

Yavapai County, Arizona



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

**Yavapai County, Arizona
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008**



Board of Supervisors

Carol Springer, District 1

A.G. "Chip" Davis, District 3

Thomas Thurman, District 2

Prepared by Yavapai County
Finance Department

YAVAPAI COUNTY
 Comprehensive Annual Financial Report
 Year Ended June 30, 2008
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INTRODUCTORY SECTION



Yavapai County Finance Department

JOHN D. ZANDER, CPA

FINANCE DIRECTOR

January 14, 2009

To the Board of Supervisors, and Citizens of Yavapai County:

State law requires that counties prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by the Arizona State Auditor General's Office or by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Yavapai County for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of Yavapai County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Walker & Armstrong LLP, a firm of licensed certified public accountants, have audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit; that there was a reasonable basis for rendering an unqualified opinion that the Yavapai County financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Yavapai County was formed in 1864; one year after the Arizona Territory was established. The County was named after the Yavapai tribe, whose name means "people of the sun". The County is located in the central portion of the state encompassing approximately 8,125 square miles.

The County is empowered to levy a property tax on both real and personal properties within its boundaries.

The County operates under the supervisor-administrator form of government. Policy-making and legislative authority are vested in a Board of Supervisors (Board) consisting of three members elected to four-year terms representing three supervisorial districts. The Board appoints an Administrator, who is responsible for overseeing the day-to-day operations of the County government.

The Board is responsible for the financing and administration of County government, has final approval over County departmental budgets and sets property tax rates. As part of its administrative duties, the Board is responsible for appointing department heads, and members of County boards and commissions dealing with planning and zoning, building codes, health, employees and employee benefits, private industry and agriculture. The Board acts as the board of directors for special districts within the County such as jail, water, sanitation, lighting, library and flood control.

The County Administrator develops and presents the County budget, oversees countywide administrative departments, assists elected officials, and coordinates with other governments in intergovernmental relations.

In addition to the Board, other elected officers representing the County include the Assessor, Clerk of the Superior Court, County Attorney, Recorder, School Superintendent, Sheriff, and the Treasurer. There are seven elected Superior Court Judges, five Justices of the Peace, and two Constables.

Yavapai County provides a full range of services, including police protection, courts, health services, the construction and maintenance of highways, streets, other infrastructure and parks.

The financial reporting entity includes all the funds of the primary government (Yavapai County), as well as its' component units. Component units are legally separate entities for which the primary government is financially accountable. The Board acts as the Board of Directors of these component units. Accordingly, the Yavapai County Flood Control District, Library District, Jail District and various special assessment districts are reported as a part of the governmental fund types of the primary government.

There are various school districts, special districts, and fire districts within Yavapai County governed by independently elected boards. The financial statements of such districts are not included in this report except to reflect amounts held in an agency capacity by the County Treasurer. The reporting entity is further described in Note 1 to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Administrator annually. These requests are used as the starting point for developing a proposed budget. The County Administrator then presents this proposed budget to the Board of Supervisors for review on or before the third Monday in July. On or before the fourteenth day before the day in August when the Board sets tax levy rates, the Board must hold a public hearing and a special meeting of the Board, at which time the final budget must be adopted. The final budget is adopted by fund and department. Transfers of appropriations between funds or departments require approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds this comparison is presented beginning on page 60 as part of the required supplemental information. For governmental funds, other than the general fund and major special revenue funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 80.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy. Yavapai County has experienced rapid population growth in recent years, increasing 55% to a total of 168,885, from the 1990 to the 2000 census. However, the Arizona Department of Commerce has estimated Yavapai County's population, as of July 1, 2008, to be 227,468, which is a 35% increase from the 2000 census. The population of Yavapai County continues to grow; however, it is at a smaller rate than that in 2007. Yavapai County has, as most other counties have in the State of Arizona, experienced a decline of residential construction activity and a reduction of home values. In addition, sales tax collected has declined from the prior year in Yavapai County at a rate of 7%, and it is anticipated to remain at this level for fiscal year 2008-09.

The Arizona Department of Commerce has estimated the 2008 unemployment rate for Yavapai County at 4.6%, which is an increase from the prior year's rate of 3.7%. Yavapai County Regional Medical Center is the single largest employer in Yavapai County.

Retail trade, tourism, utilities, healthcare, warehouse and distribution centers, mining, light industry and government all contribute to the economy.

Long-term financial planning. In November of 1999, the Yavapai County Jail District was formed when the citizens approved a dedicated excise tax of up to $\frac{1}{4}$ cent for the purpose of constructing, operating, maintaining and financing County jail facilities. In December of 1999, the Board adopted Resolution No.1999-1 establishing the initial excise tax of $\frac{1}{5}$ cent. On March 26, 2003, the excise tax was raised to the voter approved rate of $\frac{1}{4}$ cent.

The excise tax has been used to construct new, efficient jail facilities and to pay for additional staff and other operating costs of the jail system. The first phase of the jail construction was to increase the size of the Camp Verde Jail Facility by 480 beds. Construction of this phase began in January of 2002 and was completed in the fall of 2003. Total cost was approximately \$20.0 million. Pledged revenue obligations in the amount of \$15,260,000 were issued to finance the majority of the construction costs.

The Jail District sales tax and the maintenance of effort from the General Fund are inadequate to fund the operation of the jail district. The Board of Supervisors asked the voters of Yavapai County in the November 4, 2008 general election for authorization to increase the Jail District sales tax rate from $\frac{1}{4}$ cent to $\frac{1}{2}$ cent and this request was voted down. Because the operation of a county jail facility is statutorily required, other resources will be diverted at the direction of the Board of Supervisors in order to fund the operation of the jail district.

In July 2007, the County issued \$25.4 million in variable rate demand highway construction advancement revenue bonds. The bond proceeds will be advanced to the Arizona Department of Transportation (ADOT) to accelerate construction of Arizona State Route 260, which is a component of the state's five year plan. ADOT is required, by Arizona Revised Statutes §11-269.03, to repay the advanced proceeds to the County within a five year period. The interest for the bonds, until paid in full, will be paid from the County's excise tax and state shared sales tax.

In May, 2008, the Board of Supervisors entered into a \$50.0 million capital lease agreement to finance the design and construction of a superior court building next to the Camp Verde jail facility and a juvenile detention facility and two administrative buildings in Prescott. The County's obligation to make the lease payments in the future are subject to annual budget appropriations by the Board of Supervisors.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the Arizona State Treasurer's investment pool, specified state and local government bonds, and interest-earning investments such as savings accounts, certificates of deposit and repurchase agreements in eligible depositories. The average yield on investments for the fiscal year ended 2008 was 3.7 percent.

Risk management. The County is covered by three public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Worker's Compensation Pool, and the Yavapai Combined Trust. Additional information on the County's risk management activity can be found in Note 9 of the notes to the financial statements.

Pension. The County participates in four retirement plans: The Arizona State Retirement System, the Public Safety Personnel Retirement System, the Correctional Officer Retirement Plan, and the Elected Officials Retirement Plan. Note 11 of the notes to financial statements contain information about the types of employees covered, the County's liability, and general information about the individual plans.

Government Finance Officers Association

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Yavapai County for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could only be accomplished through the efforts of the staff of the Finance Department, and the assistance of Walker & Armstrong LLP, Certified Public Accountants and the Arizona State Auditor General's Office. I also wish to thank the Board of Supervisors for their dedicated oversight of the financial condition of the County and their support for our efforts to improve its financial operations.

Respectfully submitted,

John D. Zander
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Yavapai County
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

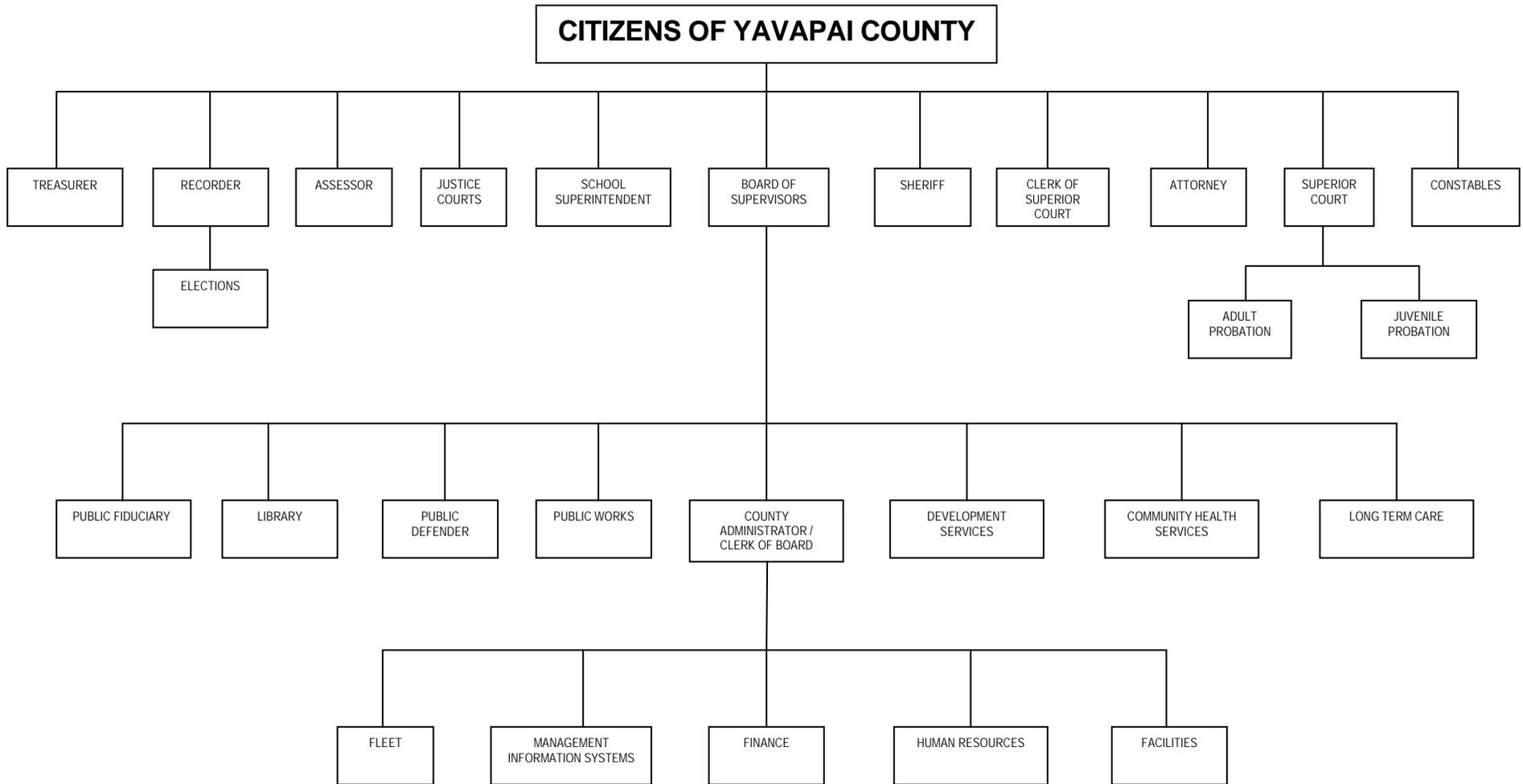
President

Jeffrey R. Emer

Executive Director

YAVAPAI COUNTY

Organizational Chart



Yavapai County Officials

BOARD OF SUPERVISORS

Carol Springer, Chairman, District 1
Thomas C. Thurman, Member, District 2
A.G. "Chip" Davis, Member, District 3

♦ ♦ ♦

CLERK OF THE BOARD

Julie Ayers

♦ ♦ ♦

COUNTY ADMINISTRATOR

Julie Ayers

♦ ♦ ♦

FINANCE DIRECTOR

John D. Zander

FINANCIAL SECTION

Independent Auditor's Report

The Auditor General of the State of Arizona

Board of Supervisors of
Yavapai County, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yavapai County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Yavapai County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the long-term care fund, which represents 100% of the assets and revenues of the business-type activities and enterprise fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and enterprise fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Yavapai County as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement Nos. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*; and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*, for the year ended June 30, 2008, which represents changes in accounting principles.

