Report Highlights

Graham County
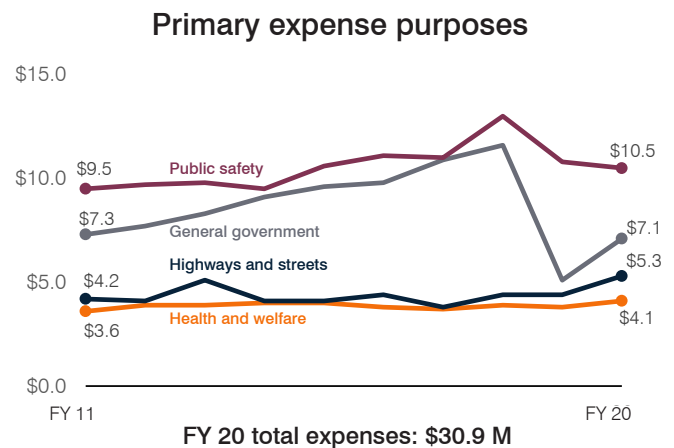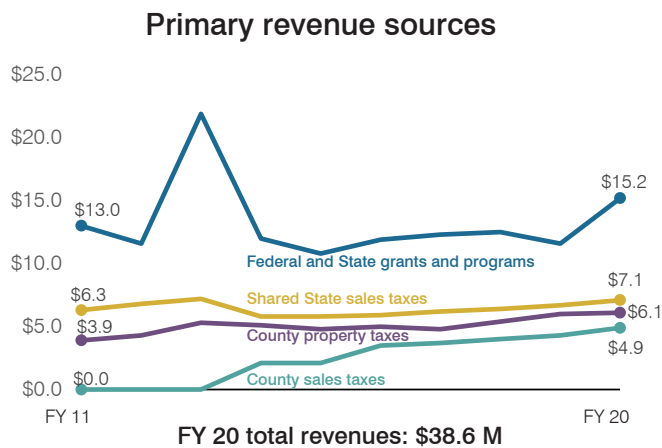### Annual financial statement and compliance audits

> The County's fiscal year 2020 reported financial information is reliable, and we did not report any noncompliance. However, we reported deficiencies over financial reporting, summarized on the next page.

Audits' purposes

To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

Fiscal years 2011 through 2020
(In millions)

Primary revenue sources

FY 20 total revenues: $38.6 M

Federal and State grants and programs — $13.0 ... $15.2
Shared State sales taxes — $6.3 ... $7.1
County property taxes — $3.9 ... $6.1
County sales taxes — $0.0 ... $4.9

Primary expense purposes

FY 20 total expenses: $30.9 M

Public safety — $9.5 ... $10.5
General government — $7.3 ... $7.1
Highways and streets — $4.2 ... $5.3
Health and welfare — $3.6 ... $4.1

Source: Auditor General staff summary of information obtained from the County's financial statements.

Largest primary revenue sources

- **Federal and State grants and programs—39.4% FY 20:** Includes federal and State government grants and programs awarded as assistance to the County and its citizens, including highway user tax revenues for authorized transportation purposes. In fiscal year 2013, the County received a 1-time $10 million State contribution.
- **Shared State sales taxes—18.4% FY 20:** Comes from State sales taxes the State of Arizona collects, and the Arizona State Treasurer distributes to the County based on the State's statutory distribution formulas.

Largest primary expense purposes

- **Public safety—34.0% FY 20**: Costs for protecting the County's persons and property with the largest portion for County jail operations, County Sheriff's office services, probation services, and Flood Control District operations.
- **General government—23.0% FY 20:** Costs for general operation, oversight, and administration of County operations, including property assessments and taxes, budgeting and finance, and elections. Pension benefit expense was $6.6 million less in fiscal year 2019 than in fiscal year 2018, but increased by $2.1 million from fiscal year 2019 to fiscal year 2020.

County's net position increased in FY 20

County revenues were $7.7 million greater than its expenses, increasing total net position to $27.9 million at June 30, 2020. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. None of this net position is unrestricted, meaning some is not in spendable form, and the rest is restricted by external parties.

Auditor findings and recommendations

Summarized below are our findings and recommendations included in the County's combined Annual Financial and Single Audit Reports where there is further information and the County's responses.

- The County needs to continue to develop, document, and implement policies and procedures to effectively respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access, damage, or loss, to its information technology systems and financial and other data, including protecting sensitive data. We reported similar findings in the prior year.

Auditor General website report links

- The June 30, 2020, Graham County combined Annual Financial and Single Audit Reports that are summarized in these highlights can be found at this link. These reports should be read to fully understand the County's overall financial picture and our reporting responsibilities.

- The County's reports from prior years are available at this link.

- For help in understanding important information presented in these reports, please refer to our user guides at the following links:

    - Financial Report User Guide for State and Local Governments.

    - Internal Control and Compliance Reports User Guide.