

Yavapai County, Arizona

Report on Audit of
Annual Expenditure Limitation Report

Year Ended June 30, 2010

Yavapai County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2010

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Independent Auditor's Report

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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, 2010. 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, 2010, 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, management, and others within the County, 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
December 15, 2010

Yavapai County
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2010

1. Economic Estimates Commission expenditure limitation	\$ 111,415,033
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	97,447,632
3. Amount under the expenditure limitation	<u>\$ 13,967,401</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: December 15, 2010

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2010

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 153,640,892	\$ 44,994,163	\$ 488,654,562	\$ 687,289,617
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness (Note 2)	14,411,298			14,411,298
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	25,078		533,891	558,969
Trustee or custodian (Note 4)	1,867,313		478,365,783	480,233,096
Grants and aid from the federal government (Note 5)	11,227,586			11,227,586
Amounts received from the State of Arizona (Note 5)	6,570,959			6,570,959
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	7,446,783			7,446,783
Contracts with other political subdivisions (Notes 6)		44,994,163		44,994,163
Prior years carryforward (Note 9)	14,644,243		9,754,888	24,399,131
Total exclusions claimed	56,193,260	44,994,163	488,654,562	589,841,985
C. Amounts subject to the expenditure limitation	\$ 97,447,632	\$ 0	\$ 0	\$ 97,447,632

See accompanying notes to report.

Yavapai County
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2010

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>\$ 176,471,119</u>	<u>\$ 45,026,786</u>	<u>\$ 488,654,562</u>	<u>\$ 710,152,467</u>
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		64,218		64,218
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	18,728,427			18,728,427
Long-term care contributions withheld by the State Treasurer (Note 8)	4,101,800			4,101,800
Total subtractions	<u>22,830,227</u>	<u>64,218</u>	<u>0</u>	<u>22,894,445</u>
C. Additions:				
Acquisition of capital assets		31,595		31,595
D. Amounts reported on Part II, Line A	<u>\$ 153,640,892</u>	<u>\$ 44,994,163</u>	<u>\$ 488,654,562</u>	<u>\$ 687,289,617</u>

See accompanying notes to report.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2010

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 \$25,078 is computed as follows:

Description	Governmental Funds
Total investment income reported in the fund financial statements	\$ 455,362
Add: Interest on delinquent tax penalty reported as tax revenue in the fund financial statements	1,879,377
Sub-total	2,334,739
Less: Investment earnings for legally separate entities not carried forward	(47,295)
Less: amount carried forward	(2,262,366)
Total exclusion	<u>\$ 25,078</u>

The Fiduciary Fund exclusion consists of \$533,891 of interest on investments expended.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,867,313 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 \$439,513 and in the Fiduciary Fund, the exclusion consists of \$478,365,783 in distributions to investment pool participants.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2010

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	\$ 11,227,586
Amounts received from the State of Arizona	6,570,959
Highway user revenues in excess of those received in fiscal year 1979-80	7,446,783
Revenues carried forward to future years (excludable)	7,765,149
Other revenues – (nonexcludable)	37,606,305
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 70,616,782</u>

Note 6 - The exclusion claimed for contracts with other political subdivisions of \$44,994,163 in the Enterprise Fund consists of revenues received from AHCCCS that are expended and, therefore, claimed as an exclusion.

Note 7 - The subtraction of \$18,728,427 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	\$ 3,996,489
Public safety	12,624,994
Highways and streets	2,099,515
Sanitation	7,429
Total	<u>\$ 18,728,427</u>

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 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, 2010

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	\$ 477,315	\$ 0
Trustee or custodian	498,323	9,754,888
Grants and aid from the federal government	537,327	0
Amounts received from the State of Arizona	814,539	0
Contracts with other political subdivisions	1,182,927	0
Bond proceeds	7,581,936	0
Proceeds from other long-term obligations	3,551,876	0
Total prior years carryforward expended	<u>\$ 14,644,243</u>	<u>\$ 9,754,888</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	06/30/09 Balance (Restated)	Reduction	Addition	06/30/10 Balance
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 13,314,525	\$ 477,315	\$ 2,262,366	\$ 15,099,576
Trustee or custodian	779,087	498,323	440,819	721,583
Grants and aid from the federal government	2,877,077	537,327	4,755,389	7,095,139
Amounts received from the State of Arizona	4,772,162	814,539	1,520,976	5,478,559
Contracts with other political subdivisions	12,890,375	1,182,927	1,488,784	13,196,232
Proceeds from bonds and other long term obligations	26,088,806	11,133,812	0	14,954,994
Total carryforward	<u>\$ 60,722,032</u>	<u>\$ 14,644,243</u>	<u>\$ 10,468,334</u>	<u>\$ 56,546,123</u>

The June 30, 2009 carryover balance was restated by \$8,027,814 in which the carryover for grants and aid from the federal government was decreased by \$10,304,483 and the contracts with other political subdivisions was increased by \$2,276,669.

Yavapai County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2010

Enterprise Fund

<u>Description</u>	<u>06/30/09 Balance</u>	<u>Reduction</u>	<u>Addition</u>	<u>06/30/10 Balance</u>
Contracts with other political subdivisions	\$ 2,315,879	\$ 0	\$ 222,779	\$ 2,538,658
Refunds, reimbursement, and other recoveries	88,968	0	24,710	113,678
Dividends, interest, and gains on the sale or redemption of investment securities	492,920	0	39,650	532,570
Total carryforward	<u>\$ 2,897,767</u>	<u>\$ 0</u>	<u>\$ 287,139</u>	<u>\$ 3,184,906</u>

Fiduciary Fund

<u>Description</u>	<u>06/30/09 Balance</u>	<u>Reduction</u>	<u>Addition</u>	<u>06/30/10 Balance</u>
Trustee or custodian	\$ 131,645,632	\$ 9,754,888	\$ 0	\$ 121,890,744
Total carryforward	<u>\$ 131,645,632</u>	<u>\$ 9,754,888</u>	<u>\$ 0</u>	<u>\$ 121,890,744</u>