As described in Note 3, the County has restated its beginning net assets for the governmental activities in the government-wide financial statements and fund balances for the other governmental fund to reflect the inclusion of the Yavapai Accommodation School District No. 99.

The Management's Discussion and Analysis (MD&A) on pages 11 through 19, the Schedule of Agent Retirement Plans' Funding Progress on page 59, and the Budgetary Comparison Schedules on pages 60 through 65 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, capital asset schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund statements and schedules and capital asset schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2009, on our consideration of Yavapai County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Walker & Armstrong LLP

Phoenix, Arizona
January 14, 2009

Yavapai County

Management's Discussion and Analysis

As management of Yavapai County, we offer readers of Yavapai County's financial statements this narrative overview and analysis of the financial activities of Yavapai County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 – 5.

Financial Highlights

- The assets of Yavapai County exceeded its liabilities at the close of the most recent fiscal year by \$301,491,320 (net assets). Of this amount, \$64,650,547 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Yavapai County's governmental funds reported combined ending fund balances of \$144,639,474, which is an increase of \$77,188,024 in comparison with the prior year. This increase is primarily due to the issuance of long-term obligations that were not expended.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,427,573 or 1.74% of total general fund expenditures.
- Yavapai County's total long-term liabilities increased a net \$74,931,648 during the current fiscal year. The key factors for the increase are the bond issue for the advancement of funds to widen State Route 260 (\$25.4 million) and the capital lease agreement for a superior court, juvenile detention facility and two administrative buildings (\$50.0 million).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Yavapai County's basic financial statements. Yavapai County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Yavapai County's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of Yavapai County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Yavapai County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid-time-off leave).

Both of the government-wide financial statements distinguish functions of Yavapai County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of Yavapai County include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, and education. The Yavapai Long Term Care Division comprises the business-type activities of Yavapai County.

The government-wide financial statements not only include Yavapai County itself (known as the primary government), but also a legally separate Jail District, Flood Control District, Library District and various Special Assessment Districts. These districts function for all practical purposes as departments of Yavapai County, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 22 - 23 of this report.

Yavapai County

Management's Discussion and Analysis

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Yavapai County, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of Yavapai County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Yavapai County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for eight funds considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 24 - 30 of this report.

Proprietary funds. Yavapai County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Yavapai County uses an enterprise fund to account for its Long-Term Care Division.

The basic proprietary fund financial statements can be found on pages 31 - 33 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Yavapai County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 34 - 35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 - 58 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Yavapai County's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for the general fund and major special revenue funds. Other required supplementary information can be found on pages 59 - 65 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68 - 106 of this report.

Yavapai County Management's Discussion and Analysis

Government-wide Financial Analysis

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Yavapai County, assets exceeded liabilities by \$301.5 million at the close of the most recent fiscal year. Governmental activities for 2007 were restated to due to the inclusion of the Yavapai County Accommodation School District No. 99, as described in Note 3.

	Net Assets (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2007 As		2007 As		2007 As	
	2008	Restated	2008	2007	2008	Restated
Current and other assets	\$ 93.8	\$ 81.2	\$ 8.0	\$ 10.0	\$ 101.8	\$ 91.2
Restricted assets	71.4	1.7	-	-	71.4	1.7
Capital assets	239.0	233.6	0.2	0.2	239.2	233.8
Total assets	<u>404.2</u>	<u>316.5</u>	<u>8.2</u>	<u>10.2</u>	<u>412.4</u>	<u>326.7</u>
Long-term liabilities outstanding	93.1	18.2	-	-	93.1	18.2
Other liabilities	13.6	14.5	4.2	5.0	17.8	19.5
Total liabilities	<u>106.7</u>	<u>32.7</u>	<u>4.2</u>	<u>5.0</u>	<u>110.9</u>	<u>37.7</u>
Net assets:						
Invested in capital assets, net of related debt	229.1	225.3	0.2	0.2	229.3	225.5
Restricted	3.7	0.6	3.8	5.0	7.5	5.6
Unrestricted	64.7	57.9	-	-	64.7	57.9
Total net assets	<u>\$ 297.5</u>	<u>\$ 283.8</u>	<u>\$ 4.0</u>	<u>\$ 5.2</u>	<u>\$ 301.5</u>	<u>\$ 289.0</u>

By far the largest portion of Yavapai County's net assets (76%) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, construction in progress), less any related debt and accumulated depreciation used to acquire those assets that is still outstanding. Yavapai County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yavapai County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Governmental and business-type activities current and other assets has increased \$12.6 million and decreased \$2.0 million, respectively, from the previous year. Governmental activities assets increased due to an increase in cash and cash equivalents as a result of the delay of major capital expenditures and an intergovernmental receivable from the Arizona Department of Transportation (ADOT). Business-type activities assets decreased due to an increase in medical costs of \$4 million which was offset by an increase of \$2.0 million revenues. Governmental activities liabilities increased \$74 million from the previous year was primarily attributable to new a capital lease of \$50 million and the issuance of \$25.4 million of revenue bonds, a decrease of accounts payable of \$1.7 million, an increase of accrued payroll and benefits of \$0.5 million and an increase in interest payable of \$0.3 million. Business-type activities other liabilities decreased \$0.8 million from the previous year, which is a result of a decrease in medical claims payable.

Approximately 2.5% of Yavapai County's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$64.7 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year Yavapai County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The increase in total net assets, related to governmental activities, is primarily due to increases in investment income and transactions related to capital projects. The increase in invested in capital assets, net of related debt of \$4.4 million, is due to completion of road and bridge projects. Restricted net assets in governmental activities increased by \$3.1 million, due to increase in long-term obligations for capital projects and restricted funds for road projects. The increase of \$6.8 million in unrestricted net assets in the governmental activities is due to increases in interest on investments and an intergovernmental receivable with ADOT.

Yavapai County Management's Discussion and Analysis

Changes in Net Assets. Already noted was the statement of activities purpose in presenting information in how the government's net assets changed during the most recent fiscal year. A chart of changes in net assets follows. For the fiscal year, net assets increased \$12.5 million, primarily coming from governmental activities. The increase in assets in governmental activities is related to the accumulation of cash or other liquid assets, rather than construction of assets. The basis of accounting used in the government-wide statement of activities excludes capital outlay while its revenues include taxes that are used, in part, for the construction of those assets. Governmental activities for 2007 were restated due to the inclusion of the Yavapai County Accommodation School District No. 99, as described in Note 3.

	Changes in Net Assets					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2007 As Restated				2007 As Restated	
	2008	Restated	2008	2007	2008	Restated
Revenues						
Program revenues:						
Charges for services	\$ 17.3	\$ 16.9	\$ 37.7	\$ 35.4	\$ 55.0	\$ 52.3
Operating grants and contributions	32.4	35.3	-	-	32.4	35.3
Capital grants	2.3	.6	-	-	2.3	.6
General revenues:						
Property taxes	46.0	42.4	-	-	46.0	42.4
Sales taxes	49.0	52.3	-	-	49.0	52.3
Vehicle license tax	11.6	11.9	-	-	11.6	11.9
Miscellaneous and investment	15.2	10.4	.4	.5	15.6	10.9
Total revenues	<u>173.8</u>	<u>169.8</u>	<u>38.1</u>	<u>35.9</u>	<u>211.9</u>	<u>205.7</u>
Expenses						
General government	56.5	53.3	-	-	56.5	53.3
Public safety	49.0	45.6	-	-	49.0	45.6
Highways and streets	25.5	27.4	-	-	25.5	27.4
Sanitation	1.9	1.5	-	-	1.9	1.5
Health	11.5	11.0	-	-	11.5	11.0
Welfare	10.8	11.0	-	-	10.8	11.0
Culture and recreation	.2	.2	-	-	.2	.2
Education	4.7	3.2	-	-	4.7	3.2
Interest on long-term debt	1.5	.5	-	-	1.5	.5
Long Term Care	-	-	37.8	33.6	37.8	33.6
Total expenses	<u>161.6</u>	<u>153.7</u>	<u>37.8</u>	<u>33.6</u>	<u>199.4</u>	<u>187.3</u>
Increase (decrease) in net assets before transfers	12.2	16.1	.3	2.3	12.5	18.4
Transfers	1.5	1.0	(1.5)	(1.0)	-	-
Increase (decrease) in net assets	<u>13.7</u>	<u>17.1</u>	<u>(1.2)</u>	<u>1.3</u>	<u>12.5</u>	<u>18.4</u>
Net assets, July 1, as restated	<u>283.8</u>	<u>266.7</u>	<u>5.2</u>	<u>3.9</u>	<u>289.0</u>	<u>270.6</u>
Net assets, June 30	<u>\$ 297.5</u>	<u>\$ 283.8</u>	<u>\$ 4.0</u>	<u>\$ 5.2</u>	<u>\$ 301.5</u>	<u>\$ 289.0</u>

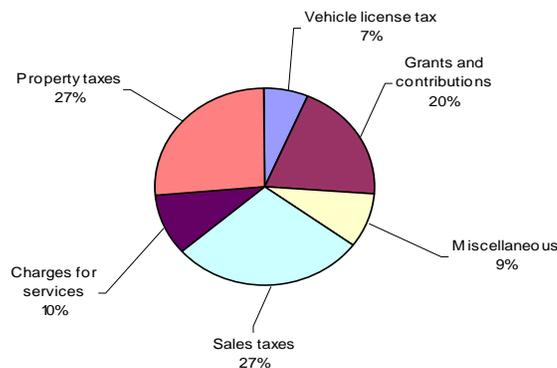
Yavapai County Management's Discussion and Analysis

Governmental activities.

Governmental activities revenues totaled \$173.8 million for fiscal year 2008. The following are highlights of County revenues:

- Sales taxes are comprised of state shared-sales tax, a 0.5% County excise tax and a 0.25% Jail District tax. Overall sales tax decreased by \$3.3 million in the current fiscal year due to a decrease in sales activity and a declining local economy. The County excise tax and the Jail District tax decreased by \$1.1 million and \$0.5 million respectively, and the state-shared sales tax, the largest component of sales tax, decreased by over \$1.7 million.
- Property taxes increased by \$3.6 million during the year. This increase is attributable to increased property values (16.2%) while the property tax rate decreased (-8.2%).
- Operating grants and contributions and capital grants have decreased \$2.9 million from the previous year. This is due to completion of FEMA disaster projects in the previous year. This decrease is offset by an increase in Federal grants related to airport construction and various activities that include public health and education service agency programs.
- Charges for services increased by \$0.4 million primarily due to an increase in the number of inmate housing in the County jail.
- Miscellaneous and investment revenue increased \$4.8 million from the previous year primarily due to a real property exchange with the City of Prescott, resulting in a gain of \$3.0 million, and a \$1.1 million increase in investment income.

