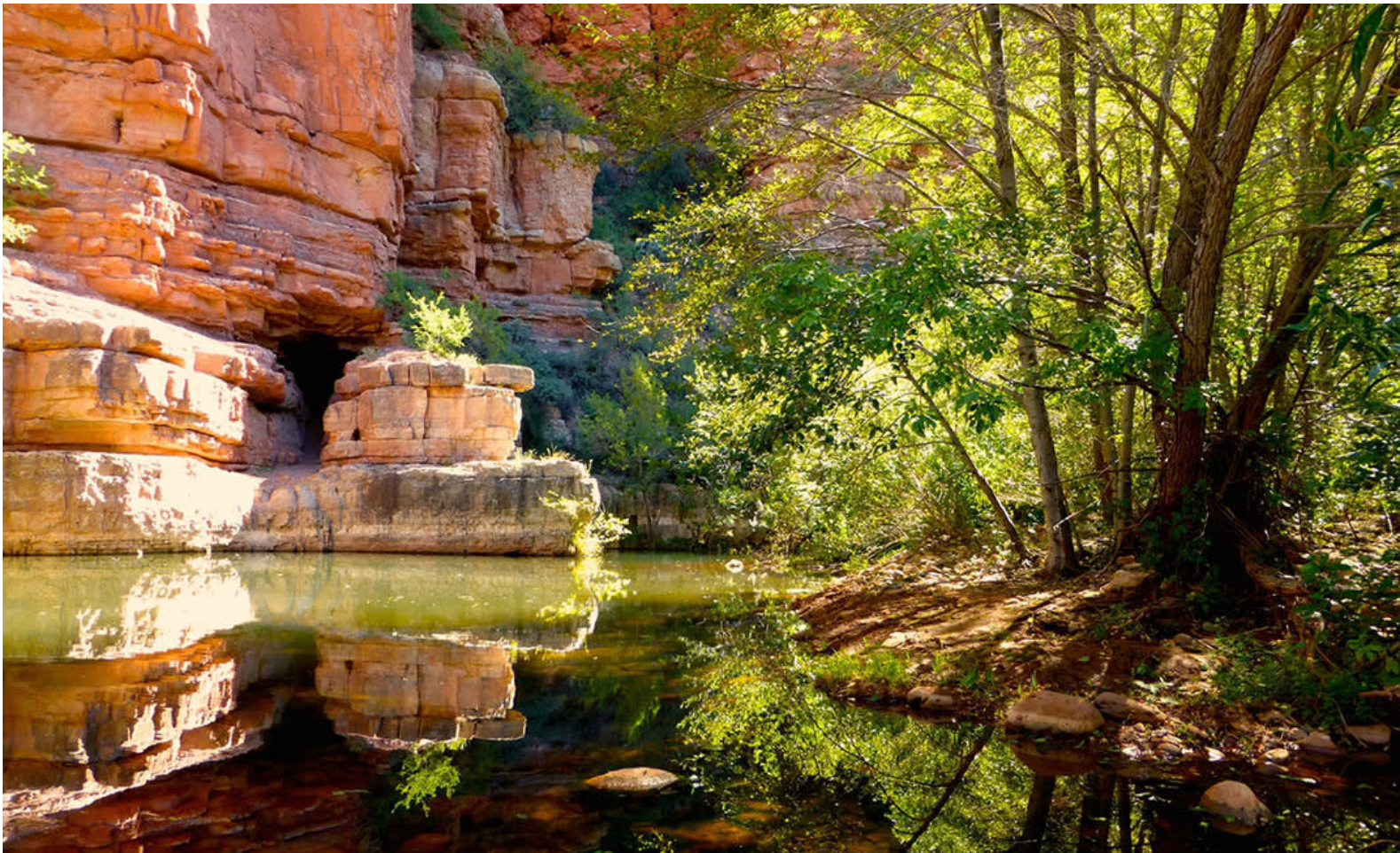


2023

Annual Expenditure Limitation Report



Yavapai County, AZ
Year ended June 30, 2023

**Yavapai County, Arizona
Annual Expenditure Limitation Report
Year ended June 30, 2023**

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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, 2023, 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
September 24, 2024

