

# Yavapai County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2019



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Office of the 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.

## The Joint Legislative Audit Committee

Senator **Nancy Barto**, Chair  
Senator **Rosanna Gabaldon**  
Senator **David Livingston**  
Senator **Juan Mendez**  
Senator **Kelly Townsend**  
Senator **Karen Fann** (ex officio)

Representative **Joanne Osborne**, Vice Chair  
Representative **Timothy M. Dunn**  
Representative **Steve Kaiser**  
Representative **Jennifer Longdon**  
Representative **Pamela Powers Hannley**  
Representative **Rusty Bowers** (ex officio)

## Audit Staff

**Donna Miller**, Director  
**Stephanie Gerber**, Manager

## Contact Information

**Arizona Office of the Auditor General**  
**2910 N. 44th St., Ste. 410**  
**Phoenix, AZ 85018-7271**

**(602) 553-0333**

**[contact@azauditor.gov](mailto:contact@azauditor.gov)**

**[www.azauditor.gov](http://www.azauditor.gov)**



# TABLE OF CONTENTS

<b>Independent accountants' report</b>	1
<b>Annual Expenditure Limitation Report—Part I</b>	2
<b>Annual Expenditure Limitation Report—Part II</b>	3
<b>Annual Expenditure Limitation Report—Reconciliation</b>	4
<b>Notes to Annual Expenditure Limitation Report</b>	5



**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  
Yavapai County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Yavapai County for the year ended June 30, 2019, 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

January 20, 2021

**Yavapai County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2019**

1. Economic Estimates Commission expenditure limitation	\$124,282,823
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>114,205,240</u>
3. Amount under the expenditure limitation	<u>\$ 10,077,583</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: Mary Doren, Assistant Finance Director

Telephone number: (928) 442-5186 Date: January 20, 2021

See accompanying notes to report.

**Yavapai County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2019**

Description	<u>Governmental funds</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line C	\$ 168,675,857	\$ 417,428,708	\$ 586,104,565
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,223,138		2,223,138
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,575,245		1,575,245
Trustee or custodian (Notes 4 and 5)	2,235,076	417,428,708	419,663,784
Grants and aid from the federal government (Note 5)	11,726,242		11,726,242
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	399,346		399,346
Amounts received from the State of Arizona (Note 5)	15,854,288		15,854,288
Quasi-external interfund transactions (Note 8)	637,529		637,529
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	12,786,651		12,786,651
Contracts with other political subdivisions (Notes 5 and 6)	4,818,304		4,818,304
Prior years carryforward (Note 13)	<u>2,214,798</u>		<u>2,214,798</u>
Total exclusions claimed	<u>54,470,617</u>	<u>417,428,708</u>	<u>471,899,325</u>
C. Amounts subject to the expenditure limitation	<u>\$ 114,205,240</u>	<u>\$ -</u>	<u>\$ 114,205,240</u>

See accompanying notes to report.

**Yavapai County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2019**

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	\$ 198,221,745	\$ 417,428,708	\$ 615,650,453
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	20,808,163		20,808,163
Long-term care contributions the State Treasurer withheld (Note 10)	8,334,500		8,334,500
Required fees/reimbursements made to Arizona state agencies (Note 11)	168,140		168,140
Involuntary court judgments (Note 12)	<u>235,085</u>	<u>                    </u>	<u>235,085</u>
Total subtractions	<u>29,545,888</u>	<u>                    </u>	<u>29,545,888</u>
C. Amounts reported on part II, line A	<u>\$ 168,675,857</u>	<u>\$ 417,428,708</u>	<u>\$ 586,104,565</u>

See accompanying notes to report.

# Yavapai County

## Notes to Annual Expenditure Limitation Report

### Year ended June 30, 2019

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

#### **Note 3**

The \$1,575,245 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended of \$284,448 and interest on delinquent taxes expended of \$1,290,797 which was recorded as tax revenue. Remaining revenues of \$598,736 recorded as investment earnings have been carried forward to future years.

#### **Note 4**

The exclusion claimed for trustee or custodian of \$2,235,076 in the governmental funds consists of \$1,720,559 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; anti-racketeering costs of \$428,250 with related revenues recorded as miscellaneous revenue; and tribal gaming pass through funding distributions of \$86,267, with \$35,000 of related revenues recorded as miscellaneous revenue and \$51,267 of related revenues recorded in intergovernmental revenue. In the fiduciary funds, the exclusion consists of \$417,428,708 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, 2019**

<b>Description</b>	
Trustee or custodian	\$ 51,267
Grants and aid from the federal government	11,726,242
Amounts received from the State of Arizona	15,854,288
Highway user revenues in excess of those received in fiscal year 1979-80	12,786,651
Contracts with other political subdivisions	2,102,508
Other revenues (nonexcludable)	40,551,591
Amount carried forward	<u>3,954,566</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$87,027,113</u>

**Note 6**

The \$4,818,304 exclusion claimed for contracts with other political subdivisions in the governmental funds includes \$2,715,796 of charges for services and \$2,102,508 of intergovernmental revenue expended.

**Note 7**

The \$399,346 exclusion claimed for grants, aid, contributions, or gifts, from a private agency, organization or individual, except amounts received in lieu of taxes, in the governmental funds consists of \$193,989 of contributions and gifts from organizations and individuals expended, and \$205,357 of grants from private agencies expended reported as miscellaneous revenue. Remaining revenue of \$38,531 recorded as miscellaneous revenues has been carried forward to future years.

**Note 8**

The exclusion claimed for quasi-external interfund transactions in the governmental funds consists of \$637,529 for indirect cost reimbursements recorded as health expenditures.

**Note 9**

The \$20,808,163 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:

<b>Special assessment districts</b>	
General government	\$ 4,900,035
Public safety	15,826,338
Highways and streets	69,346
Sanitation	<u>12,444</u>
Total	<u>\$20,808,163</u>

**Yavapai County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2019**

**Note 10**

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 11**

The \$168,140 subtraction for required fees/reimbursements paid to Arizona state agencies consists of \$100 paid to the Arizona Department of Juvenile Corrections pursuant to A.R.S. §41-2832 for committed youth confinement cost-sharing and \$168,040 paid to the Arizona Department of Administration pursuant to A.R.S. §42-5041 for administrative, program, and operating costs.

**Note 12**

The subtraction of \$235,085 of involuntary court judgments consists of amounts paid under the County's deductible with its insurance pool and directly to claimants, which were recorded as general government expenditures.

**Note 13**

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	\$ 12,122
Grants and aid from the federal government	312,405
Amounts received from the State of Arizona	551,181
Contracts with other political subdivisions	191,678
Highway user revenues in excess of those received in fiscal year 1979-80	696,045
Trustee or custodian	273,226
Donations and private grants	178,141
Total prior years carryforward expended	<u>\$2,214,798</u>

