptions or other inputs		(788)			16,768		(7,195)	4,101		1,695
Benefit payments, including refunds of employee contributions				(114,126)	(58,266)	(751)		(29,158)		(17,295)
Net change in total pension liability	112,442	73,246	74,825	(163,812)	63,567	27,975	138,734	17,709	41,191	20,780
Total pension liability—beginning	681,154	607,908	533,083	696,895	633,328	605,353	466,619	448,910	407,719	386,939
Total pension liability—ending (a)	<u>\$ 793,596</u>	<u>\$ 681,154</u>	<u>\$ 607,908</u>	<u>\$ 533,083</u>	<u>\$ 696,895</u>	<u>\$ 633,328</u>	<u>\$ 605,353</u>	<u>\$ 466,619</u>	<u>\$ 448,910</u>	<u>\$ 407,719</u>
Plan fiduciary net position:										
Contributions—employer	\$ 7,984	\$ 3,833	\$ 5,599	\$ 6,615	\$ 11,455	\$ 10,176	\$ 9,753	\$ 10,904	\$ 10,664	\$ 14,898
Contributions—employee	8,575	7,705	7,330	7,164	11,355	12,559	12,436	14,206	14,585	16,679
Net investment income	57,422	(28,395)	160,023	17,382	35,029	44,368	63,027	3,221	18,096	56,641
Benefit payments, including refunds of employee contributions				(114,126)	(58,266)	(751)		(29,158)		(17,295)
Administrative expense	(1,030)	(521)	(742)	(673)	(1,325)	(1,371)	(951)	(856)	(835)	(444)
Other changes	(5,110)					(12)	(3)	(3)	(380)	
Net change in plan fiduciary net position	67,841	(17,378)	172,210	(83,638)	(1,752)	64,969	84,262	(1,686)	42,130	70,479
Plan fiduciary net position—beginning	738,580	755,958	583,748	667,386	669,138	604,169	519,907	521,593	479,463	408,984
Plan fiduciary net position—ending (b)	<u>\$ 806,421</u>	<u>\$ 738,580</u>	<u>\$ 755,958</u>	<u>\$ 583,748</u>	<u>\$ 667,386</u>	<u>\$ 669,138</u>	<u>\$ 604,169</u>	<u>\$ 519,907</u>	<u>\$ 521,593</u>	<u>\$ 479,463</u>
County's net pension liability (asset) - ending (a) - (b)	<u>\$ (12,825)</u>	<u>\$ (57,426)</u>	<u>\$ (148,050)</u>	<u>\$ (50,665)</u>	<u>\$ 29,509</u>	<u>\$ (35,810)</u>	<u>\$ 1,184</u>	<u>\$ (53,288)</u>	<u>\$ (72,683)</u>	<u>\$ (71,744)</u>
Plan fiduciary net position as a percentage of the total pension liability	101.62 %	108.43 %	124.35 %	109.50 %	95.77 %	105.65 %	99.80 %	111.42 %	116.19 %	117.60 %
Covered payroll	\$ 107,951	\$ 106,408	\$ 92,082	\$ 90,003	\$ 136,542	\$ 157,771	\$ 162,159	\$ 179,580	\$ 183,226	\$ 209,895
County's net pension liability as a percentage of covered payroll	(11.88)%	(53.97)%	(160.78)%	(56.29)%	21.61 %	(22.70)%	0.73 %	(29.67)%	(39.67)%	(34.18)%

See the accompanying notes to this schedule.

