

GRAHAM COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2024

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INDEPENDENT ACCOUNTANTS' REPORT

To the Arizona Auditor General

The Board of Supervisors of
Graham County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Graham County, Arizona (the County), for the year ended June 30, 2024 and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.


Fester & Chapman, PLLC

June 18, 2025

GRAHAM COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2024

1. Economic Estimates Commission expenditure limitation	\$ 19,635,884
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>19,304,190</u>
3. Amount under the expenditure limitation	<u>\$ 331,694</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of Chief Fiscal Officer:	<u></u>
Name and title:	<u>Julie Rodriguez, Chief Financial Officer</u>
Telephone number:	<u>(928)-792-5039</u>
Date:	<u>June 18, 2025</u>

See accompanying notes to report.

GRAHAM COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART II
YEAR ENDED JUNE 30, 2024

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 44,332,982	\$ 122,086,209	\$ 166,419,191
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,034,278		2,034,278
Trustee or custodian (Note 4)	618,893	122,086,209	122,705,102
Grants and aid from the federal government (Note 5)	8,214,498		8,214,498
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	314,467		314,467
Amounts received from the State of Arizona (Note 5)	9,454,871		9,454,871
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,446,022		3,446,022
Contracts with other political subdivisions (Note 5)	767,190		767,190
Refunds, reimbursements, and other recoveries (Note 5)	106,618		106,618
Amounts received for distribution to school districts (Notes 5 and 6)	71,955		71,955
Total exclusions claimed	<u>25,028,792</u>	<u>122,086,209</u>	<u>147,115,001</u>
C. Amounts subject to the expenditure limitation	<u>\$ 19,304,190</u>	<u>\$</u>	<u>\$ 19,304,190</u>

See accompanying notes to report.

GRAHAM COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
YEAR ENDED JUNE 30, 2024

Description	Governmental Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements.	\$ 47,811,188	\$ 122,086,209	\$ 169,897,397
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	4,985,232		4,985,232
Long-term care contributions the State Treasurer withheld (Note 7)	1,540,200		1,540,200
Fees/reimbursements State law required the County to pay (Note 9)	7,121		7,121
Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	<u>272,191</u>		<u>272,191</u>
Total subtractions	<u>6,804,744</u>		<u>6,804,744</u>
C. Additions:			
County transfers to separate legal entities (Note 8)	<u>3,326,538</u>		<u>3,326,538</u>
Total additions	<u>3,326,538</u>		<u>3,326,538</u>
D. Amounts reported on Part II, Line A	<u>\$ 44,332,982</u>	<u>\$ 122,086,209</u>	<u>\$ 166,419,191</u>

See accompanying notes to report.

GRAHAM COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; and the statement of changes in fiduciary net position for the fiduciary funds.

NOTE 2

The exclusion claimed for debt service requirements consists of principal retirement and interest expenditures on bonded indebtedness of \$1,902,743 in the governmental funds. In addition, the exclusion claimed for debt service requirements consists of principal and interest payments for financed purchases totaling \$131,535 which were reported as debt service principal retirement expenditures in the governmental funds.

NOTE 3

No exclusion was claimed in the current year for dividends, interest, and gains on the sale or redemption of investment securities. Remaining revenues of \$2,429,450 from investment earnings, and \$192,715 from interest on delinquent taxes, have been carried forward to future years.

NOTE 4

The \$618,893 exclusion claimed for trustee or custodian in the governmental funds consists of county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and in the fiduciary funds, the exclusion of \$122,086,209 consists of \$99,167,043, \$20,183,897, \$284,029, and \$2,451,240 in distributions to pool participants, property tax distributions to other governments, payments to inmates, and other deductions, respectively.

GRAHAM COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2024

NOTE 5

The following schedule presents revenues from which exclusions in the governmental funds have been claimed for grants and aid from the federal government; grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes; amounts received from the State of Arizona; highway user revenues; contracts with other political subdivisions; refunds, reimbursements, and other recoveries; and amounts received for distribution to school districts:

Description	Intergovernmental	Charges for services	Miscellaneous	Donations	Total
Grants and aid from the federal government	\$ 8,214,498	-	-	-	\$ 8,214,498
Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	\$ 314,467	314,467
Amounts received from the State of Arizona	9,454,871	-	-	-	9,454,871
Highway user revenues in excess of those received in fiscal year 1979-80	3,446,022	-	-	-	3,446,022
Contracts with other political subdivisions	-	\$ 767,190	-	-	767,190
Refunds, reimbursements, and other recoveries	-	-	\$ 106,618	-	106,618
Amounts received for distribution to school districts	71,955	-	-	-	71,955
Other revenues - (nonexcludable)	9,474,255	2,450,499	587,337	-	12,512,091
Unspent, excludable revenues	<u>3,642,496</u>	<u>1,138,789</u>	<u>-</u>	<u>-</u>	<u>4,781,285</u>
Total revenues as reported in the fund financial statements	<u>\$ 34,304,097</u>	<u>\$ 4,356,478</u>	<u>\$ 693,955</u>	<u>\$ 314,467</u>	<u>\$ 39,668,997</u>

NOTE 6

The exclusion claimed for amounts received for distribution to school districts consists of federal and State revenues recorded as education expenditures for operating an accommodation school.

NOTE 7

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

GRAHAM COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2024

NOTE 8

The subtraction of \$4,985,232 for separate legal entities established under Arizona Revised Statutes consists of \$4,897,229 Jail District Operations Fund expenditures and \$88,003 of highways and streets expenditures of special assessment of districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the governmental funds category in the fund financial statements. The \$3,326,538 addition for county monies transferred to separate legal entities consists of the County's required maintenance of effort payment to the jail district.

NOTE 9

The \$7,121 subtraction for required fees/reimbursements paid to Arizona State agencies consists of \$7,121 paid to the Arizona Department of Revenue pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; which were recorded as general government expenditures.

NOTE 10

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. The reduction for dividends, interest and gains on the sale or redemption of investment securities includes amounts no longer available for carryforward as a result of expenditures that were not excluded. A summary of the revenue sources and the changes in their balances is shown in the table below:

Description	Balance June 30, 2023	Carryforward added	Carryforward used	Balance June 30, 2024
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 648,284	\$ 2,622,165	\$ (623,458)	\$ 2,646,991
Grants and aid from the federal government	3,412,981	3,642,496	-	7,055,477
Highway user revenues in excess of those received in fiscal year 1979-1980	5,368,949	-	-	5,368,949
Contracts with other political subdivisions	<u>1,254,481</u>	<u>1,138,789</u>	<u>-</u>	<u>2,393,270</u>
Total carryforward	<u>\$ 10,684,695</u>	<u>\$ 7,403,450</u>	<u>\$ (623,458)</u>	<u>\$ 17,464,687</u>