

Graham County

Annual financial statement and compliance audits

The County's fiscal year 2023 reported financial information is reliable. However, we reported deficiencies over financial reporting, summarized on the next page.

Audits' purpose

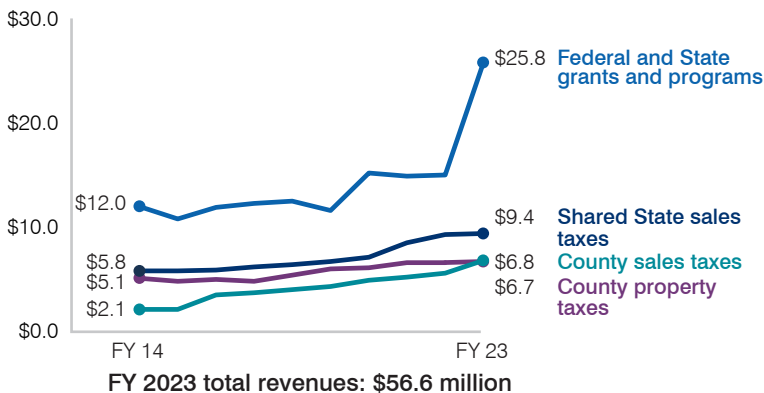
To express our opinions on the County's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

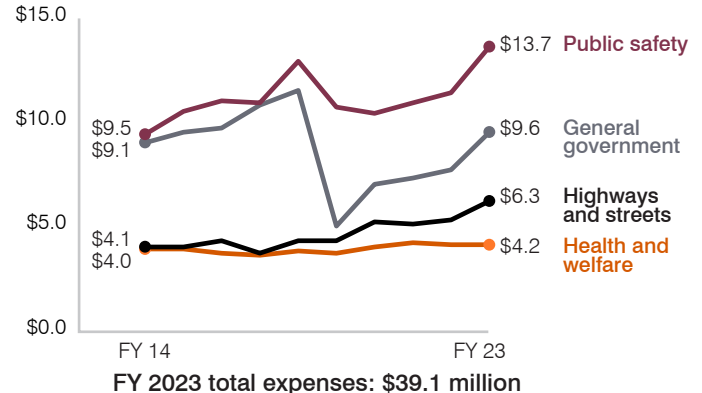
Fiscal years (FY) 2014 through 2023

(In millions)

Primary revenue sources



Primary expense purposes



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

Largest primary revenue sources FY 2023

- **Federal and State grants and programs 45.6%**—Includes federal and State government grants and programs awarded as assistance to the County and its residents, including highway user tax revenues for authorized transportation purposes. In fiscal year 2023, the County received \$7.3 million in federal assistance from the American Rescue Plan and Local Assistance and Tribal Fund programs.
- **Shared State sales taxes 16.6%**—Comes from State sales and other shared 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 FY 2023

- **Public safety 35.0%**—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 24.6%**—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 2023

County revenues were \$17.5 million greater than its expenses, increasing total net position to \$61.6 million at June 30, 2023. 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. Of the total net position, \$52.4 million is restricted by external parties or is not in spendable form, and the remaining \$9.2 million is unrestricted.

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:

- Identify, classify, and inventory the sensitive information that the County holds, and assess where stronger IT access and security controls may be needed to protect it. Also, the County needs to make it a priority 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 IT systems and financial and other data, including protecting sensitive data. We found that processes for managing and documenting risks and control procedures over IT systems and data were not sufficient, which may put County operations and IT systems and data at unintended and unnecessary risk of potential harm. We initially reported similar findings in fiscal year 2016.

Auditor General website report links

- The June 30, 2023, 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](#).