Graham County
Required supplementary information
Schedule of County pension contributions
June 30, 2024

ASRS

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,212,659	\$ 1,043,776	\$ 972,743	\$ 867,230	\$ 796,803	\$ 762,285	\$ 728,371	\$ 760,067	\$ 743,113	\$ 743,150
Contribution in relation to the statutorily required contribution	<u>1,212,659</u>	<u>1,043,776</u>	<u>972,743</u>	<u>867,230</u>	<u>796,803</u>	<u>762,285</u>	<u>728,371</u>	<u>760,067</u>	<u>743,113</u>	<u>743,150</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
County's covered payroll	\$ 10,135,624	\$ 8,784,395	\$ 8,467,368	\$ 7,463,509	\$ 6,974,466	\$ 6,829,380	\$ 6,707,529	\$ 7,074,003	\$ 6,869,957	\$ 6,847,161
Contributions as a percentage of covered payroll	11.96 %	11.88 %	11.49 %	11.62 %	11.42 %	11.16 %	10.86 %	10.74 %	10.82 %	10.85 %

CORP - AOC

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 287,520	\$ 232,855	\$ 268,145	\$ 271,296	\$ 251,199	\$ 282,147	\$ 283,788	\$ 273,560	\$ 256,909	\$ 218,876
Contribution in relation to the statutorily required contribution	<u>287,520</u>	<u>232,855</u>	<u>268,145</u>	<u>271,296</u>	<u>251,199</u>	<u>282,147</u>	<u>283,788</u>	<u>273,560</u>	<u>256,909</u>	<u>218,876</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
County's covered payroll	\$ 725,804	\$ 656,123	\$ 767,174	\$ 817,801	\$ 830,745	\$ 878,776	\$ 1,272,621	\$ 1,376,650	\$ 1,391,108	\$ 1,394,172
Contributions as a percentage of covered payroll	39.61 %	35.49 %	34.95 %	33.17 %	30.24 %	32.11 %	22.30 %	19.87 %	18.47 %	15.70 %

EORP

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily determined contribution	\$ 650,580	\$ 619,032	\$ 552,938	\$ 524,756	\$ 513,957	\$ 512,858	\$ 202,056	\$ 200,420	\$ 199,399	\$ 203,451
Contribution in relation to the statutorily required contribution	<u>650,580</u>	<u>619,032</u>	<u>552,938</u>	<u>524,756</u>	<u>513,957</u>	<u>388,433</u>	<u>41,337</u>	<u>200,420</u>	<u>199,399</u>	<u>203,451</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>124,425</u>	\$ <u>160,719</u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
County's covered payroll	\$ 947,496	\$ 959,165	\$ 981,385	\$ 915,605	\$ 873,092	\$ 876,826	\$ 878,739	\$ 871,498	\$ 861,210	\$ 866,869
Contributions as a percentage of covered payroll	68.66 %	64.54 %	56.34 %	57.31 %	58.87 %	44.30 %	4.70 %	23.00 %	23.15 %	23.47 %

See the accompanying notes to this schedule.

Graham County
Required supplementary information
Schedule of County pension contributions
June 30, 2024

PSPRS

	Reporting fiscal year									
	2024*	2023*	2022*	2021*	2020*	2019*	2018	2017	2016	2015
Actuarially determined contribution	\$ 182,268	\$ 237,979	\$ 321,325	\$ 341,580	\$ 276,303	\$ 315,334	\$ 384,786	\$ 344,554	\$ 302,705	\$ 193,270
Contribution in relation to the actuarially required contribution	<u>833,641</u>	<u>913,529</u>	<u>921,325</u>	<u>2,341,580</u>	<u>576,303</u>	<u>615,334</u>	<u>384,786</u>	<u>399,787</u>	<u>348,370</u>	<u>193,270</u>
Contribution deficiency (excess)	\$ <u>(651,373)</u>	\$ <u>(675,550)</u>	\$ <u>(600,000)</u>	\$ <u>(2,000,000)</u>	\$ <u>(300,000)</u>	\$ <u>(300,000)</u>	\$ <u> </u>	\$ <u>(55,233)</u>	\$ <u>(45,665)</u>	\$ <u> </u>
County's covered payroll	\$ 1,346,185	\$ 1,352,603	\$ 1,272,524	\$ 1,207,114	\$ 1,082,791	\$ 1,070,552	\$ 1,127,941	\$ 1,075,201	\$ 1,034,588	\$ 935,210
Contributions as a percentage of covered payroll	61.93 %	67.54 %	72.40 %	193.98 %	53.22 %	57.48 %	34.11 %	37.18 %	33.67 %	20.67 %

