

Yavapai County, Arizona
Report on Audit of
Annual Expenditure Limitation Report
Year Ended June 30, 2004

Yavapai County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2004

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Independent Auditor's Report

The Auditor General of the State of Arizona

Members of the Arizona State Legislature

The Board of Supervisors of
Yavapai County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Yavapai County for the year ended June 30, 2004. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Yavapai County for the year ended June 30, 2004, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Phoenix, Arizona
November 19, 2004

Yavapai County
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2004

1. Economic Estimates Commission expenditure limitation	\$ 75,771,393
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>75,444,461</u>
3. Amount under the expenditure limitation	<u>\$ 326,932</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: Michael S. Danowski, Finance Director

Telephone Number: (928) 771-3242

Date: November 19, 2004

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2004

Description	Governmental Funds	Enterprise Fund	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 111,612,958	\$ 31,788,445	\$ 304,083,272	\$ 447,484,675
B. Less exclusions claimed:				
Bond proceeds (Note 2)	911,569			911,569
Debt service requirements on bonded indebtedness (Note 3)	2,113,643			2,113,643
Proceeds from other long-term obligations (Note 4)	2,032,875			2,032,875
Debt service requirements on other long-term obligations (Note 5)	3,795,877			3,795,877
Trustee or custodian (Note 6)	2,090,194		304,083,272	306,173,466
Grants and aid from the federal government (Note 7)	7,598,581			7,598,581
Amounts received from the State of Arizona (Note 7)	7,988,186			7,988,186
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 7)	8,401,086			8,401,086
Contracts with other political subdivisions (Notes 7, 8 and 10)	1,559,333	31,465,598		33,024,931
Total exclusions claimed	<u>36,491,344</u>	<u>31,465,598</u>	<u>304,083,272</u>	<u>372,040,214</u>
C. Amounts subject to the expenditure limitation	<u>\$ 75,121,614</u>	<u>\$ 322,847</u>	<u>\$ 0</u>	<u>\$ 75,444,461</u>

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2004

Description	Governmental Funds	Enterprise Fund	Fiduciary Funds	Total
A. Total expenditures/expenses/ deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements.	<u>\$ 129,360,720</u>	<u>\$ 31,832,400</u>	<u>\$ 304,083,272</u>	<u>\$ 465,276,392</u>
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		63,381		63,381
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 9)	10,627,030			10,627,030
Long-term care contributions withheld by the State Treasurer (Note 11)	5,820,732			5,820,732
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements (Note 12)	<u>1,300,000</u>			<u>1,300,000</u>
Total subtractions	<u>17,747,762</u>	<u>63,381</u>	<u>-0-</u>	<u>17,811,143</u>
C. Additions:				
Acquisitions of capital assets		<u>19,426</u>		<u>19,426</u>
D. Amounts reported on Part II, Line A	<u>\$ 111,612,958</u>	<u>\$ 31,788,445</u>	<u>\$ 304,083,272</u>	<u>\$ 447,484,675</u>

See accompanying notes to report.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures or expenses 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 requirements, 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 Changes in Fund Net Assets for the Proprietary Fund, Statement of Cash Flows for the Proprietary Fund and the Statement of Fiduciary Net Assets for the Fiduciary Fund.

- Note 2 -** The exclusion claimed for bond proceeds is for bond proceeds expended within the Jail District.
- Note 3 -** The exclusion claimed for debt service requirements on bonded indebtedness consists of principal and interest expense of the governmental funds.
- Note 4 -** The exclusion claimed for proceeds from other long-term obligations is for constitutionally excludable revenue from that portion of prior year loan proceeds unexpended in the year of receipt that was expended for highway improvements in the current year.
- Note 5 -** The exclusion for debt service requirements on other long-term obligations were to satisfy principal and interest payments for notes payable and capital leases. Payments in the Governmental Funds are reported in the highway and streets category, \$1,094,143, and debt service, \$2,701,734, in the basic financial statements.
- Note 6 -** The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,803,078 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, and \$287,116 for expenditures from the County Anti-Racketeering Revolving Fund and, in the Fiduciary Fund, the exclusion consists of \$304,083,272 in distributions to participants.
- Note 7-** 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.

Description	Governmental Funds
Grants and aid from the federal government	\$ 7,598,581
Amounts received from the State of Arizona	7,998,186
Highway user revenues in excess of those received in fiscal year 1979-1980	8,401,086
Contracts with other political subdivisions	1,559,333
Other revenues – (nonexcludable)	27,747,434
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 53,304,620</u>

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 8 - The exclusion claimed for contracts with other political subdivisions of \$31,465,598, in the Enterprise Fund is revenues received from AHCCCS that were expended and, therefore, claimed as an exclusion.

Note 9 - The subtraction of \$10,627,030 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:

	Governmental Funds
General government	\$ 1,722,877
Public safety	8,745,877
Highways and streets	49,386
Sanitation	108,890
Total	\$ 10,627,030

Note 10 - The following schedule presents revenue from which the County claimed exclusions for contracts with other political subdivisions.

	Governmental Funds
Intergovernmental revenue	\$ 346,783
Charges for services	1,212,550
Total	\$ 1,559,333

Note 11 - The amount of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs was reported as revenue and an offsetting expenditure in the County's Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.

Note 12 - The deduction of \$1,300,000 for present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements is reported in the HURF Road Fund in the highway and streets category in the basic financial statements.