

Yavapai County, Arizona
Annual Expenditure Limitation Report

Year Ended June 30, 2022

**Yavapai County, Arizona
Annual Expenditure Limitation Report
Year ended June 30, 2022**

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Independent Accountants' Report

Members of the Arizona State Legislature

The Auditor General of the State of Arizona

Board of Supervisors of
Yavapai County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Yavapai County, Arizona (Yavapai County) for the year ended June 30, 2022, and the related notes to the report. Yavapai 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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.

Walker & Armstrong, LLP

Phoenix, Arizona
August 21, 2023

Yavapai County, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2022

1. Economic Estimates Commission expenditure limitation	\$ 137,486,867
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>132,561,019</u>
3. Amount under the expenditure limitation	<u>\$ 4,925,848</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: Connie DeKemper, Finance Director

Telephone Number (928) 442-5185 Date: 8/21/2023

Yavapai County, Arizona
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2022

Description	Governmental funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 199,610,378	\$ 738,793,625	\$ 938,404,003
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,140,617	-	2,140,617
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	350,103	-	350,103
Trustee or custodian (Note 4)	2,337,881	738,793,625	741,131,506
Grants and aid from the federal government (Note 5)	20,767,569	-	20,767,569
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	557,300	-	557,300
Amounts received from the State of Arizona (Note 5)	18,236,098	-	18,236,098
Quasi-external interfund transactions (Note 8)	1,864,182	-	1,864,182
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	14,711,417	-	14,711,417
Contracts with other political subdivisions (Note 6)	4,333,323	-	4,333,323
Prior years carryforward (Note 13)	1,750,869	-	1,750,869
Total exclusions claimed	<u>67,049,359</u>	<u>738,793,625</u>	<u>805,842,984</u>
C. Amounts subject to the expenditure limitation	<u>\$ 132,561,019</u>	<u>\$ -</u>	<u>\$ 132,561,019</u>

See accompanying notes to report.

Yavapai County, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2022

Description	Governmental Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 262,996,731	\$ 738,793,625	\$ 1,001,790,356
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	66,345,343	-	66,345,343
Long-term care contributions the State Treasurer withheld (Note 10)	7,677,800	-	7,677,800
Present value of net minimum lease and financed purchase contract payments recorded as expenditures at the agreements' inception (Note 11)	1,002,860	-	1,002,860
Involuntary court judgments (Note 12)	<u>193,610</u>	<u>-</u>	<u>193,610</u>
Total subtractions	<u>75,219,613</u>	<u>-</u>	<u>75,219,613</u>
C. Additions:			
County transfers to separate legal entities (Note 9)	<u>11,833,260</u>	<u>-</u>	<u>11,833,260</u>
Total additions	<u>11,833,260</u>	<u>-</u>	<u>11,833,260</u>
D. Amounts reported on Part II, Line A	<u>\$ 199,610,378</u>	<u>\$ 738,793,625</u>	<u>\$ 938,404,003</u>

See accompanying notes to report.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2022

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 exclusion claimed for debt service requirements totaling \$2,140,617 consists of principal retirement and interest expenditures in the governmental funds.

Note 3

The \$350,103 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended. The remaining revenues of \$1,312,067 of interest on delinquent taxes expended as tax revenue and \$55,022 recorded as investment earnings have been carried forward to future years.

Note 4

The \$2,337,881 exclusion claimed for trustee or custodian in the governmental funds consists \$1,745,499 of county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; anti-racketeering costs of \$413,521 with related revenues recorded as miscellaneous revenue; and tribal gaming pass through funding distributions of \$178,861 recorded as intergovernmental revenue. In the fiduciary funds, the exclusion of \$738,793,625 consists of \$428,966,604 in distributions to external investment pool participants, \$1,234,076 of other deductions for private-purpose trust funds, and \$308,592,945 in various deductions to other custodial funds.

Note 5

The following schedule presents revenues from which exclusions have been claimed for trustee or custodian, 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, 2022

Description	
Trustee or custodian	\$ 178,861
Grants and aid from the federal government	20,767,569
Amounts received from the State of Arizona	18,236,098
Highway user revenues in excess of those received in fiscal year 1979-80	14,711,417
Contracts with other political subdivisions	1,766,837
Other revenues-(nonexcludable)	58,939,635
Unspent, excludable, revenues carried forward	5,195,319
Total intergovernmental revenues as reported in the fund financial statements	\$ 119,795,736

Note 6

The \$4,333,323 exclusion claimed for contracts with other political subdivisions in the governmental funds includes \$2,566,486 of charges for services expended and \$1,766,837 of intergovernmental revenues expended. Remaining unspent, excludable revenues of \$68,845 recorded as miscellaneous revenue has been carried forward to future years.

Note 7

The \$557,300 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 \$127,415 of contributions and gifts from organizations and individuals expended, and \$429,885 of grants from private agencies expended reported as miscellaneous revenue. Remaining revenue of \$146,591 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 \$1,864,182 for indirect cost reimbursements recorded as health expenditures.

Note 9

The \$66,345,343 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	
General government	\$ 5,569,374
Public safety	60,718,029
Highways and streets	47,276
Sanitation	10,664
Total	\$ 66,345,343

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2022

The \$11,833,260 addition for the County monies transferred to separate legal entities consists of the County's required maintenance of effort payment of \$7,521,560 to the jail district and \$4,311,700 transferred in excess of the required maintenance of effort that are reported as transfers into these separate legal entities.

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 subtraction of \$1,002,860 of the present value of net minimum lease and financed purchase contract payments that were recorded as expenditures at the agreements' inception consists of the County's agreements for the lease of land, buildings and equipment.

Note 12

The subtraction of \$193,610 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:

<u>Description</u>	<u>Governmental funds</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 6,268
Grants and aid from the federal government	241,333
Amounts received from the State of Arizona	1,459,349
Contracts with other political subdivisions	4,677
Trustee or custodian	17,527
Donations and private grants	<u>21,715</u>
Total prior years carryforward expended	<u>\$ 1,750,869</u>

Note 14

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in their balances is shown in the table below:

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2022

<u>Description</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>
Dividends, interest and gains on the sale or redemption of investment securities	\$ 18,944,476	\$ 1,367,089	\$ 6,268	\$ 20,305,297
Grants and aid from the federal government	17,900,367	3,914,265	241,333	21,573,299
Amounts received from the State of Arizona	3,760,453	504,237	1,459,349	2,805,341
Contracts with other political subdivisions	6,593,513	68,845	4,677	6,657,681
Highway user revenues in excess of those received in fiscal year 1979-80	8,080,850	776,817	-	8,857,667
Trustee or custodian	666,306	-	17,527	648,779
Donations and private grants	204,814	146,591	21,715	329,690
Total carryforward	<u>\$ 56,150,779</u>	<u>\$ 6,777,844</u>	<u>\$ 1,750,869</u>	<u>\$ 61,177,754</u>