

# Yavapai County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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## Audit Staff

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# TABLE OF CONTENTS

<b>Independent accountants' report</b>	1
<b>Annual Expenditure Limitation Report—Part I</b>	3
<b>Annual Expenditure Limitation Report—Part II</b>	4
<b>Annual Expenditure Limitation Report—Reconciliation</b>	5
<b>Notes to Annual Expenditure Limitation Report</b>	6





**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**ARIZONA AUDITOR GENERAL**  
**LINDSEY A. PERRY**

**JOSEPH D. MOORE**  
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, 2018, 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.

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.

Donna Miller, CPA  
Director, Financial Audit Division

May 16, 2019



**Yavapai County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2018**

1. Economic Estimates Commission expenditure limitation	\$119,310,267
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>106,706,007</u>
3. Amount under the expenditure limitation	<u>\$ 12,604,260</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: (Signature removed for website presentation.)

Name and title: Daniel J. Rusing, Finance Director

Telephone number: (928) 442-5185 Date: May 16, 2019

See accompanying notes to report.

**Yavapai County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2018**

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line C	\$ 179,738,150	\$ 438,700,010	\$ 618,438,160
B. Less exclusions claimed:			
Debt proceeds	16,978,000		16,978,000
Debt service requirements (Note 2)	2,434,288		2,434,288
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,724,394		1,724,394
Trustee or custodian (Note 4)	2,741,343	438,700,010	441,441,353
Grants and aid from the federal government (Note 5)	15,562,886		15,562,886
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	235,236		235,236
Amounts received from the State of Arizona (Note 5)	13,977,337		13,977,337
Quasi-external interfund transactions (Note 7)	1,233,096		1,233,096
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	11,954,143		11,954,143
Contracts with other political subdivisions (Note 5)	4,249,375		4,249,375
Prior years carryforward (Note 12)	<u>1,942,045</u>		<u>1,942,045</u>
Total exclusions claimed	<u>73,032,143</u>	<u>438,700,010</u>	<u>511,732,153</u>
C. Amounts subject to the expenditure limitation	<u>\$ 106,706,007</u>	<u>\$ -</u>	<u>\$ 106,706,007</u>

See accompanying notes to report.

**Yavapai County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2018**

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	\$ 210,595,995	\$ 438,700,010	\$ 649,296,005
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	21,263,918		21,263,918
Long-term care contributions the State Treasurer withheld (Note 9)	8,840,500		8,840,500
Required fees/reimbursements made to Arizona state agencies (Note 10)	466,619		466,619
Involuntary Court Judgments for tortious acts (Note 11)	286,808		286,808
Total subtractions	<u>30,857,845</u>	<u>-</u>	<u>30,857,845</u>
C. Amounts reported on part II, line A	<u>\$ 179,738,150</u>	<u>\$ 438,700,010</u>	<u>\$ 618,438,160</u>

See accompanying notes to report.

# **Yavapai County**

## **Notes to Annual Expenditure Limitation Report**

### **Year ended June 30, 2018**

#### **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 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 in the governmental funds consists of principal retirement and interest expenditures.

#### **Note 3**

The \$1,724,394 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$446,734 and interest on delinquent taxes expended of \$1,277,660, which was recorded as tax revenue. Remaining revenues of \$205,915 recorded as investment earnings have been carried forward to future years.

#### **Note 4**

The exclusion claimed for trustee or custodian of \$2,741,343 in the governmental funds consists of \$1,918,894 in county contributions to the Arizona Health Care Cost Containment System (AHCCCS) for acute care, uncompensated care, and administrative costs; anti-racketeering costs of \$756,356 with related revenues recorded as miscellaneous revenue; and tribal gaming pass through funding distributions of \$66,093, with \$28,435 of related revenues recorded in miscellaneous revenue and \$37,658 of related revenues recorded in intergovernmental revenue. Remaining revenues of \$9,800 recorded as miscellaneous revenues have been carried forward to future years. In the fiduciary funds, the exclusion consists of \$438,700,010 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, 2018**

<b>Description</b>	
Grants and aid from the federal government	\$15,562,886
Amounts received from the State of Arizona	13,977,337
Highway user revenues in excess of those received in fiscal year 1979-80	11,954,143
Contracts with other political subdivisions	4,249,375
Other revenues (nonexcludable)	35,934,534
Amount carried forward	703,273
Total intergovernmental revenues as reported in the fund financial statements	<u>\$82,381,548</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 \$235,236, consists of \$22,024 of contributions and gifts from organizations and individuals expended, and \$213,212 of grants from private agencies expended reported as miscellaneous revenue. Remaining revenue of \$167,005 recorded as miscellaneous revenues has been carried forward to future years.

**Note 7**

The exclusion for quasi-external interfund transactions consists of \$1,233,096 for indirect cost reimbursements recorded as health expenditures.

**Note 8**

The subtraction of \$21,263,918 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:

<b>Special assessment districts</b>	
General government	\$ 4,896,142
Public safety	16,224,555
Highways and streets	66,993
Sanitation	<u>76,228</u>
Total	<u>\$21,263,918</u>

**Note 9**

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 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, 2018**

**Note 10**

The subtraction of \$466,619 for required fees/reimbursements paid to Arizona state agencies consists of \$107,700 paid to the Arizona Department of Juvenile Corrections pursuant to A.R.S. §41-2832 for committed youth confinement cost-sharing; \$218,555 paid to the Arizona Department of Administration pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; and \$140,364 paid to the Arizona Department of Health Services pursuant to Laws 2017, Chapter 309, Sections 11 and 12, for inpatient competency restoration treatment and committing an individual the court determined to be sexually violent, which were recorded as general government expenditures.

**Note 11**

The subtraction of \$286,808 of involuntary court judgments for tortious acts consists of amounts paid under the County's deductible with its insurance pool, which were recorded as general government expenditures.

**Note 12**

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:

<b>Description</b>	<b>Governmental funds</b>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 244,409
Grants and aid from the federal government	250,163
Amounts received from the State of Arizona	142,884
Contracts with other political subdivisions	71,226
Highway user revenues in excess of those received in fiscal year 1979-80	1,096,060
Trustee or custodian	94,600
Donations and private grants	<u>42,703</u>
Total prior years carryforward expended	<u>\$1,942,045</u>