CORP - Detention

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 94,496	\$ 83,153	\$ 71,324	\$ 97,432	\$ 98,289	\$ 130,118	\$ 111,044	\$ 107,785	\$ 101,224	\$ 74,587
Contribution in relation to the actuarially required contribution	<u>94,496</u>	<u>83,153</u>	<u>71,324</u>	<u>97,432</u>	<u>148,289</u>	<u>280,118</u>	<u>111,044</u>	<u>107,785</u>	<u>101,224</u>	<u>74,587</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>(50,000)</u>	\$ <u>(150,000)</u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
County's covered payroll	\$ 1,799,234	\$ 1,534,775	\$ 1,281,422	\$ 1,402,614	\$ 1,375,440	\$ 1,578,323	\$ 1,312,576	\$ 1,347,959	\$ 1,244,657	\$ 1,202,220
Contributions as a percentage of covered payroll	5.25 %	5.42 %	5.57 %	6.95 %	10.78 %	17.75 %	8.46 %	8.00 %	8.13 %	6.20 %

CORP - Dispatchers

	Reporting fiscal year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,121	\$ 4,167	\$ 4,214	\$ 5,599	\$ 6,615	\$ 10,964	\$ 10,176	\$ 10,127	\$ 10,952	\$ 10,664
Contribution in relation to the actuarially required contribution	<u>2,121</u>	<u>4,167</u>	<u>4,214</u>	<u>5,599</u>	<u>6,615</u>	<u>10,964</u>	<u>10,176</u>	<u>10,127</u>	<u>10,952</u>	<u>10,664</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
County's covered payroll	\$ 109,339	\$ 107,951	\$ 106,408	\$ 92,082	\$ 90,003	\$ 136,542	\$ 157,771	\$ 162,159	\$ 179,580	\$ 183,226
Contributions as a percentage of covered payroll	1.94 %	3.86 %	3.96 %	6.08 %	7.35 %	8.03 %	6.45 %	6.25 %	6.10 %	5.82 %

* An additional contribution was made to reduce the County's pension liabilities, improving the overall funded status of the pension plans.

See the accompanying notes to this schedule.

Graham County
Required supplementary information
Notes to pension plan schedules
June 30, 2024

Note 1 - Actuarially determined contribution rates

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 two (2) years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2022 actuarial valuation	24 years for PSPRS and 14 years for CORP
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. in the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.00%–8.00% to 3.50%–7.50% for PSPRS and from 4.00%–7.25% to 3.50%–6.50% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.50%–8.50% to 4.00%–8.00% for PSPRS and from 4.50%–7.75% to 4.00%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.00%–9.00% to 4.50%–8.50% for PSPRS and from 5.00%–8.25% to 4.50%–7.75% for CORP.
Wage growth	In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 - 6.25% for PSPRS and CORP. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage grown was decreased from 5.0% to 4.5% for PSPRS and CORP
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 – June 30, 2011.
Mortality	In the 2019 actuarial valuation, change to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Graham County
Required supplementary information
Notes to pension plan schedules
June 30, 2024

Note 2 - Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP-AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-, CORP-, and CORP-AOC-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-, CORP-, and CORP- AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the statutorily required contributions for 2018 and 2019 for EORP members.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

In an effort to reduce the pension liability related to PSPRS and CORP - Detention, the Board of Supervisors has authorized the County to make additional contributions above the required actuarially determined contributions. These contributions are indicated on the schedule of County pension contributions for these two plans.

