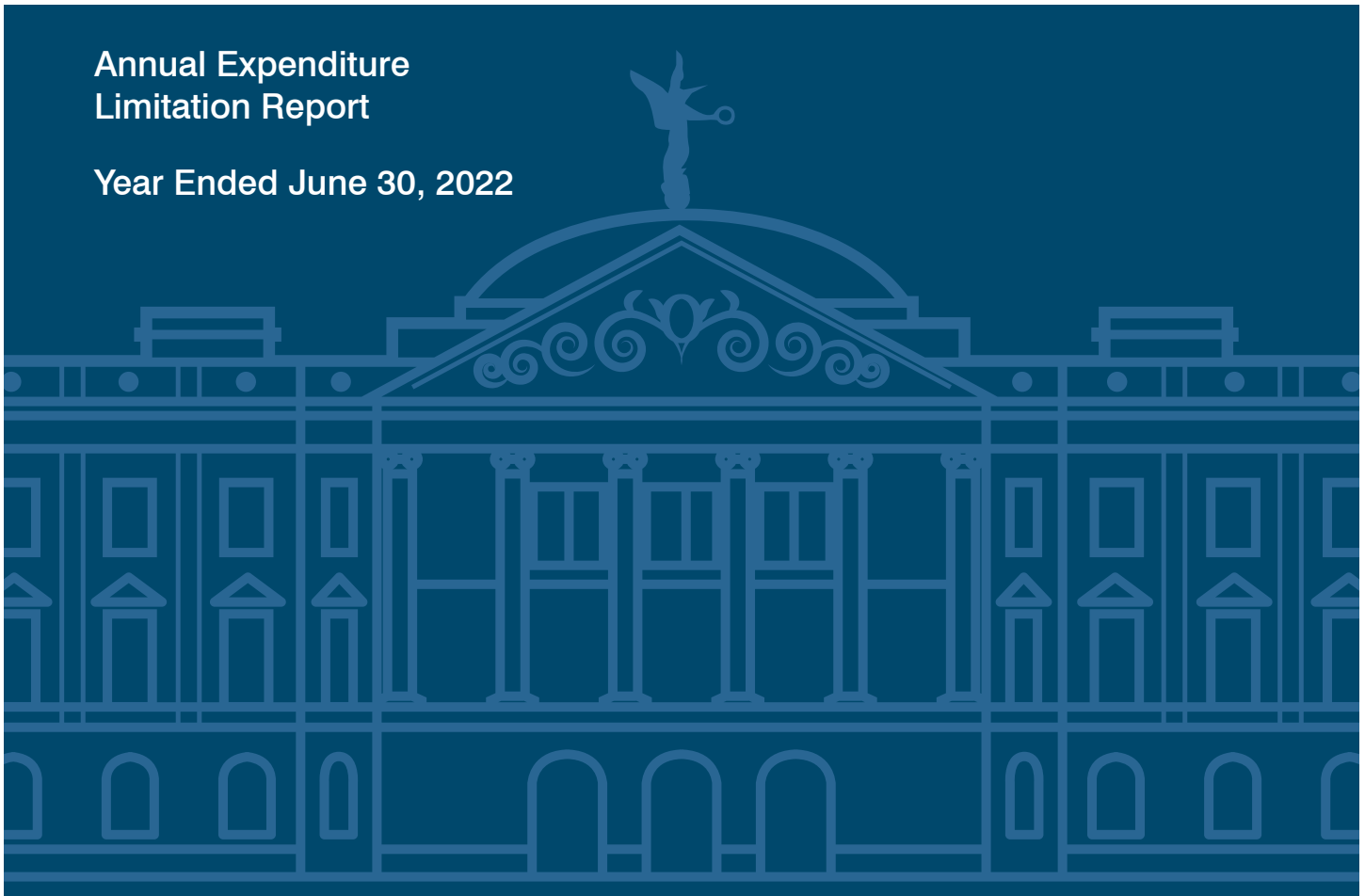


Navajo County

Annual Expenditure
Limitation Report

Year Ended June 30, 2022



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Auditor General’s mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

Representative **Matt Gress**, Vice Chair
Representative **Tim Dunn**
Representative **Alma Hernandez**
Representative **Beverly Pingerelli**
Representative **Marcelino Quiñonez**
Representative **Ben Toma** (ex officio)

Senator **Sonny Borrelli**, Chair
Senator **Eva Diaz**
Senator **David C. Farnsworth**
Senator **Anthony Kern**
Senator **Juan Mendez**
Senator **Warren Petersen** (ex officio)

Audit Staff

Melanie M. Chesney, Deputy Auditor General and Acting Director, Financial Audit Division
Don Bohart, Manager

Contact Information

Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



TABLE OF CONTENTS

Independent accountants' report	1
Annual Expenditure Limitation Report—Part I	2
Annual Expenditure Limitation Report—Part II	3
Annual Expenditure Limitation Report—Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent accountants' report

Members of the Arizona State Legislature

The Board of Supervisors of
Navajo County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Navajo County for the year ended June 30, 2022, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

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

Lindsey A. Perry


Lindsey A. Perry, CPA, CFE
Auditor General

June 13, 2023

Navajo County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2022

1. Economic Estimates Commission expenditure limitation	\$52,398,017
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>35,972,283</u>
3. Amount under the expenditure limitation	<u>\$16,425,734</u>

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

Signature of chief fiscal officer: 

Name and title: Jayson Vowell, Finance Director

Telephone number: (928) 524-4065 Date: June 13, 2023

See accompanying notes to report.

