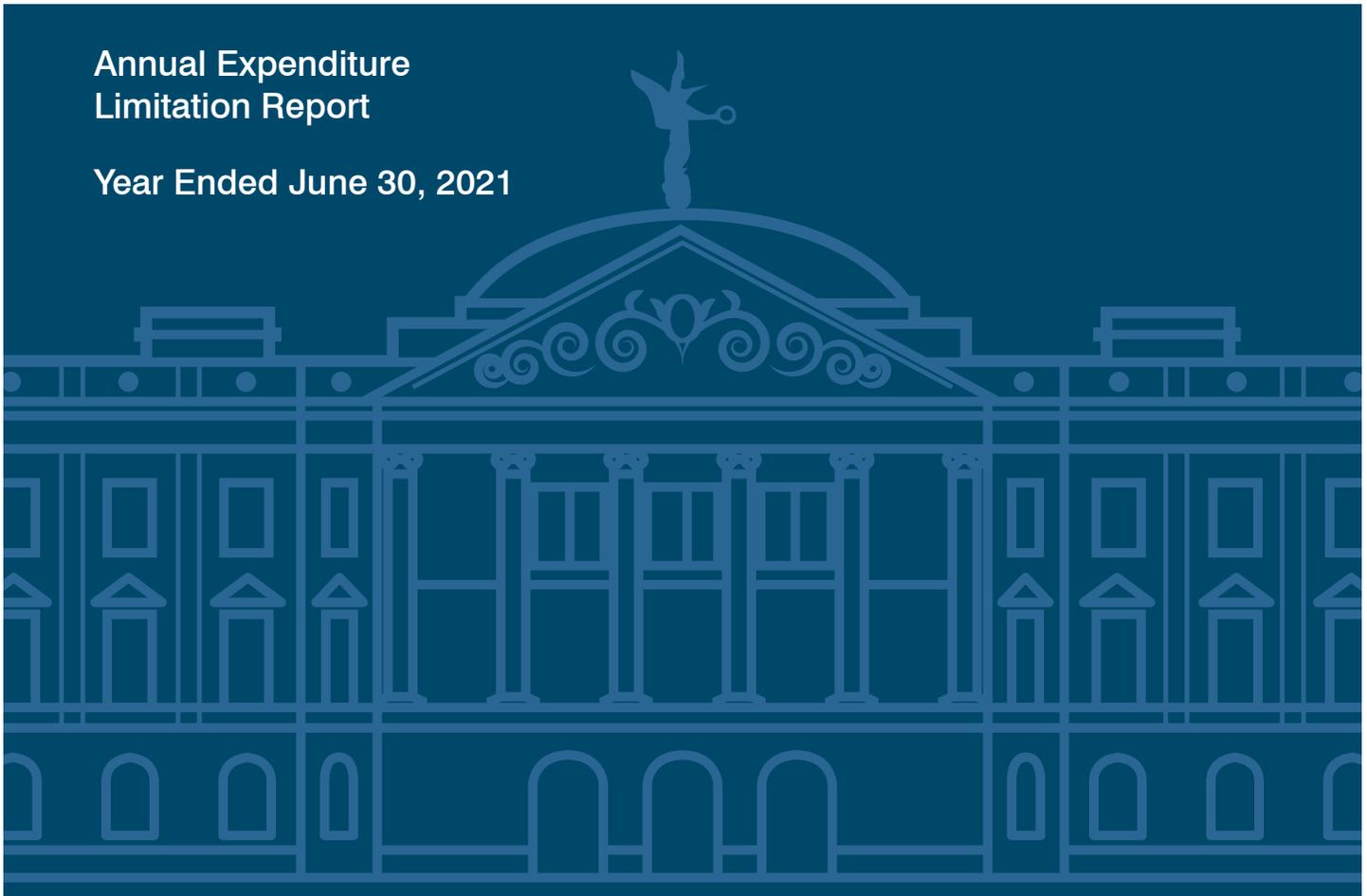


Navajo County

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
Navajo County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Navajo 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.