Revenues by Source - Governmental Activities

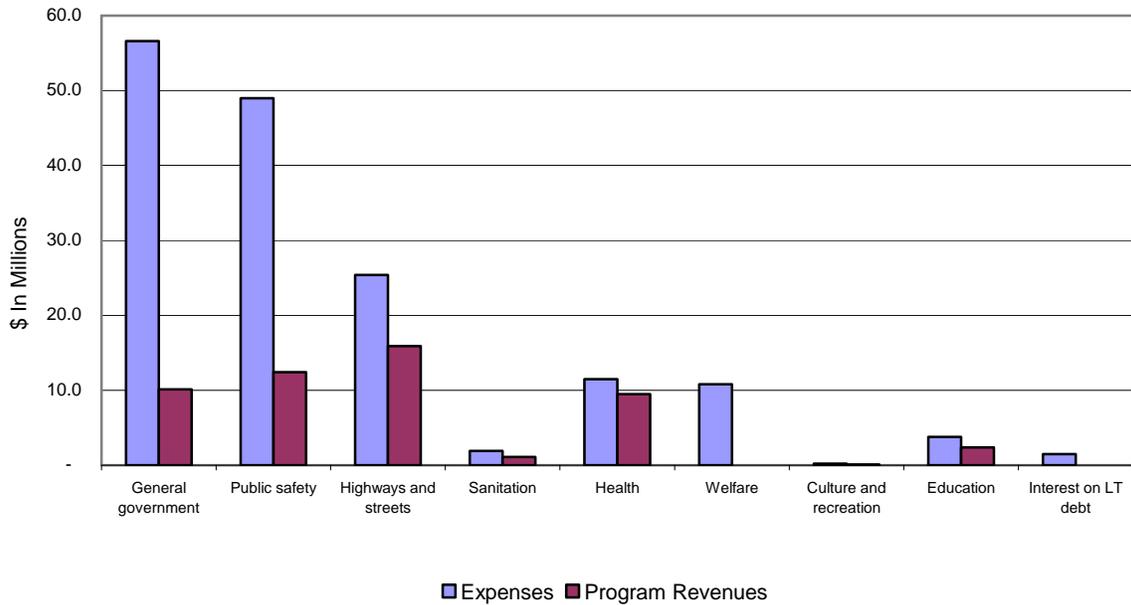


Expenses

Governmental activities increases in expenses closely paralleled inflation and growth in the demand for services. The general government function experienced an increase of \$4.2 million in expenditures from the prior year primarily due to an increase in court related activity, interest expenditures and general operating expenditures such as fuel. Increases of \$3.4 million, over the prior year, in public safety are the result of increasing demands on law enforcement and detention within the Sheriff's office. Highways and streets decreased \$1.9 million over the prior year due to completion of FEMA disaster projects in the prior year.

Yavapai County Management's Discussion and Analysis

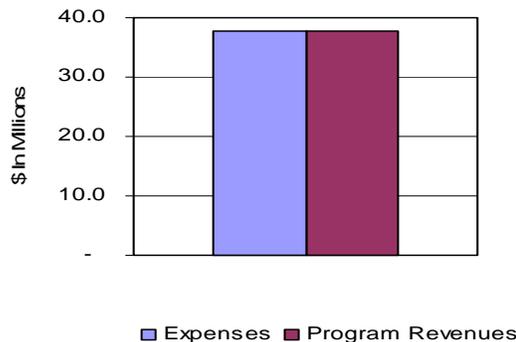
Expenses and Program Revenues - Governmental Activities



Business-type activities Business-type activities consist solely of the Yavapai County Long-Term Care Division (“Division”). The Division operates a prepaid health program for qualified persons of Yavapai County within the State of Arizona. The Program provides hospitalization, medical care, managed institutional care, and home and community based long-term care for physically disabled and elderly persons. The funds used to carry out the Division’s program are provided by the State of Arizona under its Arizona Long Term Care System administered by the Arizona Health Care Cost Containment System (AHCCCS). The funding sources include federal, state and county monies that are paid to the Division on a capitation basis.

Revenues increased 6.1% from the previous year due to an increase in the State of Arizona’s capitation rate. Expenditures increase 12.5% from the previous year primarily due to an 11.7% increase for contracted nursing care services.

Expenses and Program Revenues- Business-type Activities



Yavapai County Management's Discussion and Analysis

Financial Analysis of the Government's Funds

As noted earlier, Yavapai County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of Yavapai County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Yavapai County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Yavapai County's governmental funds reported combined ending fund balances of \$144,639,474, which is an increase of \$77,188,024 in comparison with the prior year. This change is primarily attributable to the increases in the fund balances of the Capital Projects and the Regional Road funds, which is due to the issuance of a \$50.0 million capital lease agreement and \$25.4 million revenue bonds.

The General Fund is the chief operating fund of Yavapai County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,427,573, which is \$2,028,778 less than the previous fiscal year. This decrease is due to an additional transfer of \$2,000,000 to the Jail District fund due to the decrease in jail district sales tax revenue.

In addition to the General Fund, Yavapai County is reporting seven funds as major funds. These funds are the Jail District with a year end unreserved fund balance of \$483,449, Jail District Debt Service with a year end reserved fund balance of \$2,196, Regional Road with a year end unreserved fund balance of \$40,669,217, Regional Road Debt Service with a reserved fund balance of \$481,330, HURF Road with a year end unreserved fund balance of \$2,814,319, Capital Projects with a year end unreserved fund balance of \$28,615,375 and Capital Projects Debt Service with a reserved fund balance of \$39,203.

The Jail District fund balance increased \$492,402 from the previous year. The Board of Supervisors transferred additional funds to the Jail District due to the decrease in jail district sales tax collected and an increase in operating expenditures. The Regional Road fund balance increased \$20,587,842 from the prior year due to the issuance of variable rate demand highway construction advancement revenue bonds for the intergovernmental agreement with ADOT to widen State Route 260. The HURF Road fund balance decreased \$269,910 from the prior year due to the reduction of HURF revenues. The Capital Projects fund balance increased \$54,398,985 from the prior year. The increase is due to the unspent proceeds of a \$50,000,000 capital lease agreement which will be used to finance capital projects during the next three years.

Proprietary fund. Yavapai County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Restricted net assets of the Long Term Care Division at the end of the year amounted to \$3,781,682, which is a decrease of \$1,241,424 over the prior fiscal year. This decrease is primarily due to increased expenditures related to contracted nursing care services. Other factors concerning the finances of this fund have already been addressed in the discussion of Yavapai County's business-type activities.

Yavapai County Management's Discussion and Analysis

General Fund Budgetary Highlights

Certain departments received supplemental appropriations as follows:

Superior Courts	\$ 124,331
Assessor	104,831
Fleet	45,660
Prescott Justice Court	38,000
Clerk of the Court	21,600
Public Works	16,658
Board of Supervisors	15,194
Recorder	14,360
Bagdad/Yarnell Justice Court	10,701
Verde Constable	2,891
Prescott Constable	2,546
Mayer Justice Court	2,235
Human Resources	1,855
Public Fiduciary	709

These increases in appropriations were transferred from a general fund department with unused budget capacity to subsidize the above adopted budgets. Actual general fund expenditures were under budget by \$3,473,738. During the year, actual revenues were less than estimates by \$4,855,783 as a result of the declining local economy.

Capital Asset and Debt Administration

Capital Assets. Yavapai County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$239.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress. In addition, roads and highways constructed in the fiscal year ended June 30, 2008, or in progress at that date, are included in capital assets.

Yavapai County's Capital Assets (net of depreciation) (in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007 As Restated	2008	2007	2008	2007 As Restated
Land	\$ 50.4	\$ 44.7	\$	\$	\$ 50.4	\$ 44.7
Buildings	40.8	45.3			40.8	45.3
Equipment	16.0	14.2	.2	.2	16.2	14.4
Infrastructure	120.7	124.2			120.7	124.2
Construction in progress	11.1	5.2			11.1	5.2
Total	<u>\$ 239.0</u>	<u>\$ 233.6</u>	<u>\$.2</u>	<u>\$.2</u>	<u>\$ 239.2</u>	<u>\$ 233.8</u>

Additional information on Yavapai County's capital assets can be found in Note 6 on page 46 of this report.

Long-term debt

Bonded debt. At the end of the current fiscal year, Yavapai County had total bonded debt outstanding of \$33,346,261. Of this amount, \$25,375,000 are highway construction advancement pledged revenue obligations, secured by the County's excise tax and state shared sales taxes to advance the widening of State Route 260 by ADOT, \$6,755,000 represents pledged revenue obligations of the Yavapai County Jail District, which are secured by a dedicated excise tax of ¼ cent, and \$1,216,261 represents debt of various special assessment districts, which is secured by pledges of revenues from special assessments levied against benefiting property owners.

Yavapai County Management's Discussion and Analysis

Yavapai County's Outstanding Bonds (in millions)

	2008	2007
Highway Construction Advancement Pledged Revenue Obligations	\$ 25.4	\$ -
Jail District Pledged Revenue Obligations	6.7	8.3
Special Assessment Debt Payable	1.2	1.3
Total	<u>\$ 33.3</u>	<u>\$ 9.6</u>

Yavapai County's debt increased by a net \$23,736,270 during the current fiscal year, which is due to the highway construction advancement pledged revenue obligations. Standard & Poor's rating service has assigned a long-term rating of "A" and a short-term rating of "A-1" to the highway construction advancement pledged revenue obligations. Moody's Investors Service and Standard & Poor's rating services have assigned the ratings of "Aaa" and "AAA", respectively, on the Jail District pledged revenue obligations, which are insured for the payment of principal and interest with Ambac Assurance, Ambac Financial Group, Inc.

State statutes limit the amount of general obligation debt a county may issue to 6 percent of its total assessed valuation. The current debt limitation for the County is \$148,215,952. Since the County has no general obligation debt, this amount equals the debt capacity. Additional information on long-term debt can be found in the Notes to the Financial Statements on pages 47-50 of this report.

Long-term capital lease. At the end of the current fiscal year the County entered into a long term lease agreement in the amount of \$50 million for a period of twenty years with an interest rate of 4.45%. The lease is secured by a ground lease for the construction of a juvenile facility, administrative and superior court buildings.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Yavapai County is currently 4.6 percent, which has increased from 3.7 percent a year ago. This is .01 percent lower than the state's average unemployment rate of 4.7 percent.
- Inflationary trends in the region are comparable to national indices.
- The economy at the national and state level is anticipated to reduce or eliminate Federal and State of Arizona grant programs.

These factors were considered in preparing Yavapai County's budget for the 2008/09 fiscal year. The unreserved ending fund balance in the general fund of \$1,427,573 was appropriated for spending in the 2008/09 fiscal year budget.

Requests for Information

This financial report is designed to provide a greater overview of Yavapai County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 1015 Fair Street, Prescott, Arizona 86305.

