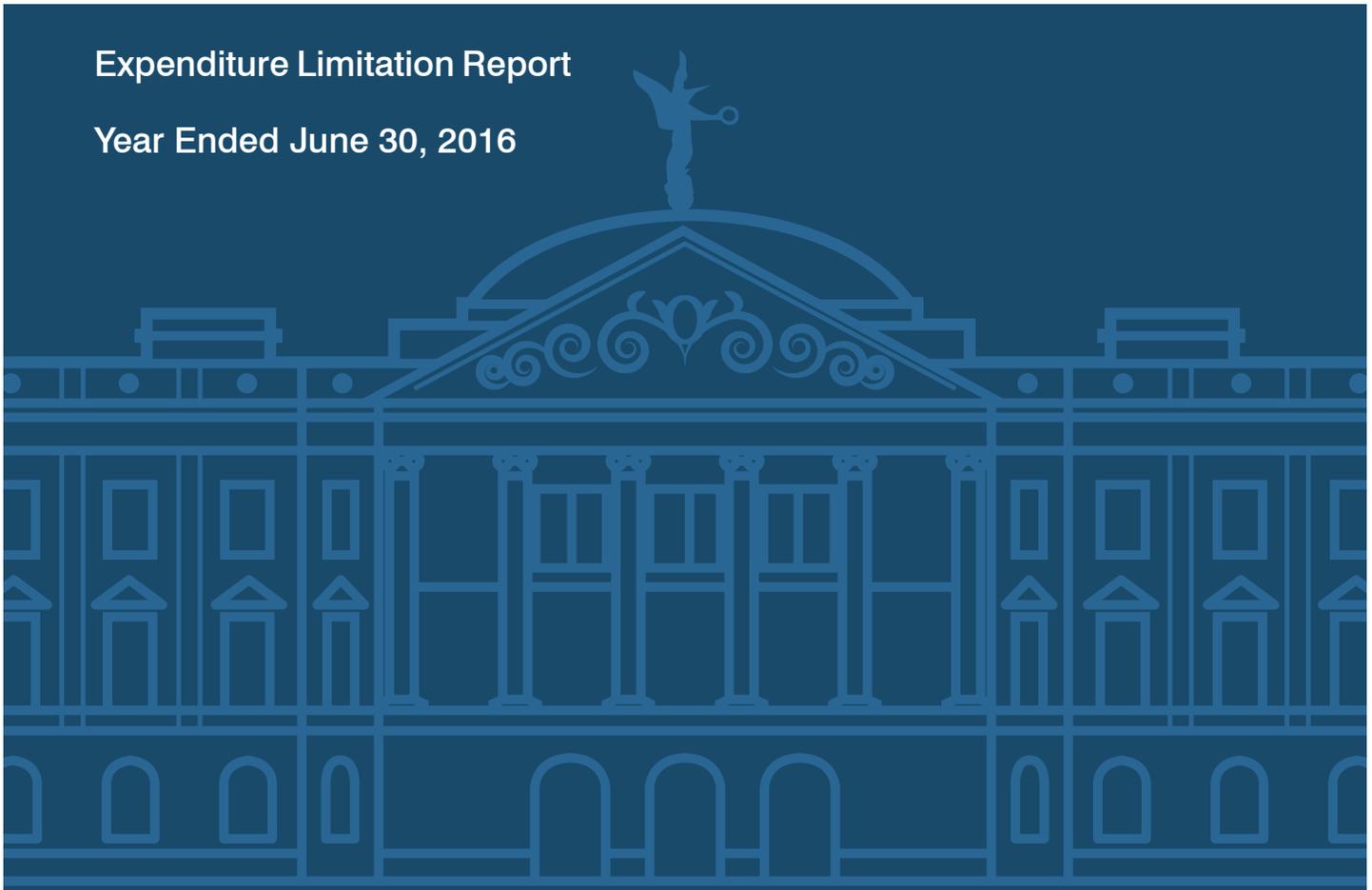


Yavapai County

Expenditure Limitation Report

Year Ended June 30, 2016



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she 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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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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 of Yavapai County for the year ended June 30, 2016. The County's management is responsible for this report. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Jay Zsorey, CPA
Financial Audit Director

April 25, 2017



Yavapai County
Annual expenditure limitation report—part I
Year ended June 30, 2016

1. Economic Estimates Commission expenditure limitation	\$113,620,546
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>98,604,272</u>
3. Amount under the expenditure limitation	<u>\$ 15,016,274</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: Daniel J. Rusing, Finance Director

Telephone number: (928) 442-5185 Date: April 25, 2017

See accompanying notes to report.