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SINGLE AUDIT REPORT



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Basic Financial
Statements Performed in Accordance with *Government Auditing Standards***

The Arizona Auditor General

The Board of Supervisors of
Graham County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Graham County, Arizona (the County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit that are presented in its corrective action plan at the end of this report. The County is responsible for preparing a corrective action plan to address each finding. The County's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fester & Chapman, PLLC

March 12, 2025



Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

The Arizona Auditor General

The Board of Supervisors of
Graham County, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Graham County's (the County) compliance with the types of compliance requirements identified as subject to audit in the *U.S Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Management's Responsibilities for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we express no such opinion.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fester & Chapman, PLLC

March 12, 2025

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. generally accepted accounting principles

Unmodified

Is a going concern emphasis-of-matter paragraph included in the auditors' report?

Yes	No
	X

Internal control over financial reporting:

Material weakness(es) identified?

	X
--	---

Significant deficiency(ies) identified?

X	
---	--

Noncompliance material to the financial statements noted?

	X
--	---

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

	X
--	---

Significant deficiency(ies) identified?

	X
	(none reported)

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516 (a)?

	X
--	---

Identification of major programs:

Federal Assistance Listings Number	Name of Federal Program or Cluster
10.665	Schools and Roads
21.032	COVID-19: Local Assistance and Tribal Consistency Fund

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Summary of Auditors' Results (continued)

Dollar threshold used to distinguish between Type A and Type B programs:

\$	750,000
<hr/>	
Yes	No
<hr/>	
X	
<hr/>	

Auditee qualified as low-risk auditee?

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings

2024-001 Internal Controls over Information Technology - Managing and Documenting Risk
(Significant Deficiency in Internal Control)

The County's deficiencies in its process for managing and documenting its risks may put its operations and IT systems and data at unintended and unnecessary risk of potential harm.

Condition: The County's process for managing and documenting its risks did not include an overall risk assessment process that included identifying, analyzing, and responding to the County-wide information technology (IT) risks, such as potential harm from unauthorized access, use, disclosure, disruption, modification, or destruction of IT systems and data. Also, it did not include identifying, classifying, and inventorying sensitive information that might need stronger access and security controls and evaluating and determining the business functions and IT systems that would need to be restored quickly if the County were impacted by disasters or other system interruptions.

Effect: The County's administration and IT management may put the County's IT systems and data at unintended and unnecessary risk of potential harm.

Cause: The County's administration and IT management reported prioritizing an updated accounting system for the Treasury department in the current audit period. The County did not prioritize monitoring compliance with policies and procedures.

Criteria: Establishing a process for managing risk that follows a credible industry source, such as the National Institute of Standards and Technology, helps the County to effectively manage risk related to IT systems and data. Effectively managing risk includes an entity-wide risk assessment process that involves members of the County's administration and IT management. An effective risk assessment process helps the County determine the risks it faces as the County seeks to achieve its objectives to not only report accurate financial information and protect its IT systems and data but to also carry out its overall mission and service objectives. Additionally, an effective risk management process provides the County the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which it might be subjected. To help ensure the County's objectives can be met, an effective annual risk assessment considers and identifies IT risk in the County's operating environment, analyzes and prioritizes each identified risk, and develops a plan to respond to each risk within the context of the County's defined objectives and risk tolerances. Finally, effectively managing risk includes the County's process for identifying, classifying, and inventorying sensitive information that might need stronger access and security controls to address the risk of unauthorized access and use, modification, or loss of that sensitive information and the process of evaluating risk of losing the continuity of business operations in the event of a disaster or system interruption.

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

- Recommendation: The County’s administration and IT management should:
1. Plan for where to allocate resources and where to implement critical controls.
 2. Perform an annual entity-wide IT risk assessment process that includes evaluating and documenting risks and safeguards. Such risks may include inappropriate access that would affect financial data, system changes that could adversely impact or disrupt system operations, and inadequate or outdated system security.
 3. Evaluate and manage the risks of holding sensitive information by identifying, classifying, and inventorying the information the County holds to assess where stronger access and security controls may be needed to protect data in accordance with State statutes and federal regulations.
 4. Evaluate and determine the critical organization functions and IT systems that would need to be restored quickly given the potential impact disasters or other IT system interruptions could have on the organization’s operations, such as public safety and payroll and accounting, and determine how to prioritize and plan for recovery.

