

Yavapai County

Expenditure Limitation Report

Year Ended June 30, 2017



A Report to the Arizona Legislature

Lindsey Perry
Auditor General





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LINDSEY PERRY, CPA, CFE
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, 2017, 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.

Jay Zsorey, CPA
Director, Financial Audit Division

April 30, 2018



Yavapai County
Annual expenditure limitation report—part I
Year ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$116,476,687
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>105,434,990</u>
3. Amount under the expenditure limitation	<u>\$ 11,041,697</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 30, 2018

See accompanying notes to report.

Yavapai County
Annual expenditure limitation report—part II
Year ended June 30, 2017

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line C	\$ 158,191,464	\$ 467,590,293	\$ 625,781,757
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,445,702		2,445,702
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	614,501		614,501
Trustee or custodian (Note 4)	2,906,991	467,590,293	470,497,284
Grants and aid from the federal government (Note 5)	11,662,211		11,662,211
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	227,909		227,909
Amounts received from the State of Arizona (Note 5)	12,454,989		12,454,989
Quasi-external interfund transactions (Note 7)	997,301		997,301
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	11,535,019		11,535,019
Contracts with other political subdivisions (Note 5)	4,514,941		4,514,941
Prior years carryforward (Note 11)	<u>5,396,910</u>	<u> </u>	<u>5,396,910</u>
Total exclusions claimed	<u>52,756,474</u>	<u>467,590,293</u>	<u>520,346,767</u>
C. Amounts subject to the expenditure limitation	<u>\$ 105,434,990</u>	<u>\$ -</u>	<u>\$ 105,434,990</u>

See accompanying notes to report.

Yavapai County
Annual expenditure limitation report—reconciliation
Year ended June 30, 2017

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	\$ 186,005,547	\$ 467,590,293	\$ 653,595,840
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	18,935,936		18,935,936
Long-term care contributions the State Treasurer withheld (Note 9)	8,391,300		8,391,300
Required fees/reimbursements made to Arizona state agencies (Note 10)	<u>486,847</u>		<u>486,847</u>
Total subtractions	<u>27,814,083</u>		<u>27,814,083</u>
C. Amounts reported on part II, line A	<u>\$ 158,191,464</u>	<u>\$ 467,590,293</u>	<u>\$ 625,781,757</u>

See accompanying notes to report.

Yavapai County

Notes to annual expenditure limitation report

Year ended June 30, 2017

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 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$614,501 in the governmental funds includes investment earnings expended of \$63,428 and interest on delinquent taxes expended of \$551,073, which was recorded as tax revenue. Remaining revenues of \$177,708 and \$399,977, respectively, have been carried forward to future years.

Note 4

The exclusion claimed for trustee or custodian of \$2,906,991 in the governmental funds consists of \$1,911,724 in county contributions to the Arizona Health Care Cost Containment System (AHCCCS) for acute care, uncompensated care, and administrative costs; anti-racketeering costs of \$793,271; and tribal gaming pass through funding distributions of \$201,996. Remaining revenues of \$214,937 recorded as miscellaneous revenues have been carried forward to future years. In the fiduciary funds, the exclusion consists of \$467,590,293 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, 2017

Description	
Grants and aid from the federal government	\$11,662,211
Amounts received from the State of Arizona	12,454,989
Highway user revenues in excess of those received in fiscal year 1979-80	11,535,019
Contracts with other political subdivisions	4,514,941
Other revenues (nonexcludable)	32,319,640
Amount carried forward	<u>3,896,756</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$76,383,556</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 \$227,909, consists of \$37,350 of contributions and gifts from organizations and individuals expended, and \$190,559 of grants from private agencies expended reported as miscellaneous revenue. Remaining revenue of \$81,441 recorded as miscellaneous revenues has been carried forward to future years.

Note 7

The exclusion for quasi-external interfund transfers consists of \$997,301 for indirect cost reimbursements recorded as health expenditures.

Note 8

The subtraction of \$18,935,936 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	\$ 4,322,826
Public safety	14,495,542
Highways and streets	62,501
Sanitation	<u>55,067</u>
Total	<u>\$18,935,936</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, 2017

Note 10

The subtraction of \$486,847 for required fees/reimbursements paid to Arizona state agencies consists of \$107,650 paid to the Arizona Department of Juvenile Corrections pursuant to A.R.S. §41-2832 for committed youth confinement cost-sharing; \$220,202 paid to the Arizona Department of Administration pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; and \$158,995 paid to the Arizona Department of Health Services pursuant to Laws 2016, Chapter 122, Sections 16 and 17, for 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	\$ 68,947
Grants and aid from the federal government	3,314,758
Amounts received from the State of Arizona	488,959
Contracts with other political subdivisions	381,858
Highway user revenues in excess of those received in fiscal year 1979-80	1,070,563
Trustee or custodian	40,162
Donations and private grants	<u>31,663</u>
Total prior years carryforward expended	<u>\$5,396,910</u>