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BASIC FINANCIAL STATEMENTS

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Yavapai County
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 73,539,889	\$ 7,561,638	\$ 81,101,527
Receivables:			
Property taxes	1,696,461	-	1,696,461
Special assessments	1,216,261	-	1,216,261
Accounts	1,340,313	-	1,340,313
Internal balances	68,051	(68,051)	-
Due from other governments	14,834,056	529,815	15,363,871
Inventories	421,124	-	421,124
Prepaid items	379,705	-	379,705
Deferred charges	344,121	-	344,121
Cash equivalents - restricted	71,374,268	-	71,374,268
Capital assets, not being depreciated	61,476,107	-	61,476,107
Capital assets, being depreciated, net	177,511,362	176,099	177,687,461
Total assets	<u>404,201,718</u>	<u>8,199,501</u>	<u>412,401,219</u>
Liabilities			
Accounts payable	4,992,281	41,116	5,033,397
Accrued payroll and employee benefits	4,059,834	305,789	4,365,623
Bonds payable	1,530,000	-	1,530,000
Interest payable	445,874	-	445,874
Due to other governments	-	467,140	467,140
Medical claims payable	-	3,427,675	3,427,675
Unearned revenue	2,531,832	-	2,531,832
Noncurrent liabilities:			
Due within one year	8,118,454	-	8,118,454
Due in more than one year	84,989,904	-	84,989,904
Total liabilities	<u>106,668,179</u>	<u>4,241,720</u>	<u>110,909,899</u>
Net Assets			
Invested in capital assets, net of related debt	229,172,469	176,099	229,348,568
Restricted for:			
Highways and streets	2,601,239	-	2,601,239
Health and welfare	-	3,781,682	3,781,682
Debt service	1,109,284	-	1,109,284
Unrestricted	64,650,547	-	64,650,547
Total net assets	<u>\$ 297,533,539</u>	<u>\$ 3,957,781</u>	<u>\$ 301,491,320</u>

See accompanying notes to financial statements.

Yavapai County
Statement of Activities
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 56,463,230	\$ 5,974,258	\$ 4,136,397	\$ -	\$ (46,352,575)	\$ -	\$ (46,352,575)
Public safety	49,004,105	5,610,867	6,775,103	-	(36,618,135)	-	(36,618,135)
Highways and streets	25,459,898	1,085,736	12,504,563	2,271,419	(9,598,180)	-	(9,598,180)
Sanitation	1,917,599	536,687	535,138	-	(845,774)	-	(845,774)
Health	11,503,799	3,627,207	5,918,135	-	(1,958,457)	-	(1,958,457)
Welfare	10,787,068	-	-	-	(10,787,068)	-	(10,787,068)
Culture and recreation	222,162	40,000	22,612	-	(159,550)	-	(159,550)
Education	4,739,415	446,979	2,540,276	-	(1,752,160)	-	(1,752,160)
Interest on long-term debt	1,497,898	-	-	-	(1,497,898)	-	(1,497,898)
Total governmental activities	<u>161,595,174</u>	<u>17,321,734</u>	<u>32,432,224</u>	<u>2,271,419</u>	<u>(109,569,797)</u>	<u>-</u>	<u>(109,569,797)</u>
Business-type activities:							
Long Term Care	<u>37,821,993</u>	<u>37,655,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,523)</u>	<u>(166,523)</u>
Total business-type activities	<u>37,821,993</u>	<u>37,655,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,523)</u>	<u>(166,523)</u>
Total primary government	<u>\$ 199,417,167</u>	<u>\$ 54,977,204</u>	<u>\$ 32,432,224</u>	<u>\$ 2,271,419</u>	<u>(109,569,797)</u>	<u>(166,523)</u>	<u>(109,736,320)</u>
General revenues:							
Property taxes, levied for general purposes					41,540,356	-	41,540,356
Property taxes, levied for flood control					4,424,936	-	4,424,936
Sales tax—Jail construction and operation					7,952,863	-	7,952,863
Shared revenue—state sales tax					41,053,020	-	41,053,020
Shared revenue—state vehicle license tax					11,589,365	-	11,589,365
Franchise taxes					319,500	-	319,500
Lottery (intergovernmental, unrestricted)					550,035	-	550,035
Investment earnings					3,795,969	346,606	4,142,575
Gain on disposal of capital assets					4,121,512	-	4,121,512
Miscellaneous					6,504,283	58,689	6,562,972
Transfers					<u>1,500,000</u>	<u>(1,500,000)</u>	<u>-</u>
Total general revenues and transfers					<u>123,351,839</u>	<u>(1,094,705)</u>	<u>122,257,134</u>
Changes in net assets					13,782,042	(1,261,228)	12,520,814
Net assets, July 1, 2007, as restated					<u>283,751,497</u>	<u>5,219,009</u>	<u>288,970,506</u>
Net assets, June 30, 2008					<u>\$ 297,533,539</u>	<u>\$ 3,957,781</u>	<u>\$ 301,491,320</u>

See accompanying notes to financial statements.

Yavapai County
Balance Sheet
Governmental Funds
June 30, 2008

Assets	General	Jail District	Jail District Debt Service	Regional Road
Cash and cash equivalents	\$ 1,308,004	\$ 358,708	\$ -	\$ 22,020,713
Receivables:				
Property taxes	1,414,209	-	-	-
Special assessments	-	-	-	-
Accounts	529,242	23,456	-	78,315
Due from:				
Other funds	556,930	106,998	-	-
Other governments	4,587,211	797,933	-	903,169
Inventories	114,634	-	-	-
Prepaid items	368,936	-	-	-
Cash equivalents - restricted	-	-	1,699,945	19,153,790
Total assets	\$ 8,879,166	\$ 1,287,095	\$ 1,699,945	\$ 42,155,987
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 702,964	\$ 316,797	\$ -	\$ 1,475,857
Accrued payroll and employee benefits	2,283,718	468,621	-	10,913
Due to other funds	1,741,391	18,228	-	-
Interest payable	-	-	167,749	-
Principal payable	-	-	1,530,000	-
Deferred revenue	2,239,950	-	-	-
Total liabilities	6,968,023	803,646	1,697,749	1,486,770
Fund balances:				
Reserved for:				
Inventories	114,634	-	-	-
Prepaid items	368,936	-	-	-
Debt service	-	-	2,196	-
Capital projects	-	-	-	-
Unreserved, reported in				
General fund	1,427,573	-	-	-
Special revenue funds	-	483,449	-	40,669,217
Capital projects funds	-	-	-	-
Total fund balances	1,911,143	483,449	2,196	40,669,217
Total liabilities and fund balances	\$ 8,879,166	\$ 1,287,095	\$ 1,699,945	\$ 42,155,987

See accompanying notes to financial statements.

Regional Road Debt Service	HURF Road	Capital Projects	Capital Projects Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,588,806	\$28,287,645	\$ -	\$ 18,976,013	\$ 73,539,889
-	-	-	-	282,252	1,696,461
-	-	-	-	1,216,261	1,216,261
-	8,810	72,528	-	627,962	1,340,313
-	26,281	1,082,862	-	1,099,363	2,872,434
-	1,356,285	-	-	1,343,248	8,987,846
-	306,490	-	-	-	421,124
-	-	-	-	10,769	379,705
481,330	-	50,000,000	39,203	-	71,374,268
<u>\$ 481,330</u>	<u>\$ 4,286,672</u>	<u>\$79,443,035</u>	<u>\$ 39,203</u>	<u>\$ 23,555,868</u>	<u>\$ 161,828,301</u>
\$ -	\$ 809,907	\$ 407,612	\$ -	\$ 1,279,144	\$ 4,992,281
-	337,472	6,538	-	952,572	4,059,834
-	18,484	413,510	-	612,770	2,804,383
-	-	-	-	-	167,749
-	-	-	-	-	1,530,000
-	-	-	-	1,394,630	3,634,580
-	1,165,863	827,660	-	4,239,116	17,188,827
-	306,490	-	-	-	421,124
-	-	-	-	10,769	379,705
481,330	-	-	39,203	586,555	1,109,284
-	-	50,000,000	-	-	50,000,000
-	-	-	-	-	1,427,573
-	2,814,319	-	-	18,719,428	62,686,413
-	-	28,615,375	-	-	28,615,375
481,330	3,120,809	78,615,375	39,203	19,316,752	144,639,474
<u>\$ 481,330</u>	<u>\$ 4,286,672</u>	<u>\$79,443,035</u>	<u>\$ 39,203</u>	<u>\$ 23,555,868</u>	<u>\$ 161,828,301</u>

Yavapai County
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

Fund balances—total governmental funds	\$ 144,639,474
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	238,987,469
Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.	1,102,748
Some receivables are not available to pay for current-period expenditures and therefore, are not accrued in the funds.	5,846,210
Bond issuance costs are recorded as deferred charges, and are not reported in the funds.	344,121
Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(93,386,483)</u>
Net assets of governmental activities	<u><u>\$ 297,533,539</u></u>

See accompanying notes to financial statements.

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Yavapai County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008

	General	Jail District	Jail District Debt Service	Regional Road
Revenues:				
Taxes	\$ 45,032,358	\$ 7,952,863	\$ -	\$ 9,544,845
Special assessments	-	-	-	-
Licenses and permits	3,024,711	-	-	1,078,790
Intergovernmental	34,981,399	-	-	-
Charges for services	1,743,544	1,058,613	-	-
Fines and forfeits	3,167,660	-	-	-
Investment earnings	181,121	24,137	-	796,885
Miscellaneous	1,416,778	59,906	-	-
Total revenues	<u>89,547,571</u>	<u>9,095,519</u>	<u>-</u>	<u>11,420,520</u>
Expenditures:				
Current:				
General government	48,167,891	-	-	-
Public safety	20,696,186	15,888,696	-	-
Highways and streets	-	-	-	15,729,678
Sanitation	1,390,008	-	-	-
Health	-	-	-	-
Welfare	10,826,459	-	-	-
Culture and recreation	51,369	-	-	-
Education	691,015	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	1,530,000	-
Interest and other charges	-	-	336,691	-
Total expenditures	<u>81,822,928</u>	<u>15,888,696</u>	<u>1,866,691</u>	<u>15,729,678</u>
Excess (deficiency) of revenues over expenditures	7,724,643	(6,793,177)	(1,866,691)	(4,309,158)
Other financing sources (uses):				
Revenue bonds issued	-	-	-	25,000,000
Capital lease agreement	-	-	-	-
Sale of capital assets	2,904,231	-	-	-
Transfers in	5,260,375	9,153,199	1,867,620	-
Transfers out	(17,918,027)	(1,867,620)	-	(100,000)
Total other financing sources (uses)	<u>(9,753,421)</u>	<u>7,285,579</u>	<u>1,867,620</u>	<u>24,900,000</u>
Net change in fund balances	(2,028,778)	492,402	929	20,590,842
Fund Balances, July 1, 2007, as restated	3,683,162	(8,953)	1,267	20,081,375
Increase in reserve for inventories	8,493	-	-	-
Increase (decrease) in reserve for prepaid items	248,266	-	-	(3,000)
Fund Balances, June 30, 2008	<u>\$ 1,911,143</u>	<u>\$ 483,449</u>	<u>\$ 2,196</u>	<u>\$ 40,669,217</u>

See accompanying notes to financial statements.