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

August 15, 2022

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

1. Economic Estimates Commission expenditure limitation	\$51,600,676
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>35,690,702</u>
3. Amount under the expenditure limitation	<u>\$15,909,974</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: Jayson Vowell

Name and title: Jayson Vowell, Finance Director

Telephone number: (928) 524-4066 Date: August 15, 2022

See accompanying notes to report.

Navajo 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	\$ 74,751,969	\$ 345,067,878	\$ 419,819,847
B. Less exclusions claimed:			
Debt service requirements (Note 2)	12,426,054		12,426,054
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	623,463		623,463
Trustee or custodian (Note 4)	498,135	345,067,878	345,566,013
Grants and aid from the federal government (Note 5)	9,703,281		9,703,281
Amounts received from the State of Arizona (Note 5)	5,582,560		5,582,560
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	9,480,970		9,480,970
Contracts with other political subdivisions (Note 5)	<u>746,804</u>		<u>746,804</u>
Total exclusions claimed	<u>39,061,267</u>	<u>345,067,878</u>	<u>384,129,145</u>
C. Amounts subject to the expenditure limitation	<u>\$ 35,690,702</u>	<u>\$ -</u>	<u>\$ 35,690,702</u>

See accompanying notes to report.

Navajo 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	\$ 86,336,680	\$ 345,067,878	\$ 431,404,558
B. Subtractions:			
Total expenditures of separate legal entities established under Arizona Revised Statutes (Note 6)	9,638,993		9,638,993
Long-term care contributions the State Treasurer withheld (Note 7)	2,881,800		2,881,800
Fees/reimbursements State law required the County to pay (Note 8)	<u>67,590</u>		<u>67,590</u>
Total subtractions	<u>12,588,383</u>		<u>12,588,383</u>
C. Additions:			
County transfers to separate legal entities (Note 6)	<u>1,003,672</u>		<u>1,003,672</u>
Total additions	<u>1,003,672</u>		<u>1,003,672</u>
D. Amounts reported on part II, line A	<u>\$ 74,751,969</u>	<u>\$ 345,067,878</u>	<u>\$ 419,819,847</u>

See accompanying notes to report.

Navajo 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 \$12,426,054 exclusion claimed for debt service requirements consists of principal retirement of \$1,274,000, interest expenditures of \$357,054, and payment to the bond refunding escrow agent of \$10,795,000 in the governmental funds.

Note 3

The \$623,463 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds consists of expended interest on delinquent taxes which was recorded as tax revenue. Investment earnings of \$714,866 in the governmental funds has been carried forward to future years.

Note 4

The \$498,135 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 \$345,067,878 consists of \$245,333,299 in distributions to external investment pool participants, \$1,376,024 of other deductions for private-purpose trust funds, and \$89,358,555 in various deductions to other custodial funds.

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:

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

Description	Intergovernmental revenues	Charges for services	Total
Grants and aid from the federal government	\$ 9,703,281		\$ 9,703,281
Amounts received from the State of Arizona	5,582,560		5,582,560
Highway user revenues in excess of those received in fiscal year 1979-80	9,480,970		9,480,970
Contracts with other political subdivisions	711,804	\$ 35,000	746,804
Other revenues—(nonexcludable)	<u>28,883,261</u>	<u>5,592,547</u>	<u>34,475,808</u>
Total revenues as reported in the fund financial statements	<u>\$54,361,876</u>	<u>\$5,627,547</u>	<u>\$59,989,423</u>

Note 6

The \$9,638,993 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	\$4,050,104
Public safety	4,435,865
Culture and recreation	807,140
Highways and streets	83,143
Principal	11,182
Interest and other charges	934
Capital outlay	<u>250,625</u>
Total	<u>\$9,638,993</u>

The \$1,003,672 addition for county monies transferred to separate legal entities consists of the County’s required maintenance of effort payment of \$792,497 to the jail district and \$211,175 to the public health district.

Note 7

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 8

The subtraction for required fees/reimbursements paid to Arizona state agencies consists of \$67,590 paid to the Arizona Department of Revenue pursuant to A.R.S. §42-5041 for administrative, program, and operating costs.

