

Yavapai County

Annual Expenditure
Limitation Report

Year Ended June 30, 2021



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.

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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
Yavapai County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Yavapai County for the year ended June 30, 2021, 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.

Stephanie Gerber

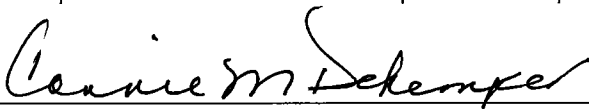
Stephanie Gerber, CPA
Director, Financial Audit Division

December 28, 2022

Yavapai County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2021

1. Economic Estimates Commission expenditure limitation	\$133,613,102
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>120,154,426</u>
3. Amount under the expenditure limitation	<u>\$ 13,458,676</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: Connie DeKemper, Finance Director

Telephone number: (928) 442-5185 Date: December 28, 2022

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2021

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 185,753,219	\$ 702,306,929	\$ 888,060,148
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,152,151		2,152,151
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	118,274		118,274
Trustee or custodian (Notes 4 and 5)	2,662,133	702,306,929	704,969,062
Grants and aid from the federal government (Note 5)	23,895,793		23,895,793
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	675,217		675,217
Amounts received from the State of Arizona (Note 5)	17,240,425		17,240,425
Quasi-external interfund transactions (Note 8)	1,978,999		1,978,999
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	10,559,234		10,559,234
Contracts with other political subdivisions (Notes 5 and 6)	5,121,448		5,121,448
Prior years carryforward (Note 13)	<u>1,195,119</u>		<u>1,195,119</u>
Total exclusions claimed	<u>65,598,793</u>	<u>702,306,929</u>	<u>767,905,722</u>
C. Amounts subject to the expenditure limitation	<u>\$ 120,154,426</u>	<u>\$ -</u>	<u>\$ 120,154,426</u>

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2021

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	\$ 235,719,350	\$ 702,306,929	\$ 938,026,279
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	47,804,658		47,804,658
Long-term care contributions the State Treasurer withheld (Note 10)	9,074,300		9,074,300
Fees/reimbursements State law required the County to pay (Note 11)	132,748		132,748
Involuntary court judgments (Note 12)	<u>408,108</u>	<u> </u>	<u>408,108</u>
Total subtractions	<u>57,419,814</u>	<u> </u>	<u>57,419,814</u>
C. Additions:			
County transfers to separate legal entities (Note 9)	<u>7,453,683</u>	<u> </u>	<u>7,453,683</u>
D. Amounts reported on part II, line A	<u>\$ 185,753,219</u>	<u>\$ 702,306,929</u>	<u>\$ 888,060,148</u>

See accompanying notes to report.

Yavapai County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2021

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 in the governmental funds.

Note 3

The \$118,274 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended. The remaining revenues of \$1,252,985 of interest on delinquent taxes recorded as tax revenue and \$248,753 recorded as investment earnings have been carried forward to future years.

Note 4

The exclusion claimed for trustee or custodian of \$2,662,133 in the governmental funds consists of \$1,742,475 in County contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; anti-racketeering costs of \$874,670 with related revenues recorded as miscellaneous revenue; and tribal gaming pass through funding distributions of \$44,988 recorded as intergovernmental revenue. Remaining revenue of \$428,471 recorded as miscellaneous revenues has been carried forward to future years. In the fiduciary funds, the exclusion of \$702,306,929 consists of \$430,122,654 in distributions to external investment pool participants, \$1,341,495 of other deductions for private-purpose trust funds, and \$270,842,780 in various deductions to other custodial funds.

Note 5

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

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2021

Description	
Trustee or custodian	\$ 44,988
Grants and aid from the federal government	23,895,793
Amounts received from the State of Arizona	17,240,425
Highway user revenues in excess of those received in fiscal year 1979-80	10,559,234
Contracts with other political subdivisions	2,082,139
Other revenues (nonexcludable)	52,160,430
Amount carried forward	<u>8,527,332</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$114,510,341</u>

Note 6

The \$5,121,448 exclusion claimed for contracts with other political subdivisions in the governmental funds includes \$3,039,309 of charges for services and \$2,082,139 of intergovernmental revenue expended. Remaining revenue of \$42,893 recorded as charges for services has been carried forward to future years.

Note 7

The \$675,217 exclusion claimed for grants, aid, contributions, or gifts, from a private agency, organization, or individual, except amounts received in lieu of taxes, in the governmental funds consists of \$215,056 of contributions and gifts from organizations and individuals expended, and \$460,161 of grants from private agencies expended reported as miscellaneous revenue. Remaining revenue of \$5,464 recorded as miscellaneous revenues has been carried forward to future years.

Note 8

The exclusion claimed for quasi-external interfund transactions in the governmental funds consists of \$1,978,999 for indirect cost reimbursements recorded as health expenditures.

Note 9

The \$47,804,658 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	
General government	\$ 5,090,949
Public safety	42,661,799
Highways and streets	40,838
Sanitation	<u>11,072</u>
Total	<u>\$47,804,658</u>

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2021

The \$7,453,683 addition for County monies transferred to separate legal entities consists of the County's required maintenance of effort payment of \$7,436,728 to the jail district and \$16,955 transferred in excess of the required maintenance of effort that are reported as transfers in to these separate legal entities.

Note 10

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 11

The \$132,748 subtraction for required fees/reimbursements State law required the County to pay that are excluded from the county expenditure limitation consists of monies paid to the Arizona Department of Revenue pursuant to A.R.S. §42-5041 for administrative, program, and operating costs.

Note 12

The subtraction of \$408,108 of involuntary court judgments consists of amounts paid under the County's deductible with its insurance pool and directly to claimants, which were recorded as general government expenditures.

Note 13

Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

Description	Governmental funds
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 10,339
Grants and aid from the federal government	417,083
Amounts received from the State of Arizona	530,527
Contracts with other political subdivisions	79,668
Trustee or custodian	323
Donations and private grants	<u>157,179</u>
Total prior years carryforward expended	<u>\$1,195,119</u>

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2021

Note 14

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 July 1, 2020	Additions	Reductions	Balance June 30, 2021
Dividends, interest, and gains on the sale or redemption of investment securities	\$17,453,077	\$ 1,501,738	\$ 10,339	\$18,944,476
Grants and aid from the federal government	14,346,448	3,971,002	417,083	17,900,367
Amounts received from the State of Arizona	3,791,170	499,810	530,527	3,760,453
Contracts with other political subdivisions	6,630,288	42,893	79,668	6,593,513
Highway user revenues in excess of those received in fiscal year 1979-80	4,024,330	4,056,520		8,080,850
Trustee or custodian	238,158	428,471	323	666,306
Donations and private grants	<u>356,529</u>	<u>5,464</u>	<u>157,179</u>	<u>204,814</u>
Total carryforward	<u>\$46,840,000</u>	<u>\$10,505,898</u>	<u>\$1,195,119</u>	<u>\$56,150,779</u>