Regional Road Debt Service	HURF Road	Capital Projects	Capital Projects Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,293,017	\$ 69,823,083
-	-	-	-	164,967	164,967
-	-	-	-	662,960	4,766,461
-	16,441,322	-	-	20,791,431	72,214,152
-	-	-	-	5,623,332	8,425,489
-	-	-	-	494,333	3,661,993
1,083,602	92,124	948,223	39,203	630,674	3,795,969
-	625,701	-	-	4,478,560	6,580,945
<u>1,083,602</u>	<u>17,159,147</u>	<u>948,223</u>	<u>39,203</u>	<u>40,139,274</u>	<u>169,433,059</u>
-	-	-	-	7,523,018	55,690,909
-	-	-	-	12,209,141	48,794,023
-	16,790,712	-	-	346,148	32,866,538
-	-	-	-	467,680	1,857,688
-	-	-	-	11,329,734	11,329,734
-	-	-	-	-	10,826,459
-	-	-	-	51,863	103,232
-	-	-	-	4,017,955	4,708,970
-	-	1,719,842	-	2,495,695	4,215,537
-	-	-	-	108,729	1,638,729
1,077,272	-	-	-	83,935	1,497,898
<u>1,077,272</u>	<u>16,790,712</u>	<u>1,719,842</u>	<u>-</u>	<u>38,633,898</u>	<u>173,529,717</u>
6,330	368,435	(771,619)	39,203	1,505,376	(4,096,658)
375,000	-	-	-	-	25,375,000
-	-	50,000,000	-	-	50,000,000
-	-	1,217,281	-	-	4,121,512
100,000	10,251	6,363,230	-	3,238,550	25,993,225
-	(693,171)	(2,409,907)	-	(1,504,500)	(24,493,225)
<u>475,000</u>	<u>(682,920)</u>	<u>55,170,604</u>	<u>-</u>	<u>1,734,050</u>	<u>80,996,512</u>
481,330	(314,485)	54,398,985	39,203	3,239,426	76,899,854
-	3,390,719	24,216,390	-	16,087,490	67,451,450
-	44,575	-	-	-	53,068
-	-	-	-	(10,164)	235,102
<u>\$ 481,330</u>	<u>\$ 3,120,809</u>	<u>\$ 78,615,375</u>	<u>\$ 39,203</u>	<u>\$ 19,316,752</u>	<u>\$ 144,639,474</u>

Yavapai County
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2008

Net change in fund balances—total governmental funds \$ 76,899,854

Amounts reported for governmental activities in the Statement of Activities
 are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement
 of Activities, the cost of those assets is allocated over their estimated useful lives and
 reported as depreciation expense.

Capital outlay	29,258,136	
Net book value of capital asset disposals	(6,221,274)	
Depreciation expense	(17,651,907)	5,384,955

Debt proceeds provide current financial resources to governmental funds, but issuing
 debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt
 principal is an expenditure in the governmental funds, but the repayment reduces long-
 term liabilities in the Statement of Net Assets.

Debt issued or incurred	(25,375,000)	
Capital lease agreement	(50,000,000)	
Principal repaid on bonds and notes	1,638,730	(73,736,270)

Certain intergovernmental receivables are recognized in the governmental funds only
 when available, but are recognized in the Statement of Activities when earned.

5,846,210

Deferred tax revenues are recognized in the governmental funds only when available,
 but are recognized in the Statement of Activities when earned.

322,644

Under the modified accrual basis of accounting used in the governmental funds,
 expenditures are not recognized for transactions that are not normally paid with
 expendable available resources. In the Statement of Activities, however, which is
 presented on the accrual basis of accounting, expenses and liabilities are reported
 regardless of when the financial resources are available.

Increase in compensated absences	(308,953)	
Decrease in deferred charges	(72,588)	
Increase in claims and judgments	(490,899)	
Increase in arbitrage rebate	(406,176)	
Increase in interest payable	(278,125)	
Decrease in landfill closure and postclosure care costs	10,650	(1,546,091)

Some cash outlays, such as purchases of inventories, are reported as expenditures in
 the governmental funds when purchased. In the Statement of Activities, however, they
 are reported as expenses when consumed.

Increase in inventories	53,068	
Increase in prepaid items	235,102	
Increase in bond issuance costs	322,570	<u>610,740</u>

Changes in net assets of governmental activities \$ 13,782,042

See accompanying notes to financial statements.

Yavapai County
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities- Enterprise Fund <hr/> Long Term Care
Assets	
Current assets:	
Cash and cash equivalents	\$ 7,561,638
Due from other governments	<u>529,815</u>
Total current assets	<u>8,091,453</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>176,099</u>
Total noncurrent assets	<u>176,099</u>
Total assets	<u>8,267,552</u>
 Liabilities	
Current liabilities :	
Accounts payable	41,116
Accrued payroll and employee benefits	305,789
Medical claims payable	3,427,675
Due to other funds	68,051
Due to other governments	<u>467,140</u>
Total current liabilities	<u>4,309,771</u>
Total liabilities	<u>4,309,771</u>
 Net Assets	
Invested in capital assets	176,099
Restricted for: Health and welfare	<u>3,781,682</u>
Total net assets	<u><u>\$ 3,957,781</u></u>

See accompanying notes to financial statements.

Yavapai County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2008

	Business-type Activities- Enterprise Fund
	Long Term Care
Operating revenues:	
AHCCCS revenues	\$ 37,655,470
Miscellaneous	58,689
Total operating revenues	37,714,159
Operating expenses:	
Medical costs	33,948,585
Administrative costs	3,811,915
Depreciation	61,493
Total operating expenses	37,821,993
Operating loss	(107,834)
Nonoperating revenues:	
Investment earnings	346,606
Income before transfers	238,772
Transfers out	(1,500,000)
Decrease in net assets	(1,261,228)
Total net assets, July 1, 2007	5,219,009
Total net assets, June 30, 2008	\$ 3,957,781

See accompanying notes to financial statements.

Yavapai County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2008

		Business-Type Activities—
		<u>Enterprise Fund</u>
		<u>Long Term Care</u>
Cash flows from operating activities:		
Cash received from AHCCCS	\$	36,640,105
Cash payments for medical services		(32,547,685)
Cash payments to employees		(2,057,017)
Cash payments to other County funds for goods and services		(711,085)
Cash payments for operating activities		<u>(1,775,968)</u>
Net cash used for operating activities		<u>(451,650)</u>
Cash flows from noncapital financing activities:		
Cash transfers to general fund		<u>(1,500,000)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets		<u>(41,689)</u>
Cash flows from investing activities:		
Interest received on investments		<u>346,606</u>
Net decrease in cash and cash equivalents		(1,646,733)
Cash and cash equivalents, July 1, 2007		<u>9,208,371</u>
Cash and cash equivalents, June 30, 2008	\$	<u><u>7,561,638</u></u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$	(107,834)
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation		61,493
Changes in assets and liabilities:		
Increase in:		
Accrued payroll and employee benefits		45,025
Medical claims payable		674,680
Decrease in:		
Due from other governments		255,190
Accounts payable		(45,402)
Due to other funds		(5,558)
Due to other governments		<u>(1,329,244)</u>
Net cash used for operating activities	\$	<u><u>(451,650)</u></u>

See accompanying notes to financial statements.

Yavapai County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Investment Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 136,640,631	\$ 3,002,962
Total assets	136,640,631	\$ 3,002,962
 Liabilities		
Due to other governments	-	\$ 3,002,962
Total liabilities	-	\$ 3,002,962
 Net Assets		
Held in trust for investment trust participants	\$ 136,640,631	

See accompanying notes to financial statements.

Yavapai County
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 Year Ended June 30, 2008

	Investment Trust Fund
Additions:	
Contributions from participants	\$ 481,148,998
Investment earnings	3,918,909
Total additions	485,067,907
Deductions:	
Distributions to participants	462,009,178
Total deductions	462,009,178
Change in net assets	23,058,729
Net assets, July 1, 2007	113,581,902
Net assets, June 30, 2008	\$ 136,640,631

See accompanying notes to financial statements.

Yavapai County
Notes to Financial Statements
June 30, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Yavapai County conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2008, the County implemented the provisions of GASB Statement Nos. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*; and 50, *Pension Disclosure (an amendment of GASB Statements No. 25 and No. 27)*. GASB Statement No. 45, which was implemented by the County on a prospective basis, establishes governmental employer accounting and financial reporting requirements for postemployment benefits other than pensions. GASB Statement No. 48 establishes note disclosure requirements for governments that pledge future revenues as security for its debt. GASB Statement No. 50 amends GASB Statement Nos. 25 and 27 to require governmental employers to present certain additional pension disclosures in the notes and additional required supplementary information.

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of three county supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

Yavapai County
Notes to Financial Statements
June 30, 2008

The following table describes the County's component units:

<u>Component Unit</u>	<u>Description; Criteria for Inclusion</u>	<u>Reporting Method</u>	<u>For Separate Financial Statements</u>
Yavapai County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors	Blended	Not available
Yavapai County Library District	Provides and maintains library services for the County's residents; the County's Board of Supervisors serves as board of directors	Blended	Not available
Yavapai County Special Assessment Districts	Constructs or improves sidewalks, curbs and gutters, irrigation systems, and street lighting within the County; the County's Board of Supervisors serves as board of directors	Blended	Not available
Yavapai County Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county jails and jail systems; the County's Board of Supervisors serves as the governing board	Blended	Not available

Related Organization – The United States Department of Agriculture deeded property to Yavapai County on February 6, 1957 to be used exclusively as a public airport facility. The property shall automatically revert to the United States in the event the property ceases to be used as a public airport facility. The Sedona-Oak Creek Airport Authority (Authority) was created for the purpose of developing and promoting transportation and commerce by air in the State of Arizona, and in particular the development, promotion, and operation of air transportation facilities and air commerce in and around the Sedona area. In 1971, the Authority entered into a 60-year lease with Yavapai County to manage and operate the Sedona Airport facility, which is owned by the County. The Authority is governed by a 13 member Board of Directors approved by the County's Board of Supervisors. However, the Authority's operations are completely separate from the County, and the County is not financially accountable for the Authority. Therefore, based on the criteria of GASB Statement No. 14, the financial activities of the Authority have not been included in the accompanying financial statements.

Yavapai County
Notes to Financial Statements
June 30, 2008

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements—provide information about the primary government (the County) and its component units. The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided,
- operating grants and contributions, and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as AHCCCS revenues and user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues, such as investment earnings, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the cost of services, administrative expenses,

Yavapai County
Notes to Financial Statements
June 30, 2008

and depreciation on capital assets. Other expenses, such as interest expense, are considered to be nonoperating expenses.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Jail District Fund accounts for County jail operations and is funded by a ¼ cent County sales tax.

The Jail District Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on the revenue bonds issued for the construction and remodeling of the County jail.

The Regional Road Fund accounts for road construction and maintenance of major regional roads and is funded by a ½ cent County sales tax and impact fees.

The Regional Road Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on the revenue bonds issued to advance monies to the Arizona Department of Transportation to accelerate construction on State Route 260.

The HURF Road Fund accounts for road maintenance and construction of nonmajor roads and is funded primarily by highway user revenue.

The Capital Projects Fund accounts for major capital projects and is funded by transfers from the general fund.

The Capital Projects Debt Service Fund accounts for the resources accumulated and payments made on the capital lease agreement for the construction of court, administrative, and juvenile detention buildings.

The County reports the following major proprietary fund:

The Long Term Care Fund accounts for the activities of the Yavapai County Long Term Care department. The Long Term Care department operates a prepaid health program for qualified persons of the County.

The County reports the following fiduciary fund types:

The investment trust fund accounts for pooled assets held and invested by the County Treasurer on behalf of the County's departments and other governmental entities.

Yavapai County
Notes to Financial Statements
June 30, 2008

The agency fund accounts for assets held by the County as an agent for the State, various local governments, and other parties, and for property taxes collected and distributed to the State, local school districts, community college districts, and special districts.

C. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are presented using the economic resources measurement focus, with the exception of the agency fund, and the accrual basis of accounting. The agency fund is custodial in nature and does not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. The County's major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. The County applies grant resources to such programs before using general revenues.

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow those FASB Statements and Interpretations issued after November 30, 1989.

Yavapai County
Notes to Financial Statements
June 30, 2008

D. Cash and Investments

For purposes of its statement of cash flows, the County considers cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

Money market investments with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Inventories

The County accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year end are shown on the balance sheet as an asset for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method.

Inventories in the government-wide financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out method.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

H. Capital Assets

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received.

Yavapai County
Notes to Financial Statements
June 30, 2008

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$10,000	N/A	N/A
Buildings	\$10,000	Straight-line	20-40 years
Equipment	\$5,000	Straight-line	5 -10 years
Infrastructure	\$10,000	Straight-line	12-75 years
Construction in progress	\$10,000	N/A	N/A

I. Investment Earnings

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments.

J. Compensated Absences

Compensated absences consist of paid time off (PTO) leave earned by employees based on services already rendered.

Employees may accumulate up to 764 hours of PTO, depending on years of service, but any PTO hours in excess of the maximum amount are forfeited. Upon termination of employment, all unused and unforfeited PTO benefits are paid to employees. Accordingly, PTO benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year end.

Employees may accumulate up to 520 hours of catastrophic time (CAT) leave. CAT leave may be used in the case of illness or injury suffered by an employee or employee's immediate family, but only after using at least forty hours of consecutive PTO leave. CAT leave benefits are cumulative but are forfeited upon termination of employment. Because CAT leave benefits do not vest with employees, a liability for CAT leave benefits is not accrued in the financial statements.

Note 2 - Reporting Changes

Beginning in fiscal year 2008, the County established the Regional Road Debt Service Fund and the Capital Projects Debt Service Fund. Both are major governmental funds. The CDBG Fund (special revenue fund) was renamed the Finance Fund and the School Fund (special revenue fund) was renamed the Education Service Agency Fund. The Finance Fund and Education Service Agency Fund are nonmajor governmental funds.

Yavapai County
Notes to Financial Statements
June 30, 2008

Note 3 - Beginning Balances Restated

As a result of the inclusion of the Yavapai Accommodation School District No. 99, the County's net assets and fund balances as of July 1, 2007, have been restated as follows:

	Government- wide Statements	Fund Financial Statements
	Governmental Activities	Other Governmental Funds
Net assets or fund balance as of June 30, 2007, as previously reported	\$ 282,850,206	\$ 15,825,588
Correction for inclusion of accommodation school	901,291	261,902
Net assets or fund balance as of July 1, 2007, as restated	\$ 283,751,497	\$ 16,087,490

Note 4 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Yavapai County
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Concentration of credit risk

Statutes do not include any requirements for concentration of credit risk.

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk

Statutes do not allow foreign investments.

Deposits—At June 30, 2008, the carrying amount of the County's deposits was \$2,161,620, and the bank balance was \$4,055,702. The County does not have a formal policy with respect to custodial credit risk.

Investments—The County's investments at June 30, 2008, were as follows:

Investment Type	Amount
State Treasurer's investment pools	\$ 176,132,218
U.S. agency securities	113,069,666
	<u>\$ 289,201,884</u>

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

Credit risk— The County does not have a formal investment policy with respect to credit risk. At June 30, 2008, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AAA	Moody's	\$ 113,069,666
State Treasurer's investment pools	Unrated	Not applicable	176,132,218
			<u>\$ 289,201,884</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the County's total investment, \$71.4 million is collateralized with securities held by the counterparty not in the County's name. Of this balance, \$20.0 million is reported in the regional road fund and \$50.0 million is reported in the capital projects fund. The County does not have a formal investment policy with respect to custodial credit risk.

Concentration of credit risk— The County does not have a formal investment policy with respect to concentration of credit risk. The County had investments at June 30, 2008, of 5 percent or more in Federal Home Loan Bank. These investments were 5.58 percent of the County's total investments.

Yavapai County
Notes to Financial Statements
June 30, 2008

Interest rate risk—The County does not have a formal policy regarding interest rate risk. At June 30, 2008, the County had the following investments in debt securities.

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer's investment pool 7	\$ 176,132,218	.06
U.S. agency securities	113,069,666	1.41
	\$ 289,201,884	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments:

Cash on hand	\$ 755,884
Amount of deposits	2,161,620
Amount of investments	289,201,884
Total	\$ 292,119,388

Statement of Net Assets:	Governmental Activities	Business- Type Activities	Investment Trust Fund	Agency Fund	Total
Cash and cash equivalents	\$ 73,539,889	\$ 7,561,638	\$136,640,631	\$ 3,002,962	\$ 220,745,120
Cash equivalents - restricted	71,374,268	-	-	-	71,374,268
Total	\$144,914,157	\$ 7,561,638	\$136,640,631	\$ 3,002,962	\$ 292,119,388

The restricted cash balance of \$71,374,268 is comprised of \$50,000,000 for construction of capital projects, \$19,153,790 for the advance to ADOT for widening of state route 260 and \$2,220,478 for debt service.

Note 5 - Due From Other Governments

Amounts due from other governments at June 30, 2008, include \$5,846,210 in highway construction advances due from the Arizona Department of Transportation recorded in Governmental Activities; \$2,110,078 in state-shared revenue from sales tax, \$1,061,402 due from the City of Prescott for road and utility extensions, \$552,880 in county excise tax distributions due from the State Treasurer, \$642,909 in state motor vehicle license taxes from the Arizona Department of Transportation and \$219,942 in other fees from federal, state, and local governments recorded in the General Fund; \$690,667 in sales tax collections and \$107,266 in other fees from the federal, state and local governments recorded in the Jail District Fund; \$829,320 in county excise tax distributions due from the State Treasurer and \$73,849 in other fees from local governments recorded in the Regional Road Fund; \$986,491 in state-shared revenue from highway user taxes, and \$357,748 in state motor vehicle license tax and \$12,046 in other fees from federal, state, and local governments recorded in the HURF Road Fund; and \$1,343,248 in grants and other fees from federal, state and local governments recorded in the Other Governmental Funds.

Yavapai County
Notes to Financial Statements
June 30, 2008

Note 6 - Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007, as restated	Increases	Decreases	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 44,714,398	\$ 8,689,236	\$ (2,980,887)	\$ 50,422,747
Construction in progress	5,195,195	11,385,943	(5,527,778)	11,053,360
Total capital assets not being depreciated	<u>49,909,593</u>	<u>20,075,179</u>	<u>(8,508,665)</u>	<u>61,476,107</u>
Capital assets being depreciated:				
Buildings	60,568,411	52,559	(4,005,296)	56,615,674
Equipment	33,975,515	5,830,106	(2,823,806)	36,981,815
Infrastructure	273,842,928	8,828,071	(16,500)	282,654,499
Total	<u>368,386,854</u>	<u>14,710,736</u>	<u>(6,845,602)</u>	<u>376,251,988</u>
Less accumulated depreciation for:				
Buildings	(15,224,636)	(1,467,605)	850,388	(15,841,853)
Equipment	(19,812,244)	(3,883,024)	2,752,474	(20,942,794)
Infrastructure	(149,657,054)	(12,301,278)	2,353	(161,955,979)
Total	<u>(184,693,934)</u>	<u>(17,651,907)</u>	<u>3,605,215</u>	<u>(198,740,626)</u>
Total capital assets, being depreciated, net	<u>183,692,920</u>	<u>(2,941,171)</u>	<u>(3,240,387)</u>	<u>177,511,362</u>
Governmental activities capital assets, net	<u><u>\$233,602,513</u></u>	<u><u>\$ 17,134,008</u></u>	<u><u>\$(11,749,052)</u></u>	<u><u>\$238,987,469</u></u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 707,221	\$ 55,134	\$ (21,952)	\$ 740,403
Less accumulated depreciation for:				
Equipment	(511,318)	(61,493)	8,507	(564,304)
Business-type activities capital assets, net	<u><u>\$ 195,903</u></u>	<u><u>\$ (6,359)</u></u>	<u><u>\$ (13,445)</u></u>	<u><u>\$ 176,099</u></u>

The July 1, 2007, governmental activities capital asset balances were restated to include assets of the Yavapai County Accommodation School District No. 99, as described in Note 3.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 2,416,553
Public safety	1,218,058
Highway and streets	13,609,272
Sanitation	89,492
Health	157,940
Culture and Recreation	137,322
Education	23,270
Total governmental activities depreciation expense	<u><u>\$ 17,651,907</u></u>
Business-type activities:	
Long Term Care	\$ 61,493
Total business-type activities depreciation expense	<u><u>\$ 61,493</u></u>

Yavapai County
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Note 7 - Construction Commitments

The County had major contractual commitments related to various capital projects at June 30, 2008, for the construction of road improvements and buildings. At June 30, 2008, the County had spent \$5,616,547 on these projects and had remaining contractual commitments with contractors of \$13,054,214. The road improvement projects are being funded by sales taxes out of the Regional Road Fund. The building construction is being funded by a capital lease and transfers from the General Fund to the Capital Projects Fund.

Note 8 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2008.

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due within 1 year
Governmental Activities:					
Revenue bonds	\$ 8,285,000	\$ 25,375,000	\$ (1,530,000)	\$ 32,130,000	\$ 1,590,000
Special assessment debt	1,324,991	-	(108,730)	1,216,261	110,355
Total revenue bonds and special assessment debt payable	<u>9,609,991</u>	<u>25,375,000</u>	<u>(1,638,730)</u>	<u>33,346,261</u>	<u>1,700,355</u>
Arbitrage rebate	-	406,176	-	406,176	-
Capital leases payable	-	50,000,000	-	50,000,000	-
Landfill closure and postclosure care costs payable	1,053,646	27,960	(38,610)	1,042,996	38,219
Compensated absences payable	7,154,547	5,610,472	(5,301,519)	7,463,500	5,530,455
Claims and judgments payable	<u>358,526</u>	<u>770,119</u>	<u>(279,220)</u>	<u>849,425</u>	<u>849,425</u>
Total governmental activities long-term liabilities	<u>\$ 18,176,710</u>	<u>\$ 82,189,727</u>	<u>\$ (7,258,079)</u>	<u>\$ 93,108,358</u>	<u>\$ 8,118,454</u>

Revenue bonds

On February 13, 2002, the Yavapai County Jail District issued \$15,260,000 in revenue bonds that are noncallable with interest payable semiannually. The bond proceeds were used to construct a new jail and to remodel an existing jail. The District has pledged the maintenance of effort payments from the County's general fund to the District and the voter approved excise tax to repay the bonds. The total principal and interest remaining on the bonds is \$7,475,600, payable through July 2012. Annual principal and interest payments on the bonds are expected to require 19% of pledged revenues. Principal and interest paid for the current year were \$1,865,620, and the maintenance of effort and voter approved excise tax were, \$5,892,298 and \$7,952,863, respectively.