Navajo County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2022

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 84,084,846	\$ 369,332,744	\$ 453,417,590
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,221,129		2,221,129
Debt proceeds	16,184,920		16,184,920
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	41,736		41,736
Trustee or custodian (Note 5)	533,213	369,332,744	369,865,957
Grants and aid from the federal government (Note 6)	15,004,544		15,004,544
Amounts received from the State of Arizona (Note 6)	4,597,188		4,597,188
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	9,291,963		9,291,963
Contracts with other political subdivisions (Note 6)	<u>237,870</u>	<u> </u>	<u>237,870</u>
Total exclusions claimed	<u>48,112,563</u>	<u>369,332,744</u>	<u>417,445,307</u>
C. Amounts subject to the expenditure limitation	<u>\$ 35,972,283</u>	<u>\$ -</u>	<u>\$ 35,972,283</u>

See accompanying notes to report.

Navajo County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2022

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 99,297,597	\$ 369,332,744	\$ 468,630,341
B. Subtractions:			
Total expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	13,176,904		13,176,904
Long-term care contributions the State Treasurer withheld (Note 4)	<u>3,337,667</u>		<u>3,337,667</u>
Total subtractions	<u>16,514,571</u>		<u>16,514,571</u>
C. Additions:			
County transfers to separate legal entities (Note 7)	<u>1,301,820</u>		<u>1,301,820</u>
Total additions	<u>1,301,820</u>		<u>1,301,820</u>
D. Amounts reported on part II, line A	<u>\$ 84,084,846</u>	<u>\$ 369,332,744</u>	<u>\$ 453,417,590</u>

See accompanying notes to report.

Navajo County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2022

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 \$2,221,129 exclusion claimed for debt service requirements consists of principal retirement of \$1,603,581 and interest expenditures of \$617,548 in the governmental funds.

Note 3

There was an exclusion of \$41,736 claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds which consists of investment earnings expended. Unspent investment earnings and interest on delinquent taxes recorded as tax revenue of \$864,831 in the governmental funds has been carried forward to future years.

Note 4

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 was reported as a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 5

The \$533,213 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 \$369,332,744 consists of \$276,477,007 in distributions to external investment pool participants, \$1,513,721 of other deductions for private-purpose trust funds, and \$91,342,016 in various deductions to other custodial funds.

Navajo County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2022

Note 6

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues, and contracts with other political subdivisions in the governmental funds:

Description	Intergovernmental revenues	Charges for services	Total
Grants and aid from the federal government	\$15,004,544		\$15,004,544
Amounts received from the State of Arizona	4,597,188		4,597,188
Highway user revenues in excess of those received in fiscal year 1979-80	9,291,963		9,291,963
Contracts with other political subdivisions	237,870		237,870
Other revenues—(nonexcludable)	32,037,972	\$5,821,631	37,859,603
Amounts carried forward	<u>894,342</u>	<u>42,000</u>	<u>936,342</u>
Total revenues as reported in the fund financial statements	<u>\$62,063,879</u>	<u>\$5,863,631</u>	<u>\$67,927,510</u>

Note 7

The \$13,176,904 subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the governmental funds category in the fund financial statements:

Special assessment districts	
Health and welfare	\$ 5,304,382
Public safety	6,889,772
Culture and recreation	892,403
Highways and streets	68,938
Principal	11,694
Interest and other charges	421
Capital outlay	<u>9,294</u>
Total	<u>\$13,176,904</u>

The \$1,301,820 addition for county monies transferred to separate legal entities consists of the County's required maintenance of effort payment to the jail district.

Navajo County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2022

Note 8

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in their balances is shown in the table below:

Description	Balance June 30, 2021	Additions	Balance June 30, 2022
Dividends, interest, and gains on the sale or redemption of investment securities	\$1,296,848	\$ 864,831	\$2,161,679
Contracts with other political subdivisions		317,264	317,264
Highway user revenues in excess of those received in fiscal year 1979-80	<u> </u>	<u>619,078</u>	<u>619,078</u>
Total carryforward	<u>\$1,296,848</u>	<u>\$1,801,173</u>	<u>\$3,098,021</u>

