

Yavapai County, Arizona

Report on Audit of  
Annual Expenditure Limitation Report

Year Ended June 30, 2009

Yavapai County  
Report on Audit of Annual Expenditure Limitation Report  
Year Ended June 30, 2009

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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, 2009. 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, 2009, 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  
December 9, 2009

Yavapai County  
Annual Expenditure Limitation Report - Part I  
Year Ended June 30, 2009

1. Economic Estimates Commission expenditure limitation	\$ 107,305,958
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	102,629,978
3. Amount under the expenditure limitation	<u>\$ 4,675,980</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) 442-5185

Date: February 8, 2010

See accompanying notes to report.

Yavapai County  
Annual Expenditure Limitation Report - Part II  
Year Ended June 30, 2009

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 178,434,097	\$ 42,654,648	\$ 523,331,550	\$ 744,420,295
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness (Note 2)	30,458,005			30,458,005
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	494,819		4,526,486	5,021,305
Trustee or custodian (Note 4)	1,855,428		513,810,065	515,665,493
Grants and aid from the federal government (Note 5)	9,161,568			9,161,568
Amounts received from the State of Arizona (Note 5)	7,232,566			7,232,566
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	7,297,558			7,297,558
Contracts with other political subdivisions (Notes 6)		42,654,648		42,654,648
Prior years carryforward (Note 9)	19,304,175		4,994,999	24,299,174
Total exclusions claimed	75,804,119	42,654,648	523,331,550	641,790,317
C. Amounts subject to the expenditure limitation	\$ 102,629,978	\$ 0	\$ 0	\$ 102,629,978

See accompanying notes to report.

Yavapai County  
Annual Expenditure Limitation Report - Reconciliation  
Year Ended June 30, 2009

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>\$ 201,667,186</u>	<u>\$ 42,630,543</u>	<u>\$ 523,331,550</u>	<u>\$ 767,629,279</u>
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		70,406		70,406
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	14,020,989			14,020,989
Long-term care contributions withheld by the State Treasurer (Note 8)	9,212,100			9,212,100
Total subtractions	<u>23,233,089</u>	<u>70,406</u>	<u>0</u>	<u>23,303,495</u>
C. Additions:				
Acquisition of capital assets		94,511		94,511
D. Amounts reported on Part II, Line A	<u>\$ 178,434,097</u>	<u>\$ 42,654,648</u>	<u>\$ 523,331,550</u>	<u>\$ 744,420,295</u>

See accompanying notes to report.

**Yavapai County**  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2009

**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 for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal and interest expense.

**Note 3 -** The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$494,819 is computed as follows:

Description	Governmental Funds
Total investment income reported in the fund financial statements	\$ 2,055,194
Add: Interest on delinquent tax penalty reported as tax revenue in the fund financial statements	1,314,617
Sub-total	3,369,811
Less: Investment earnings for legally separate entities not carried forward	( 112,898)
Less: amount carried forward	( 2,762,094)
Total exclusion	\$ 494,819

The Fiduciary Fund exclusion consists of \$4,526,486 of interest on investments expended.

**Note 4 -** The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,855,428 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 \$427,628 and in the Fiduciary Fund, the exclusion consists of \$513,810,065 in distributions to investment pool participants.

**Yavapai County**  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2009

**Note 5 -** The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona and highway user revenues:

Description	Governmental Funds
Grants and aid from the federal government	\$ 9,161,568
Amounts received from the State of Arizona	7,232,566
Highway user revenues in excess of those received in fiscal year 1979-80	7,297,558
Revenues carried forward to future years (excludable)	8,780,115
Other revenues – (nonexcludable)	35,679,634
Total intergovernmental revenues as reported in the fund financial statements	\$ 68,151,441

**Note 6 -** The exclusion claimed for contracts with other political subdivisions of \$42,654,648 in the Enterprise Fund consists of revenues received from AHCCCS that are expended and, therefore, claimed as an exclusion.

**Note 7 -** The subtraction of \$14,020,989 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	\$ 2,889,443
Public safety	10,752,380
Highways and streets	368,298
Sanitation	10,868
Total	\$ 14,020,989

**Note 8 -** 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, 2009

**Note 9 -** 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	Fiduciary Fund
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 81,414	\$ 0
Trustee or custodian	647,533	4,994,999
Grants and aid from the federal government	294,879	0
Amounts received from the State of Arizona	956,457	0
Contracts with other political subdivisions	273,944	0
Bond proceeds	11,555,027	0
Proceeds from other long-term obligations	5,494,921	0
Total prior years carryforward expended	<u>\$ 19,304,175</u>	<u>\$ 4,994,999</u>

**Note 10 -** Revenue that is constitutionally excludable and unexpended in the year of receipt may be accumulated and expended in future years. A summary of the revenue balances to be expended in future years is as follows:

**Governmental Funds**

Description	06/30/08 Balance	Reduction	Addition	06/30/09 Balance
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 10,633,845	\$ 81,414	\$ 2,762,094	\$ 13,314,525
Trustee or custodian	787,915	647,533	638,705	779,087
Grants and aid from the federal government	8,500,400	294,879	4,976,039	13,181,560
Amounts received from the State of Arizona	4,081,659	956,457	1,646,960	4,772,162
Contracts with other political subdivisions	8,730,534	273,944	2,157,116	10,613,706
Proceeds from long term obligations	67,236,502	41,147,696	0	26,088,806
Total carryforward	<u>\$ 99,970,855</u>	<u>\$ 43,401,923</u>	<u>\$ 12,180,914</u>	<u>\$ 68,749,846</u>

**Enterprise Fund**

Description	06/30/08 Balance	Reduction	Addition	06/30/09 Balance
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 699,288	\$ 699,288	\$ 0	\$ 0
Contracts with other political subdivisions	3,258,493	360,726	0	2,897,767
Total carryforward	<u>\$ 3,957,781</u>	<u>\$ 1,060,014</u>	<u>\$ 0</u>	<u>\$ 2,897,767</u>

**Yavapai County**  
 Notes to Annual Expenditure Limitation Report  
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**Fiduciary Fund**

<u>Description</u>	<u>06/30/08 Balance</u>	<u>Reduction</u>	<u>Addition</u>	<u>06/30/09 Balance</u>
Trustee or custodian	\$ 136,640,631	\$ 4,994,999	\$ 0	\$ 131,645,632
Total carryforward	<u>\$ 136,640,631</u>	<u>\$ 4,994,999</u>	<u>\$ 0</u>	<u>\$ 131,645,632</u>