

Yavapai County, Arizona

Report on Audit of
Annual Expenditure Limitation Report

Year Ended June 30, 2007

Yavapai County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2007

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Independent Auditor's Report

The Auditor General of the State of Arizona

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, 2007. 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 accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of Yavapai County for the year ended June 30, 2007, 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.

Walker & Armstrong LLP

December 13, 2007

Yavapai County
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2007

1. Economic Estimates Commission expenditure limitation	\$ 92,084,922
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	92,079,225
3. Amount under the expenditure limitation	<u>\$ 5,697</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: John D. Zander, Finance Director

Telephone Number: (928) 771-3238

Date: December 13, 2007

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2007

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 131,932,435	\$ 33,629,973	\$ 376,630,477	\$ 542,192,885
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness (Note 2)	2,092,815			2,092,815
Debt service requirements on other long-term obligations (Note 3)	74,842			74,842
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	1,582,586			1,582,586
Trustee or custodian (Note 5)	1,427,796		376,630,477	378,058,273
Grants and aid from the federal government (Note 6)	9,671,528			9,671,528
Amounts received from the State of Arizona (Note 6)	9,147,739			9,147,739
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	15,677,204			15,677,204
Contracts with other political subdivisions (Notes 6, 7 and 9)	178,700	33,629,973		33,808,673
Total exclusions claimed	39,853,210	33,629,973	376,630,477	450,113,660
C. Amounts subject to the expenditure limitation	\$ 92,079,225	\$ 0	\$ 0	\$ 92,079,225

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2007

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	<u>\$ 153,818,023</u>	<u>\$ 33,577,705</u>	<u>\$ 376,630,477</u>	<u>\$ 564,026,205</u>
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		53,721		53,721
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	13,047,088			13,047,088
Long-term care contributions withheld by the State Treasurer (Note 10)	8,838,500			8,838,500
Total subtractions	<u>21,885,588</u>	<u>53,721</u>	<u>0</u>	<u>21,939,309</u>
C. Additions:				
Acquisition of capital assets		105,989		105,989
D. Amounts reported on Part II, Line A	<u>\$ 131,932,435</u>	<u>\$ 33,629,973</u>	<u>\$ 376,630,477</u>	<u>\$ 542,192,885</u>

See accompanying notes to report.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2007

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, or expenses 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 Changes in Fiduciary Net Assets for the Fiduciary Fund.

- Note 2 -** The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal and interest expense.
- Note 3 -** The exclusion claimed for debt service requirements on other long-term obligations consists of principal and interest payments for capital leases. Payments, in the amount of \$74,842, are reported in the Governmental Funds in the highway and streets function.
- Note 4 -** The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$2,704,923 in the Governmental Funds consists of interest on investments expended of \$1,582,586. Remaining revenues of \$1,122,337 have been carried forward to future years.
- Note 5 -** The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,427,796 in contributions by the County to the Arizona Health Care Cost Containment System (AHCCCS) for acute care and, in the Fiduciary Fund, the exclusion consists of \$376,630,477 in distributions to investment pool participants.
- Note 6 -** 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	\$ 9,671,528
Amounts received from the State of Arizona	9,147,739
Highway user revenues in excess of those received in fiscal year 1979-80	15,677,204
Contracts with other political subdivisions – (excludable, see Note 9)	121,000
Other revenues – (nonexcludable)	40,022,968
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 74,640,439</u>

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2007

Note 7 - The exclusion claimed for contracts with other political subdivisions of \$33,629,973 in the Enterprise Fund consists of revenues received from AHCCCS that are expended and, therefore, claimed as an exclusion.

Note 8 - The subtraction of \$13,047,088 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	\$ 2,357,097
Public safety	10,508,798
Highways and streets	169,522
Sanitation	11,671
Total	<u>\$ 13,047,088</u>

Note 9 - The following schedules present revenues from which the County claimed exclusions for contracts with other political subdivisions.

	Governmental Funds
Charges for services	\$ 57,700
Intergovernmental	121,000
Total contracts with other political subdivisions	<u>\$ 178,700</u>

	Governmental Funds
Charges for services	\$ 57,700
Other revenues - (nonexcludable)	7,730,477
Total charges for services as reported in the fund financial statements	<u>\$ 7,788,177</u>

Note 10 - The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer 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.