Yavapai County
Annual Expenditure Limitation Report – Part I
Year ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$ 146,246,043
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>146,246,043</u>
3. Amount under the expenditure limitation	\$ <u> -</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: September 24, 2024

Yavapai County
Annual Expenditure Limitation Report – Part II
Year ended June 30, 2023

Description	Governmental Funds	Fiduciary Funds	Total
A. Amounts reported on the reconciliation, line D	\$ 230,141,798	\$ 748,563,915	\$ 978,705,713
B. Less exclusions claimed:			
Debt service requirements (Note 2)	2,046,236	-	2,046,236
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	4,432,406	-	4,432,406
Trustee or custodian (Note 4)	2,095,682	748,563,915	750,659,597
Grants and aid from the federal government (Note 5)	23,415,378	-	23,415,378
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	257,471	-	257,471
Amounts received from the State of Arizona (Note 5)	19,388,934	-	19,388,934
Quasi-external interfund transactions (note 8)	1,904,097	-	1,904,097
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	14,122,329	-	14,122,329
Contracts with other political subdivisions (Note 6)	4,036,218	-	4,036,218
Refunds, reimbursements, and other recoveries (Note 13)	1,199,475	-	1,199,475
Prior years carryforward (Note 14)	10,997,529	-	10,997,529
Total exclusions claimed	83,895,755	748,563,915	832,459,670
C. Amounts subject to the expenditure limitation	\$ 146,246,043	\$ -	\$ 146,246,043

Yavapai County
Annual Expenditure Limitation Report – Reconciliation
Year ended June 30, 2023

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 (Note 15)	\$ 288,576,186	\$ 748,563,915	\$ 1,037,140,101
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	57,562,484	-	57,562,484
Long-term care contributions the State Treasurer withheld (Note 10)	9,429,000	-	9,429,000
Fees/reimbursements State law required the County to pay	34,834	-	34,834
Present value of net minimum lease, finance purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception (Note 11)	3,125,191	-	3,125,191
Involuntary court judgments (Note 12)	439,929	-	439,929
Total subtractions	<u>70,591,438</u>	<u>-</u>	<u>70,591,438</u>
C. Additions:			
County transfers to separate legal entities (Note 9)	<u>12,157,050</u>	<u>-</u>	<u>12,157,050</u>
Total additions	<u>12,157,050</u>	<u>-</u>	<u>12,157,050</u>
D. Amounts reported on Part II, Line A	<u>\$ 230,141,798</u>	<u>\$ 748,563,915</u>	<u>\$ 978,705,713</u>

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2023

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; statement of revenues, expenses; and the statement of changes in fiduciary net position for the fiduciary funds.

Note 2

The exclusion claimed for debt service requirements totaling \$2,046,236 consists of principal retirement and interest expenditures in the governmental funds.

Note 3

The \$4,432,406 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings expended and interest on delinquent taxes. Remaining unspent, excludable revenues of \$2,222,175 for dividends, interest and gains on the sale or redemption of investment securities have been carried forward to future years.

Reconciliation of Investment Earnings

<u>Financial statements</u>	
Investment earnings	\$ 5,829,590
Unrealized gain (loss)	<u>(1,832,594)</u>
Total investment earnings (loss) as reported in the financial statements	<u>\$ 3,996,996</u>
 <u>AELR - Part II</u>	
Investment earnings	\$ 5,829,590
Interest on delinquent taxes	1,280,811
Less interest income from separate legal entities	<u>(455,820)</u>
Subtotal of allowable exclusion	6,654,581
Exclusion taken	<u>4,432,406</u>
Carryforward to future years	<u>\$ 2,222,175</u>