The County’s corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-01.

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

2024-002 Internal Controls over Information Technology - Protecting Systems and Data (Significant Deficiency in Internal Control)

The County's control procedures over IT systems and data were not sufficient, which increases the risk that the County may not adequately protect those systems and data.

Condition: The County's control procedures were not sufficiently documented and implemented to respond to risks associated with its IT systems and data. The County lacked sufficient procedures over the following:

- **Restricting access**—Procedures did not consistently help prevent or detect unauthorized or inappropriate access to its IT systems and data.
- **Managing system configurations and changes**—Procedures did not ensure configuration settings were securely maintained and all IT system changes were adequately managed.
- **Securing systems and data**—IT security policies and procedures lacked controls to prevent unauthorized or inappropriate access or use, manipulation, damage, or loss.
- **Ensuring operations continue** - Contingency plan lacked key elements related to restoring operations in the event of a disaster or other system interruption.

Effect: There is an increased risk that the County may not adequately protect its IT systems and data, which could result in unauthorized or inappropriate access and/or the loss of confidentiality or integrity of systems and data. It also increases the County's risk of not being able to effectively continue daily operations and completely and accurately recover vital IT systems and data in the event of a disaster or system interruption.

Cause: The County's administration and IT management reported a concentration of the County resources in the transition of accounting system for the County Treasurer's Office and did not prioritize the finalization of the IT policies and procedures.

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

Criteria:

Implementing effective internal controls that follow a credible industry source, such as the National Institute of Standards and Technology, help the County to protect its IT systems and ensure the integrity and accuracy of the data it maintains, as follows:

- **Restrict access through logical and physical access controls**—Help to ensure systems and data are accessed by users who have a need, systems and data access granted is appropriate, key systems and data access is monitored and reviewed, and physical access to its system infrastructure is protected.
- **Manage system configurations and changes through well-defined, documented configuration management process**—Ensures the County’s IT system configurations are documented and that changes to the systems are identified, documented, evaluated for security implications, tested, and approved prior to implementation. This helps limit the possibility of an adverse impact on the system’s security or operation. Separating responsibilities is an important control for system changes; the same person who has authority to make system changes should not put the change into production. If those responsibilities cannot be separated, a post-implementation review should be performed to ensure the change was implemented as designed and approved.
- **Secure systems and data through IT security internal control policies and procedures**—Help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT systems and data.
- **Ensure operations continue through a comprehensive, documented, and tested contingency plan**—Provides the preparation necessary to place the plan in operation and helps to ensure business operations continue and systems and data can be recovered in the event of a disaster, system or equipment failure, or other interruption.

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

Recommendation: The County should:

1. Make it a priority to finalize and implement comprehensive IT policies and procedures and develop a process to ensure the procedures are being consistently followed.

Restrict access—To restrict access to its IT systems and data, implement processes to:

2. Remove terminated employees' access to IT systems and data.
3. Review all user account access to ensure it remains appropriate and necessary.
4. Enhance authentication requirements for IT systems.
5. Review data center physical access periodically to determine appropriateness.

Manage system configurations and changes—To configure IT systems securely and manage system changes, document and implement processes to:

6. Establish and follow a documented change management process.
7. Review proposed changes for appropriateness, justification, and security impact.
8. Develop and document a plan to roll back changes in the event of a negative impact to IT systems.
9. Separate responsibilities for the change management process or, if impractical, perform a post-implementation review to ensure the change was implemented as approved.

Secure systems and data—To secure IT systems and data, document and implement processes to:

10. Prepare and implement a security incident response plan clearly stating how to report and handle such incidents.
11. Provide all employees ongoing training on IT security risks and their responsibilities to ensure systems and data are protected.