Yavapai County
Annual expenditure limitation report—part II
Year ended June 30, 2016

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line C	\$ 152,785,080	\$ 414,707,496	\$ 567,492,576
B. Less exclusions claimed:			
Debt service requirements on bonded indebtedness (Note 2)	2,457,115		2,457,115
Proceeds from other long-term obligations	211,939		211,939
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	668,691		668,691
Trustee or custodian (Note 4)	3,444,465	414,707,496	418,151,961
Grants and aid from the federal government (Note 5)	11,550,454		11,550,454
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	149,877		149,877
Amounts received from the State of Arizona (Note 5)	12,828,729		12,828,729
Quasi-external interfund transactions (Note 7)	1,375,572		1,375,572
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	10,571,013		10,571,013
Contracts with other political subdivisions (Note 5)	3,990,950		3,990,950
Prior years carryforward (Note 11)	<u>6,932,003</u>		<u>6,932,003</u>
Total exclusions claimed	<u>54,180,808</u>	<u>414,707,496</u>	<u>468,888,304</u>
C. Amounts subject to the expenditure limitation	<u>\$ 98,604,272</u>	<u>\$ -</u>	<u>\$ 98,604,272</u>

See accompanying notes to report.

Yavapai County
Annual expenditure limitation report—reconciliation
Year ended June 30, 2016

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	\$ 180,793,146	\$ 414,707,496	\$ 595,500,642
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	18,788,831		18,788,831
Long-term care contributions withheld by the State Treasurer (Note 9)	8,416,600		8,416,600
Required fees/reimbursements made to Arizona state agencies (Note 10)	<u>802,635</u>		<u>802,635</u>
Total subtractions	<u>28,008,066</u>	<u> </u>	<u>28,008,066</u>
C. Amounts reported on part II, line A	<u>\$ 152,785,080</u>	<u>\$ 414,707,496</u>	<u>\$ 567,492,576</u>

See accompanying notes to report.

Yavapai County

Notes to annual expenditure limitation report

Year ended June 30, 2016

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 §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 on bonded indebtedness and other long-term obligations in the governmental funds consists of principal retirement and interest expenditures.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$668,691 in the governmental funds includes investment earnings expended of \$122,203 and interest on delinquent taxes expended of \$546,488, which was recorded as tax revenue. Remaining revenues of \$71,061 and \$543,669, respectively, have been carried forward to future years.

Note 4

The exclusion claimed for trustee or custodian of \$3,444,465 in the governmental funds consists of \$1,905,457 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; anti-racketeering costs of \$1,100,086; jail commissary costs of \$255,487; inmate health services of \$11,619; inmate food costs of \$142,187; and tribal gaming pass through funding distributions of \$29,629. Remaining revenues of \$219,539 recorded as miscellaneous revenues of \$203,894 and charges for service of \$15,645 have been carried forward to future years. In the fiduciary funds, the exclusion consists of \$414,707,496 in distributions to investment pool participants.

Note 5

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:

Yavapai County
Notes to annual expenditure limitation report
Year ended June 30, 2016

Description	
Grants and aid from the federal government	\$11,550,454
Amounts received from the State of Arizona	12,828,729
Highway user revenues in excess of those received in fiscal year 1979-80	10,571,013
Contracts with other political subdivisions	3,990,950
Other revenues (nonexcludable)	31,160,366
Amount carried forward	<u>3,885,556</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$73,987,068</u>

Note 6

The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes, of \$149,877, consists of \$80,627 of contributions and gifts from organizations and individuals expended, and \$69,250 of grants from private agencies expended reported as miscellaneous revenue. Remaining revenue of \$175,994 recorded as miscellaneous revenues has been carried forward to future years.

Note 7

The exclusion for quasi-external interfund transfers consists of \$1,375,572 for indirect cost reimbursements recorded as health expenditures.

Note 8

The subtraction of \$18,788,831 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	\$ 4,061,817
Public safety	14,558,083
Highways and streets	69,449
Sanitation	<u>99,482</u>
Total	<u>\$18,788,831</u>

Note 9

The subtraction for long-term care contributions withheld by the State Treasurer 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.

Yavapai County
Notes to annual expenditure limitation report
Year ended June 30, 2016

Note 10

The subtraction of \$802,635 for required fees/reimbursements paid to Arizona state agencies consists of \$396,200 paid to the Arizona Department of Juvenile Corrections pursuant to A.R.S. §41-2832 for committed youth confinement cost-sharing; \$222,830 paid to the Arizona Department of Administration pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; and \$183,605 paid to the Arizona Department of Health Services pursuant to Laws 2015, Chapter 14, Sections 8 and 9, committing an individual the court determined to be sexually violent, which were recorded as general government expenditures.

Note 11

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	\$2,550,845
Grants and aid from the federal government	3,480,910
Amounts received from the State of Arizona	108,174
Contracts with other political subdivisions	410,175
Highway user revenues in excess of those received in fiscal year 1979-80	379,455
Trustee or custodian	<u>2,444</u>
Total prior years carryforward expended	<u><u>\$6,932,003</u></u>