On July 3, 2007, the County issued \$25,375,000 in variable rate demand highway construction advancement revenue bonds. The bond proceeds will be advanced to the Arizona Department of Transportation (ADOT) to accelerate construction on State Route 260 in accordance with Arizona Revised Statutes (A.R.S.) §11-269.03. ADOT is required to repay advances not more than 5 years from the date of the advance pursuant to A.R.S §28-7677. The County has pledged excise and state shared sales taxes to repay the bonds. The County is required to continue to impose and collect up to the maximum rate by law, in each fiscal year, the excise tax and to receive the state shared excise tax

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proceeds in the amount at least two times the maximum annual debt service of the bonds. The total principal and interest remaining on the bonds is \$29,282,750, payable through July 2018. Annual principal and interest payments on the bonds are expected to require 6% of pledged revenues. There is no principal payment until July 2018, when the bonds are to be paid in full. Interest paid for the current year was \$754,702, and the excise and state shared sales taxes were, \$15,908,075 and \$25,144,945, respectively. The bonds can be redeemed by the County, in whole or in part, on any weekly interest payment date. The interest rate is determined weekly by the remarketing agent. There is no minimum interest rate and the maximum interest rate is 12% per annum. Demand payments will be made from funds drawn under a \$25,000,000 irrevocable letter of credit issued by a bank. As of June 30, 2008, the County had a federal arbitrage rebate liability of \$406,176 resulting from investment earnings on the unexpended bond proceeds in excess of the interest expense incurred.

Revenue bonds outstanding at June 30, 2008, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal June 30, 2008
Jail District revenue bonds	\$15,260,000	7/1/09-7/1/12	4.0-4.3%	\$6,755,000
Highway construction advancement revenue bonds	25,375,000	7/1/18	1.54%	<u>25,375,000</u>
Total				<u><u>\$32,130,000</u></u>

The following schedule details debt service requirements to maturity for the County's revenue bonds payable at June 30, 2008.

	Governmental Activities	
	Principal	Interest
Year ending June 30, 2009	\$ 1,590,000	\$ 669,785
2010	1,655,000	606,185
2011	1,720,000	539,985
2012	1,790,000	467,745
2013	-	390,775
2014-2018	<u>25,375,000</u>	<u>1,953,875</u>
Total	<u><u>\$ 32,130,000</u></u>	<u><u>\$ 4,628,350</u></u>

Special assessment debt

Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. Bond proceeds were used to finance construction in these districts. These bonds are generally callable with interest payable semiannually. However, in accordance with the bond indenture for each special assessment bond issue, and in the opinion of the County Attorney, the County is not legally obligated in any way for the special assessment bonded indebtedness. The total principal and interest remaining on the bonds is \$1,727,475, payable through January 2022. Annual principal and interest payments on the bonds are expected to require 100% of pledged revenues. Principal and interest paid for the current year were \$188,838 and the special assessments were \$164,967.

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The following special assessment districts had debt outstanding at June 30, 2008.

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal June 30, 2008
Bonds				
Coyote Springs Road Improvement	\$1,552,000	1/1/09-1/1/22	6.40%	\$1,105,000
Note Payable				
Prescott East Sanitary District	317,000	7/1/09-7/1/11	4.82%	111,261
Total				<u><u>\$1,216,261</u></u>

The following schedule details debt service requirements to maturity for the County's special assessment debt payable at June 30, 2008:

Year ending June 30, 2009	Principal	Interest
2010	\$ 110,356	\$ 73,683
2011	112,059	67,179
2012	113,846	60,592
2013	80,000	53,760
2014-2018	80,000	48,640
2019-2022	400,000	166,400
2019-2022	320,000	40,960
Total	<u><u>\$ 1,216,261</u></u>	<u><u>\$ 511,214</u></u>

Capital leases

On May 15, 2008, the County entered into a \$50,000,000 capital lease agreement to finance the construction of court, administrative, and juvenile detention buildings. The property for these facilities is owned by the County. The lessor leased these sites from the County and leased the sites and the facilities being financed back to the County. Lease payments will equal the aggregate amount of principal and interest required to extinguish the debt. Upon the final lease payment, the title to the assets will transfer to the County. The County's obligation to make lease payments will be subject to and is dependent upon annual appropriations being made by the County.

The assets acquired through the capital lease are as follows:

Construction in progress	Governmental Activities
Less: accumulated depreciation	<u>\$ 781,130</u>
Carrying value	-
	<u><u>\$ 781,130</u></u>

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The following schedule details debt service requirements to maturity for the County's capital lease payable at June 30, 2008:

	Governmental Activities
Year ending June 30, 2009	\$ 2,225,000
2010	2,225,000
2011	2,225,000
2012	4,223,729
2013	4,223,729
2014-2018	21,118,647
2019-2023	21,118,647
2024-2026	21,118,647
Total minimum lease payments	78,478,399
Less amount representing interest	(28,478,399)
Present value of net minimum lease payments	\$ 50,000,000

Landfill closure and postclosure care costs

State and federal laws and regulations require the County to place final covers on its 7 landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the dates that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfills. These costs will be paid from the Landfill/Environment special revenue fund.

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. All 7 landfills stopped accepting waste and were closed prior to June 30, 2008. As of June 30, 2008, the landfill closure and postclosure care liability of \$1,042,996 represents the cumulative amount of costs remaining on these closed landfills, which is net of expenditures incurred to date. This amount is based on what it would cost to perform all closure and postclosure care in fiscal year 2008 and has been adjusted for changes in estimates during the fiscal year. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure that the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Insurance claims

The County provides health benefits to its employees and their dependents through the Yavapai Combined Trust, currently composed of four members. The Trust provides benefits up to \$175,000 per individual per plan year through a self-funding agreement with its participants and purchases commercial insurance to cover claims in excess of this limit. The Trust does not provide any post employment benefits. An independent administrator provides the trust with claim and recordkeeping services. The County is responsible for paying the premiums and requires its employees to contribute for dependent coverage. The County is not liable for claims in excess of coverage limits and

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cannot be assessed retroactive premium adjustments. If it withdraws from the Trust, the County would be responsible for its proportional share of any claims run-out costs, which exceed Trust Fund reserves established for the incurred but not reported claims liability. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

Compensated absences and claims and judgments

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2008, the County paid for compensated absences as follows: 60 percent from the General Fund, 20 percent from major funds, and 20 percent from other funds. The County paid for claims and judgments from the General Fund.

Note 9 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; but was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the County joined and is covered by three public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool which are described below, and the Yavapai Combined Trust, which is described above.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants, and a deductible of \$25,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$100 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least three years after becoming a member; however, it may withdraw after the initial three-year period. If the pool were to become insolvent, the County would be assessed an additional contribution.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties with workers' compensation coverage, as required by law, and risk management services. The County is responsible for paying a premium, based on an experience rating formula, that allocates pool expenditures and liabilities among the members.

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The Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

Note 10 - Line of Credit Arrangement

The County has a \$6,500,000 line of credit arrangement with a bank. The line of credit matures on June 30, 2009, and is collateralized by U.S. Government-backed securities. At June 30, 2008, no portion of this amount was utilized.

Note 11 - Pensions and Other Postemployment Benefits

Plan Descriptions - The County contributes to four plans, three of which are described below. The Elected Officials Retirement Plan is not described due to its relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System (PSPRS)* administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Corrections Officer Retirement Plan (CORP)* administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain employees of the State of Arizona's Department of Corrections and Department of Juvenile Corrections, and county employees whose primary duties require direct inmate contact. The CORP is governed by The Fund Manager of PSPRS and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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The *Corrections Officer Retirement Plan for the Administrative Office of the Courts Probation Officers* (CORP-AOC) was established in 2008 and also administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance plan. This plan covers County probation officers that previously participated in the ASRS. Similar to the regular CORP, the plan is governed by the Fund Manager of PSPRS and the participating boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Each plan issues a publicly available annual financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS
3300 North Central Ave.
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or 1-800-621-3778

PSPRS and CORP
3010 East Camelback Road, Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575

Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for the ASRS, PSPRS, and CORP.

Cost-sharing plans—For the year ended June 30, 2008, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent long-term disability) of the members' annual covered payroll.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ended June 30			
2008	\$ 4,011,681	\$ 523,262	\$ 249,173
2007	\$ 3,906,656	\$ 543,310	\$ 258,719
2006	\$ 2,752,613	\$ 539,073	\$ 238,528

Agent plans—For the year ended June 30, 2008, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll and the County was required to contribute 16.59 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.06 percent of covered payroll. Active CORP members were required by statute to contribute 7.96 percent of the members' annual covered payroll and the County was required to contribute 6.14 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was

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actuarially set at 0.63 percent of covered payroll. Probation officers participating in the CORP-AOC contributed the statutorily determined amount of 7.96% and the County contributed 9.25% of their annual covered payroll, respectively.

Actuarial methods and assumptions—Except for the contribution requirements for probation officers participating in the CORP-AOC which were established by state statute, the contribution requirements for the year ended June 30, 2008, were established by the June 30, 2006, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for the PSPRS and CORP plans and related benefits, and the actuarial methods and assumptions used to established the fiscal year 2008 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	30 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50% - 8.50%
Inflation rate	5.00%

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Annual Pension/OPEB Cost—The County's pension/OPEB cost for the agent plans for the year ended June 30, 2008, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>		<u>CORP-AOC</u>	
	Pension	Health Insurance	Pension	Health Insurance	Pension and Health Insurance	
Annual pension/OPEB cost	\$1,109,560	\$76,762	\$381,365	\$43,090	\$493,229	
Contributions made	1,109,560	76,762	381,365	43,090	493,229	

Trend Information—Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for the current year (i.e. transition year) is as follows. Information about preceding years will be added over the next 2 years.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/OPEB Obligation</u>
PSPRS				
Pension	2008	\$1,109,560	100%	\$ -0-
Health insurance	2008	76,762	100%	\$ -0-
Pension and health Insurance	2007	994,134	100%	\$ -0-
	2006	882,952	100%	\$ -0-
CORP				
Pension	2008	381,365	100%	\$ -0-
Health insurance	2008	43,090	100%	\$ -0-
Pension and health Insurance	2007	380,415	100%	\$ -0-
	2006	329,172	100%	\$ -0-

Funded Status—Except for the CORP-AOC, the funded status of the plans as of the most recent valuation date, June 30, 2008, along with the actuarial assumptions and methods used in those valuations follow.

	<u>PSPRS</u>		<u>CORP</u>	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability (a)	\$ 29,444,833	\$ 1,016,579	\$ 10,066,193	\$ 325,629
Actuarial value of assets (b)	16,316,672	0	8,396,376	0
Unfunded actuarial accrued liability (funding excess) (a) – (b)	13,128,161	1,016,579	1,669,817	325,629
Funded ratio (b)/(a)	55.4%	0.00%	83.4%	0.00%
Covered payroll (c)	7,241,743	7,241,743	6,839,698	6,839,698
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) – (b)) / (c)	181.3%	14.04%	24.4%	4.76%

The CORP-AOC's actuarial valuation is prepared on a statewide basis; accordingly, actuarial information for the County, as a participating government, is not available.

Yavapai County
Notes to Financial Statements
June 30, 2008

The actuarial methods and assumptions used are the same for all plans and related benefits, and for the most recent valuation date, are as follows:

Actuarial valuation date	June 30, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50% - 8.50% for PSPRS and CORP
Inflation rate	5.00%

Note 12 - Interfund Balances and Activity

Interfund receivables and payables—interfund balances at June 30, 2008, were as follows:

Payable from	Payable to					Total
	General Fund	Jail District Fund	HURF Road Fund	Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 2,641	\$ 25,605	\$ 1,082,862	\$ 630,283	\$ 1,741,391
Jail District Fund	17,994	-	-	-	234	18,228
HURF Road Fund	7,084	-	-	-	11,400	18,484
Capital Projects Fund	413,510	-	-	-	-	413,510
Nonmajor Governmental Funds	114,339	104,357	676	-	393,398	612,770
Long Term Care Fund	4,003	-	-	-	64,048	68,051
Total	\$ 556,930	\$ 106,998	\$ 26,281	\$ 1,082,862	\$ 1,099,363	\$ 2,872,434

The interfund balances resulted from time lags between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be paid in one year.