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Financial Statement Findings (continued)

Ensure operations continue—To ensure operations continue, develop, document and implement processes to:

12. Develop and implement a contingency plan, and ensure it includes all critical elements to restore critical operations, including being prepared to move critical operations to a separate alternative site if necessary.
13. Test the contingency plan.
14. Train staff responsible for implementing the contingency plan.
15. Back up and securely maintain backups of systems and data.

The County's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to audit and have not audited these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2023-02.

Graham County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Federal Award Findings and Questioned Costs

None reported.

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COUNTY SECTION

Graham County, Arizona
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Agency/Assistance Listings	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		Arizona Department of Health Services	ADHS19-207424; CTR067926	\$ 161,756	-
10.665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster			410,311	-
10.704	Law Enforcement Agreements				2,611	-
10.904	Watershed Protection and Flood Prevention				217,428	-
	Total Department of Agriculture				<u>792,106</u>	<u>-</u>
Department of Housing and Urban Development						
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		Arizona Department of Housing	121-22	44,923	-
	Total Department of Housing and Urban Development				<u>44,923</u>	<u>-</u>
Department of Justice						
16.575	Crime Victim Assistance		Arizona Department of Public Safety	2020-164; 2023-267	19,712	-
16.606	State Criminal Alien Assistance Program				2,306	-
16.607	Bulletproof Vest Partnership Program				5,961	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program		Arizona Criminal Justice Commission	DC-24-024; DC-24-005	32,743	-
16.753	Congressionally Recommended Awards				140,000	-
	Total Department of Justice				<u>200,722</u>	<u>-</u>
Department of Transportation						
20.600	State and Community Highway Safety	Highway Safety Cluster	Governor's Office of Highway Safety	2023-PTS-029; 2024-PTS-029	15,769	-
20.616	National Priority Safety Programs	Highway Safety Cluster	Governor's Office of Highway Safety	2023-405d-021; 2024-405d-019	8,841	-
	<i>Total Highway Safety Cluster</i>				24,610	-
	Total Department of Transportation				<u>24,610</u>	<u>-</u>
Department of Treasury						
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		Arizona Criminal Justice Commission	ISA-ARPA-ACJC-010123-01	8,466	-
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		Arizona Department of Public Safety	2023-267	56,503	-
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		Governor's Office	GR-ARPA-GCF-070121-01	63,614	-
	<i>Total 21.027</i>				128,583	-
21.032	COVID-19 Local Assistance and Tribal Consistency Fund				5,996,745	-
	Total Department of Treasury				<u>6,125,328</u>	<u>-</u>
Election Assistance Commission						
90.404	HAVA Election Security Grants		Arizona Secretary of State	AZ20101001	19,306	-
	Total Election Assistance Commission				<u>19,306</u>	<u>-</u>
Department of Health and Human Services						
93.069	Public Health Emergency Preparedness		Arizona Department of Health Services	CTR055210	198,354	-
93.268	COVID-19 Immunization Cooperative Agreements		Arizona Department of Health Services	CTR060279; ADHS18-177679; CTR060582	345,900	-
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		Arizona Department of Health Services	CTR040477	71,929	-
93.563	Child Support Services		Arizona Department of Economic Security	G1804AZ4004	3,952	-
93.658	Foster Care Title IV-E		Arizona Department of Child Safety (DCS) and Arizona Supreme Court, Administrative Office of the Courts (AOC)	2101AZFOST; 2402AZFOST-DCS-GRAHAM	18,987	-
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement		Southeast Arizona Area Health Education Center (SEAHEC)	10T20D035592-01	9,447	-
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health		Arizona Department of Health Services	CTR064795	17,914	-
93.977	Sexually Transmitted Diseases (STD) Prevention and Control		Arizona Department of Health Services	CTR040477; CTR067653	21,951	-
93.991	Grants Preventive Health and Health Services Block Grant		Arizona Department of Health Services	CTR055137	63,813	-
93.994	Maternal and Child Health Services Block Grant to the States		Arizona Department of Health Services	CTR055137	101,993	-
	Total Department of Health and Human Services				<u>854,240</u>	<u>-</u>
Department of Homeland Security						
97.042	Emergency Management Performance Grants		Arizona Department of Emergency and Military Affairs	DHS-23-GPD-024-09-01	47,569	-
97.067	Homeland Security Grant Program		Arizona Department of Emergency and Military Affairs	21-AZDOHS-OPSG-210422-01; 22-AZDOHS-OPSG-220421-01	105,694	-
	Total Department of Homeland Security				<u>153,263</u>	<u>-</u>
	Total Expenditures of Federal Awards				<u>\$ 8,214,498</u>	<u>\$ -</u>

