

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

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YEAR ENDED JUNE 30, 2024
TABLE OF CONTENTS

	<u>Page</u>
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



INDEPENDENT ACCOUNTANTS' REPORT

To the Arizona Auditor General

The Board of Supervisors of
Navajo County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Navajo 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

May 9, 2025

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

1. Economic Estimates Commission expenditure limitation	\$ 56,271,193
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>51,668,019</u>
3. Amount under the expenditure limitation	\$ <u><u>4,603,174</u></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:

May 9, 2025

See accompanying notes to report.

NAVAJO 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	\$ 84,475,778	\$ 469,406,317	\$553,882,095
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,181,083		2,181,083
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,758,226		1,758,226
Trustee or custodian (Note 5)	527,500	469,406,317	469,933,817
Grants and aid from the federal government (Note 6)	10,271,843		10,271,843
Amounts received from the State of Arizona (Note 6)	10,955,414		10,955,414
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	6,848,667		6,848,667
Contracts with other political subdivisions (Note 6)	<u>265,026</u>		<u>265,026</u>
Total exclusions claimed	<u>32,807,759</u>	<u>469,406,317</u>	<u>502,214,076</u>
C. Amounts subject to the expenditure limitation	\$ <u>51,668,019</u>	\$ <u> </u>	\$ <u>51,668,019</u>

See accompanying notes to report.

NAVAJO 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.	\$103,326,757	\$469,406,317	\$572,733,074
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	18,643,940		18,643,940
Long-term care contributions the State Treasurer withheld (Note 4)	<u>2,867,700</u>		<u>2,867,700</u>
Total subtractions	<u>21,511,640</u>		<u>21,511,640</u>
C. Additions:			
County transfers to separate legal entities (Note 7)	<u>2,660,661</u>		<u>2,660,661</u>
Total additions	<u>2,660,661</u>		<u>2,660,661</u>
D. Amounts reported on Part II, Line A	<u>\$ 84,475,778</u>	<u>\$469,406,317</u>	<u>\$553,882,095</u>

See accompanying notes to report.

NAVAJO 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 \$2,181,083 exclusion claimed for debt service requirements consists of principal retirement of \$1,550,472 and interest expenditures of \$630,611 in the governmental funds.

NOTE 3

The \$1,758,226 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds consists of investment earnings expended. Remaining unspent dividends and interest on delinquent taxes of \$5,349,061 have been carried forward to future years.

	Governmental Funds
Reconciliation of investment earnings Financial Statements	
Investment earnings	\$ 6,539,178
Unrealized gain (loss)	<u>(832,859)</u>
Total investment earnings (loss) as reported in the financial statements	<u>\$ 5,706,319</u>
 AELR - Part II	
Investment earnings from above	\$ 6,539,178
Interest on delinquent taxes recorded as tax revenue	<u>568,109</u>
Subtotal of allowable exclusion	<u>7,107,287</u>
Actual exclusion taken	<u>1,758,226</u>
Carryforward to future years	<u>\$ 5,349,061</u>

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.

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

NOTE 5

The \$527,500 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 \$469,406,317 consists of \$376,396,385 in distributions to external investment pool participants, \$2,038,607 of other deductions for private-purpose trust funds, and \$90,971,325 in various deductions to other custodial funds.

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	\$ 10,271,843		\$ 10,271,843
Amounts received from the State of Arizona	10,955,414		10,955,414
Highway user revenues in excess of those received in fiscal year 1979-80	6,848,667		6,848,667
Contracts with other political subdivisions	265,026		265,026
Other revenues—(nonexcludable)	30,956,240	\$ 5,485,392	36,441,632
Unspent, excludable revenues carried forward	<u>28,148,952</u>	<u> </u>	<u>28,148,952</u>
Total revenues as reported in the fund financial statements	<u>\$ 87,446,142</u>	<u>\$ 5,485,392</u>	<u>\$ 92,931,534</u>

NOTE 7

The \$18,643,940 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	\$ 5,064,466
Public Safety	9,275,925
Culture and recreation	1,269,942
Environmental and conservation	1,516,946
Highways and streets	30,095
Capital Outlay	<u>1,486,566</u>
Total	<u>\$ 18,643,940</u>

The \$2,660,661 addition for county monies transferred to separate legal entities consists of the County's required maintenance of effort payment of \$812,758 to the Jail District. In addition, the County transferred additional funds of \$1,431,096 to the Jail District and \$416,807 to the Public Health District in excess of the required maintenance of effort. These separate legal entities made \$2,660,661 of expenditures on the County's behalf.

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

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 accumulated 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	\$ 4,354,158	\$ 5,349,061	\$	\$ 9,703,219
Amounts received from the State of Arizona		22,224,761		22,224,761
Grants and aid from the federal government		1,934,591		1,934,591
Contracts with other political subdivisions	1,002,622	559,912		1,562,534
Highway user revenues in excess of those received in fiscal year 1979- 1980	<u>2,627,719</u>	<u>3,429,688</u>		<u>6,057,407</u>
Total carryforward	<u>\$ 7,984,499</u>	<u>\$ 33,498,013</u>	<u>\$</u>	<u>\$ 41,482,512</u>