



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Expenditure Limitation Report

# Yavapai County

Year Ended June 30, 2011

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**Debra K. Davenport**  
Auditor General

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Yavapai County  
Report on Audit of Annual Expenditure Limitation Report  
Year Ended June 30, 2011

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**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

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, 2011. 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, 2011, 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.

Jay Zsorey, CPA  
Financial Audit Director

February 6, 2012

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Yavapai County  
Annual Expenditure Limitation Report—Part I  
Year Ended June 30, 2011

1. Economic Estimates Commission expenditure limitation	\$113,729,726
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>112,128,359</u>
3. Amount under the expenditure limitation	<u>\$ 1,601,367</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 6, 2012

See accompanying notes to report.

Yavapai County  
Annual Expenditure Limitation Report—Part II  
Year Ended June 30, 2011

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 154,307,996	\$ 41,073,737	\$ 423,025,481	\$ 618,407,214
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness (Note 2)	15,068,772			15,068,772
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	48,619		197,534	246,153
Trustee or custodian (Note 4)	1,876,969		417,539,803	419,416,772
Grants and aid from the federal government (Note 5)	6,369,249			6,369,249
Amounts received from the State of Arizona (Note 5)	7,432,170			7,432,170
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	5,948,379			5,948,379
Contracts with other political subdivisions (Note 6)		41,073,737		41,073,737
Prior years carryforward (Note 9)	<u>5,435,479</u>		<u>5,288,144</u>	<u>10,723,623</u>
Total exclusions claimed	<u>42,179,637</u>	<u>41,073,737</u>	<u>423,025,481</u>	<u>506,278,855</u>
C. Amounts subject to the expenditure limitation	<u>\$ 112,128,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,128,359</u>

See accompanying notes to report.

Yavapai County  
Annual Expenditure Limitation Report—Reconciliation  
Year Ended June 30, 2011

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 177,502,579	\$ 41,120,729	\$ 423,025,481	\$ 641,648,789
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		55,047		55,047
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	15,966,283			15,966,283
Long-term care contributions withheld by the State Treasurer (Note 8)	<u>7,228,300</u>			<u>7,228,300</u>
Total subtractions	<u>23,194,583</u>	<u>55,047</u>		<u>23,249,630</u>
C. Additions:				
Acquisition of capital assets		<u>8,055</u>		<u>8,055</u>
C. Amounts reported on Part II, Line A	<u>\$ 154,307,996</u>	<u>\$ 41,073,737</u>	<u>\$ 423,025,481</u>	<u>\$ 618,407,214</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 \$48,619 is computed as follows:

Description	Governmental Funds
Total investment income reported in the fund financial statements	\$ 382,202
Add: Interest on delinquent tax penalty reported as tax revenue in the fund financial statements	<u>1,970,221</u>
Subtotal	2,352,423
Less: Investment earnings for legally separate entities not carried forward	(45,573)
Less: amount carried forward	<u>(2,258,231)</u>
Total exclusions	<u>\$ 48,619</u>

The Fiduciary Fund exclusion consists of \$197,534 of interest on investments distributed to investment pool participants.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,876,969 in contributions by the County to the Arizona Health Care Cost Containment System (AHCCCS) for acute care of \$1,427,800 and uncompensated care and administrative costs of \$449,169; and in the Fiduciary Fund, the exclusion consists of \$417,539,803 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 in the Governmental Funds:

Description	Governmental Funds
Grants and aid from the federal government	\$ 6,369,249
Amounts received from the State of Arizona	7,432,170
Highway user revenues in excess of those received in fiscal year 1979-80	5,948,379
Revenues carried forward to future years (excludable)	15,271,428
Other revenues—(nonexcludable)	<u>43,854,038</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$78,875,264</u>

Note 6 - The exclusion claimed for contracts with other political subdivisions of \$41,073,737 in the Enterprise Fund consists of revenues received from AHCCCS that are expended and, therefore, claimed as an exclusion.

Note 7 - The subtraction of \$15,966,283 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	\$ 3,847,147
Public safety	11,966,674
Highway and streets	147,320
Sanitation	<u>5,142</u>
Total	<u>\$15,966,283</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:

<u>Description</u>	<u>Governmental Funds</u>	<u>Fiduciary Fund</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 206,104	
Trustee or custodian		\$5,288,144
Grants and aid from the federal government	691,144	
Amounts received from the State of Arizona	2,431,448	
Contracts with other political subdivisions	119,208	
Proceeds from other long-term obligations	<u>1,987,575</u>	
Total prior years carryforward expended	<u>\$5,435,479</u>	<u>\$5,288,144</u>