See accompanying notes to schedule.

Graham County, Arizona
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

NOTE 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes Graham County's federal grant activity for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 - Federal Assistance Listings Number

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantor or the 2024 *Federal Assistance Listings*.

NOTE 4 - Indirect Cost Rate

The County did not elect to use the 10 percent de minimus indirect cost rate as covered in 2 CFR §200.414.

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COUNTY RESPONSE



Graham County Board of Supervisors

921 W. Thatcher Blvd.

Safford, AZ 85546

Phone: (928) 428-3250

Fax: (928) 428-5951

Clay Mack, Chairman
Paul R. David, Vice Chairman
John Howard, Member

Dustin Welker, County Manager/Clerk

March 12, 2025

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding, we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

A handwritten signature in blue ink that reads "Julie Rodriguez".

Julie Rodriguez
Chief Financial Officer

**Graham County
Corrective Action Plan
Year Ended June 30, 2024**

Financial Statement Findings

**2024-001 Internal Controls over Information Technology - Managing and Documenting Risk
(Significant Deficiency in Internal Control)**

Contact Person(s): McCoy Hawkins, IT Director
Anticipated completion date: June 30, 2025

County Discussion: The County is actively working to update outdated systems while continuing to assess entity-wide risks. Additional software modules are being tested to perform these tasks more effectively. Related policies and procedures are being finalized to provide guidelines for managing these risks in accordance with state statutes and federal regulations.

**2024-002 Internal Controls over Information Technology - Protecting Systems and Data
(Significant Deficiency in Internal Control)**

Contact Person(s): McCoy Hawkins, IT Director
Anticipated completion date: June 30, 2025

County Discussion: Multiple policies and procedures are being finalized to provide guidelines for access control, information security, and contingency planning in accordance with state statutes and federal regulations.



Graham County Board of Supervisors

921 W. Thatcher Blvd.

Safford, AZ 85546

Phone: (928) 428-3250

Fax: (928) 428-5951

Clay Mack, Chairman
Paul R. David, Vice Chairman
John Howard, Member

Dustin Welker, County Manager/Clerk

March 12, 2025

Lindsey A. Perry
Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Perry:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Julie Rodriguez
Chief Financial Officer

Graham County
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2024

Status of Financial Statement Findings

Title: Internal Controls over Information Technology - Managing and Documenting Risk (Significant Deficiency in Internal Control)
Finding No.: 2023-01
Status: Not corrected
County Discussion: While Graham County IT Policies and Procedures relating to risk management have been drafted, they have not yet made it through the full approval process due to limited employee workforce and major infrastructure projects and security software changes and implementation. A few of these changes were made to assist with the identification, classification, and prioritization of County-wide risks.

Title: Internal Controls over Information Technology - Protecting Systems and Data (Significant Deficiency in Internal Control)
Finding No.: 2023-02
Status: Not corrected
County Discussion: While many Graham County IT Policies and Procedures relating to access control, change management, and information security have been drafted, they have not yet made it through the full approval process due to limited employee workforce and major infrastructure projects and security software changes and implementation.