

Yavapai County, Arizona

Report on Audit of
Annual Expenditure Limitation Report

Year Ended June 30, 2008

Yavapai County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2008

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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, Arizona for the year ended June 30, 2008. 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, Arizona for the year ended June 30, 2008, 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, the Board of Supervisors, and management 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

Phoenix, Arizona
January 14, 2009

Yavapai County
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2008

1. Economic Estimates Commission expenditure limitation	\$ 99,094,712
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	99,094,711
3. Amount under the expenditure limitation	<u>\$ 1</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: January 14, 2009

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2008

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	<u>\$ 152,497,477</u>	<u>\$ 37,802,189</u>	<u>\$ 462,009,178</u>	<u>\$ 652,308,844</u>
B. Less exclusions claimed:				
Bond proceeds (Note 2)	6,748,462			6,748,462
Proceeds from other long-term obligations (Note 2)	1,015,036			1,015,036
Debt service requirements on bonded indebtedness (Note 3)	3,136,627			3,136,627
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	1,467,838			1,467,838
Trustee or custodian (Note 5)	3,022,868		462,009,178	465,032,046
Grants and aid from the federal government (Note 6)	9,824,706			9,824,706
Amounts received from the State of Arizona (Note 6)	10,081,460			10,081,460
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	14,336,813			14,336,813
Contracts with other political subdivisions (Notes 6, 7 and 9)	350,488	37,655,470		38,005,958
Prior years carryforward (Note 11)	<u>3,418,468</u>	<u>146,719</u>		<u>3,565,187</u>
Total exclusions claimed	<u>53,402,766</u>	<u>37,802,189</u>	<u>462,009,178</u>	<u>553,214,133</u>
C. Amounts subject to the expenditure limitation	<u>\$ 99,094,711</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,094,711</u>

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2008

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>\$ 173,529,717</u>	<u>\$ 37,821,993</u>	<u>\$ 462,009,178</u>	<u>\$ 673,360,888</u>
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		61,493		61,493
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	12,440,540			12,440,540
Long-term care contributions withheld by the State Treasurer (Note 10)	8,591,700			8,591,700
Total subtractions	<u>21,032,240</u>	<u>61,493</u>	<u>0</u>	<u>21,093,733</u>
C. Additions:				
Acquisition of capital assets		41,689		41,689
D. Amounts reported on Part II, Line A	<u>\$ 152,497,477</u>	<u>\$ 37,802,189</u>	<u>\$ 462,009,178</u>	<u>\$ 652,308,844</u>

See accompanying notes to report.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2008

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, 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 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 in the Governmental Funds are for bond proceeds expended for the widening of Arizona State Route 260 in the amount of \$6,748,462. Other long-term obligation consists of capital lease proceeds expended for a new Verde Valley superior court building in the amount of \$1,015,036.
- Note 3 -** The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal and interest expense.
- Note 4 -** The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$1,467,838 in the Governmental Funds consists of interest on investments expended of \$463,903; interest on delinquent taxes expended of \$1,003,935, which was recorded as tax revenue. Remaining revenues of \$2,064,464 have been carried forward to future years.
- Note 5 -** The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$3,022,868 in contributions by the County to the Arizona Health Care Cost Containment System (AHCCCS) for acute care of \$1,427,800, uncompensated care and administrative costs of \$415,300, Anti Racketeering of \$474,678, Inmate Health Services of \$29,925, Jail Commissary of \$367,380 and Inmate Food of \$307,785 and in the Fiduciary Fund, the exclusion consists of \$462,009,178 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	\$ 9,824,706
Amounts received from the State of Arizona	10,081,460
Highway user revenues in excess of those received in fiscal year 1979-80	14,336,813
Contract with other political subdivisions	277,454
Revenues carried forward to future years (excludable)	4,652,061
Other revenues – (nonexcludable)	33,041,658
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 72,214,152</u>

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2008

Note 7 - The exclusion claimed for contracts with other political subdivisions of \$37,655,470 in the Enterprise Fund consists of revenues received from AHCCCS that are expended and, therefore, claimed as an exclusion.

Note 8 - The subtraction of \$12,440,540 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:

Description	Governmental Funds
General government	\$ 2,548,930
Public safety	9,748,410
Highways and streets	76,143
Sanitation	67,057
Total	<u>\$ 12,440,540</u>

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

Description	Governmental Funds
Charges for services received from contracts with other political subdivisions	\$ 73,034
Revenues carried forward to future years (excludable)	440,772
Other revenues - (nonexcludable)	7,911,683
Total charges for services as reported in the fund financial statements	<u>\$ 8,425,489</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.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2008

Note 11 - 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:

Description	Governmental Funds	Enterprise Fund
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 15,614	\$ 0
Amounts received from the State of Arizona	1,830,847	0
Contracts with other political subdivisions	1,572,007	146,719
Total prior years carryforward expended	<u>\$ 3,418,468</u>	<u>\$ 146,719</u>

Note 12 - Revenue that is constitutionally excludable and unexpended in the year of receipt maybe accumulated and expended in future years. A summary of the revenue balances to expended in future years is as follows:

Governmental Funds

Description	06/30/07 Balance	Reduction	Addition	06/30/08 Balance
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 8,584,995	\$ 15,614	\$ 2,064,464	\$ 10,633,845
Grants and aid from the federal government	6,867,467	0	1,632,933	8,500,400
Amounts received from the State of Arizona	4,116,294	1,830,847	1,796,212	4,081,659
Contracts with other political subdivisions	5,657,451	1,572,007	4,645,090	8,730,534
Trustee or custodian	514,535	0	273,380	787,915
Proceeds from long term obligations	0	0	67,236,502	67,236,502
Total carryforward	<u>\$ 25,740,742</u>	<u>\$ 3,418,468</u>	<u>\$ 77,648,581</u>	<u>\$ 99,970,855</u>

Enterprise Fund

Description	06/30/07 Balance	Reduction	Addition	06/30/08 Balance
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 352,682	\$ 0	\$ 346,606	\$ 699,288
Contracts with other political subdivisions	3,405,212	146,719	0	3,258,493
Total carryforward	<u>\$ 3,757,894</u>	<u>\$ 146,719</u>	<u>\$ 346,606</u>	<u>\$ 3,957,781</u>