Note 4

The \$2,095,682 exclusion claimed for trustee or custodian in the governmental funds consists of \$1,763,184 of County contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; anti-racketeering costs of \$271,261 with related revenues recorded as miscellaneous revenue; and tribal gaming pass through funding distributions of \$61,237 recorded as intergovernmental revenue. In the fiduciary funds, the exclusion of \$748,563,915 consists of \$457,299,775 in distribution to external investment pool participants, \$1,152,345 of other deductions for private-purpose trust funds, and \$290,111,795 in various other deductions to other custodial funds. Remaining unspent, excludable revenues of \$9,216 for trustee or which custodian revenues, have been carried forward to future years.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2023

Note 5

The following schedule presents revenues from which exclusions have been claimed for trustee or custodian, federal grants and aid, amount received from the State of Arizona, highway user revenues and contracts with other political subdivisions in the governmental funds:

Description	
Trustee or custodian	\$ 61,237
Grants and aid from the federal government	23,415,378
Amounts received from the State of Arizona	19,388,934
Highway user revenues in excess of those received in fiscal year 1979-80	14,122,329
Contracts with other political subdivisions	2,272,327
Other revenues-(nonexcludable)	66,733,130
Unspent, excludable, revenues carried forward	<u>11,466,424</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 137,459,759</u>

Note 6

The \$4,036,218 claimed for contracts with other political subdivisions in the governmental funds includes \$1,763,891 of charges for services expended and \$2,272,327 of intergovernmental revenues expended. Remaining unspent, excludable revenues of \$903,082 recorded as charges for services contract revenue has been carried forward to future years.

Note 7

The \$257,471 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 \$134,459 of contributions and gifts from organizations and individuals expended, and \$123,012 of grants from private agencies expended reported as miscellaneous revenue. Remaining revenue of \$266,320 recorded as miscellaneous revenues have been carried forward to future years.

Note 8

The exclusion claimed for quasi-external interfund transactions in the governmental funds consists of \$1,904,097 for indirect cost reimbursements recorded as health expenditures and reported as intergovernmental revenues.

Note 9

The \$57,562,484 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	
Public safety	\$ 52,121,697
Highways and streets	43,754
Sanitation	10,328
Culture and recreation	<u>5,386,705</u>
Total	<u>\$ 57,562,484</u>

Yavapai County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2023

The \$12,157,050 addition for the County monies transferred to separate legal entities consists of the County's required maintenance of effort payment of \$7,843,350 to the jail district and \$4,313,700 transferred in excess of the required maintenance of effort that are reported as transfers into this separate legal entity.

Note 10

The subtraction of \$9,429,000 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 \$3,125,191 of the present value of net minimum lease, financed purchase and subscription-based information technology arrangement (SBITA) 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 and subscription arrangements.

Note 12

The subtraction of \$439,929 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 governmental expenditures.

Note 13

The exclusion claimed for refunds, reimbursements, and other recoveries of \$1,199,475 consists of expended HURF miscellaneous revenues resulting from recoveries for damaged equipment.

Note 14

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 are as follows:

Description	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 20,305,297	\$ 2,222,175	\$ 25,581	\$ 22,501,891
Grants and aid from the federal government	21,573,299	4,451,798	9,795,346	16,229,751
Amounts received from the State of Arizona	2,805,341	5,352,739	764,190	7,393,890
Contracts with other political subdivisions	6,657,681	903,082	33,369	7,527,394
Highway user revenues in excess of those received in fiscal year 1979-80	8,857,667	1,661,887	-	10,519,554
Trustee or custodian	648,779	9,216	127,633	530,362
Donations and private grants	329,690	266,320	251,410	344,600
Total carryforward	\$ 61,177,754	\$ 14,867,217	\$ 10,997,529	\$ 65,047,442

Note 15

Total expenditures reported for governmental funds in the County's Annual Comprehensive Financial Report is \$290,868,359 and the amount reported on Line A of the reconciliation, as total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statement of the reconciliation is \$288,576,186. The difference of \$2,292,173 represents estimated uncollectible opioid settlement receivables which, do not represent a use of current County resources, but were incorrectly reported as an expenditure in the financial statements.