Interfund transfers—interfund transfers for the year ended June 30, 2008, were as follows:

Yavapai County
Notes to Financial Statements
June 30, 2008

	Transfer To							Total
	General Fund	Jail District Fund	Jail District Debt Service Fund	Regional Road Debt Service Fund	HURF Road Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfer from								
General Fund	\$ -	\$ 9,153,199	\$ -	\$ -	\$ -	\$ 6,363,230	\$ 2,401,598	\$17,918,027
Jail District Fund	-	-	1,867,620	-	-	-	-	1,867,620
Regional Road Fund	-	-	-	100,000	-	-	-	100,000
HURF Road Fund	693,171	-	-	-	-	-	-	693,171
Capital Projects Fund	2,409,907	-	-	-	-	-	-	2,409,907
Nonmajor Governmental Funds	657,297	-	-	-	10,251	-	836,952	1,504,500
Long Term Care Fund	1,500,000	-	-	-	-	-	-	1,500,000
Total	\$ 5,260,375	\$ 9,153,199	\$ 1,867,620	\$ 100,000	\$ 10,251	\$ 6,363,230	\$ 3,238,550	\$25,993,225

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) move amounts in excess of required minimum balances, as approved by AHCCCS.

Note 13 - County Treasurer's Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County's monies under the Treasurer's stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The pool's structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the values of the participants' investments.

The Treasurer allocates interest earnings to each of the pool's participants. However, for the County's monies in the pool the Board of Supervisors authorized \$64,772 of interest earned in certain other funds to be transferred to the General Fund.

Yavapai County
Notes to Financial Statements
June 30, 2008

Deposits and investments of the County's primary government are included in the County Treasurer's investment pool, except for \$3,532,014 of deposits and \$71,374,268 of collateralized investments held in trust. Therefore, the deposit and investment risks of the Treasurer's investment pool are the same as the County's deposit and investment risks. See Note 4 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Fair Value
U.S. agency securities	\$ 41,448,699	3.00-5.25%	9/12/08-3/18/11	\$ 41,519,106
State Treasurer's investment pools	175,694,000	2.18%	None stated	175,694,000

A condensed statement of the investment pool's net assets and changes in net assets follows:

Statement of Net Assets

Assets	\$ 217,213,106
Liabilities	-
Net assets	<u>\$ 217,213,106</u>

Net assets held in trust for:

Internal participants	\$ 80,572,475
External participants	136,640,631
Total net assets held in trust	<u>\$ 217,213,106</u>

Statement of Changes in Net Assets

Total additions	\$ 720,294,874
Total deductions	(694,107,220)
Net increase	26,187,654

Net assets held in trust:

July 1, 2007	191,025,452
June 30, 2008	<u>\$ 217,213,106</u>

REQUIRED SUPPLEMENTARY INFORMATION

Yavapai County
 Required Supplementary Information
 Schedule of Agent Retirement Plans' Funding Progress
 June 30, 2008

Public Safety Personnel Retirement System*

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage Of Covered Payroll ((a-b)/c)
Pension 6/30/08	\$16,316,672	\$29,444,833	\$(13,128,161)	55.4%	\$7,241,743	181.3%
Health Insurance 6/30/08	0	1,016,579	(1,016,579)	0.0%	7,241,743	14.04%
Pension and Health Insurance 6/30/07	15,265,022	29,165,241	(13,900,219)	52.3%	6,760,153	205.6%
6/30/06	15,004,852	25,196,647	(10,191,795)	59.6%	6,076,413	167.7%

Corrections Officer Retirement Plan*

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage Of Covered Payroll ((a-b)/c)
Pension 6/30/08	\$8,396,376	\$10,066,193	\$(1,669,817)	83.4%	\$6,839,698	24.4%
Health Insurance 6/30/08	0	325,629	(325,629)	0.0%	6,839,698	4.76%
Pension and Health Insurance 6/30/07	8,688,704	10,318,766	(1,630,062)	84.2%	7,562,846	21.6%
6/30/06	8,146,352	9,305,404	(1,159,052)	87.5%	7,183,800	16.1%

* For valuation years prior to 2008, which was prior to the implementation of GASB Statement Nos. 43 and 45, the actuarial measurements were made in the aggregate as to pension and health insurance benefits. In future years when GASB Statement Nos. 43 and 45 measurements are made and reported, the pension and health insurance benefits information will be disaggregated and reported separately.

The CORP-AOC's actuarial valuation is prepared on a statewide basis; accordingly, actuarial information for the County, as a participating government, is not available.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 46,471,306	\$ 46,471,306	\$ 45,032,358	\$ (1,438,948)
Licenses and permits	3,694,727	3,694,727	3,024,711	(670,016)
Intergovernmental	37,880,693	37,880,693	34,981,399	(2,899,294)
Charges for services	2,061,103	2,061,103	1,743,544	(317,559)
Fines and forfeits	3,445,525	3,445,525	3,167,660	(277,865)
Investment earnings	50,000	50,000	181,121	131,121
Miscellaneous	800,000	800,000	1,416,778	616,778
Total revenues	<u>94,403,354</u>	<u>94,403,354</u>	<u>89,547,571</u>	<u>(4,855,783)</u>
Expenditures:				
General government				
Board of Supervisors	728,701	743,895	743,895	-
Human Resources	788,677	790,532	748,334	42,198
General Services	4,334,204	3,932,633	3,518,935	413,698
Elections	533,110	533,110	426,602	106,508
Public Works	299,382	316,040	223,512	92,528
Facilities	4,835,334	4,835,334	4,670,112	165,222
Development Services	4,911,787	4,911,787	4,639,865	271,922
Fleet	744,609	790,269	790,269	-
Medical Examiner	390,179	390,179	384,127	6,052
Finance	809,517	809,517	781,998	27,519
Assessor	3,715,695	3,820,526	3,560,360	260,166
County Attorney	6,070,327	6,070,327	6,044,682	25,645
Recorder	1,492,718	1,507,078	1,483,874	23,204
Management Information Systems	5,991,193	5,991,193	5,371,710	619,483
Clerk of the Court	2,657,088	2,678,687	2,639,436	39,251
Treasurer	832,067	832,067	812,282	19,785
Superior Courts	3,909,884	4,034,215	3,918,841	115,374
Public Defender	5,362,141	5,362,141	5,070,174	291,967
Prescott Justice of the Peace	634,131	672,131	660,196	11,935
Prescott Constable	83,939	86,485	86,485	-
Bagdad/Yarnell Justice of the Peace	266,106	276,807	276,807	-
Verde Valley Justice of the Peace	547,528	547,528	542,009	5,519
Mayer Justice of the Peace	415,413	417,648	417,648	-
Verde Constable	80,029	82,920	82,920	-
Seligman Justice of the Peace	274,980	274,980	272,818	2,162
Total General government	<u>50,708,739</u>	<u>50,708,029</u>	<u>48,167,891</u>	<u>2,540,138</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2008
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public safety				
Sheriff	\$ 15,684,994	\$ 15,684,994	\$ 15,462,690	\$ 222,304
Adult Probation	2,554,014	2,554,014	2,457,349	96,665
Juvenile Probation	2,856,457	2,856,457	2,776,147	80,310
Total Public safety	<u>21,095,465</u>	<u>21,095,465</u>	<u>20,696,186</u>	<u>399,279</u>
Sanitation				
Solid Waste	<u>1,854,779</u>	<u>1,854,779</u>	<u>1,390,008</u>	<u>464,771</u>
Welfare				
Medical Assistance	10,435,100	10,435,100	10,434,799	301
Public Fiduciary	<u>431,405</u>	<u>432,114</u>	<u>391,660</u>	<u>40,454</u>
Total Welfare	<u>10,866,505</u>	<u>10,867,214</u>	<u>10,826,459</u>	<u>40,755</u>
Culture and recreation				
Facilities	<u>53,000</u>	<u>53,000</u>	<u>51,369</u>	<u>1,631</u>
Education				
School Superintendent	<u>718,179</u>	<u>718,179</u>	<u>691,015</u>	<u>27,164</u>
Total expenditures	<u>85,296,667</u>	<u>85,296,666</u>	<u>81,822,928</u>	<u>3,473,738</u>
Excess of revenues over expenditures	9,106,687	9,106,688	7,724,643	(1,382,045)
Other financing sources (uses):				
Sale of capital assets	-	-	2,904,231	2,904,231
Transfers in	3,163,774	3,163,774	5,260,375	2,096,601
Transfers out	<u>(16,088,569)</u>	<u>(16,088,569)</u>	<u>(17,918,027)</u>	<u>(1,829,458)</u>
Total other financing sources (uses)	<u>(12,924,795)</u>	<u>(12,924,795)</u>	<u>(9,753,421)</u>	<u>3,171,374</u>
Net change in fund balances	(3,818,108)	(3,818,107)	(2,028,778)	1,789,329
Fund balances, July 1, 2007	3,818,108	3,818,107	3,683,162	(134,945)
Increase in reserve for inventories	-	-	8,493	8,493
Increase in reserve for prepaid items	-	-	248,266	248,266
Fund balances, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911,143</u>	<u>\$ 1,911,143</u>

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,073,600	\$ 9,073,600	\$ 7,952,863	\$ (1,120,737)
Charges for services	-	-	1,058,613	1,058,613
Investment earnings	-	-	24,137	24,137
Miscellaneous	1,676,392	1,676,392	59,906	(1,616,486)
Total revenues	<u>10,749,992</u>	<u>10,749,992</u>	<u>9,095,519</u>	<u>(1,654,473)</u>
Expenditures:				
Public safety				
Sheriff	16,460,158	16,460,158	15,888,696	571,462
Total expenditures	<u>16,460,158</u>	<u>16,460,158</u>	<u>15,888,696</u>	<u>571,462</u>
Deficiency of revenues over expenditures	(5,710,166)	(5,710,166)	(6,793,177)	(1,083,011)
Other financing sources (uses):				
Transfers in	7,153,199	7,153,199	9,153,199	2,000,000
Transfers out	(1,867,620)	(1,867,620)	(1,867,620)	-
Total other financing sources (uses)	<u>5,285,579</u>	<u>5,285,579</u>	<u>7,285,579</u>	<u>2,000,000</u>
Net change in fund balances	(424,587)	(424,587)	492,402	916,989
Fund balances, July 1, 2007	424,587	424,587	(8,953)	(433,540)
Fund balances, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,449</u>	<u>\$ 483,449</u>

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
Regional Road Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 10,761,000	\$ 10,761,000	\$ 9,544,845	\$ (1,216,155)
Licenses and permits	4,000,000	4,000,000	1,078,790	(2,921,210)
Investment earnings	700,000	700,000	796,885	96,885
Total revenues	<u>15,461,000</u>	<u>15,461,000</u>	<u>11,420,520</u>	<u>(4,040,480)</u>
Expenditures:				
Highways and streets				
Public works	<u>27,738,186</u>	<u>27,738,186</u>	<u>15,729,678</u>	<u>12,008,508</u>
Total expenditures	<u>27,738,186</u>	<u>27,738,186</u>	<u>15,729,678</u>	<u>12,008,508</u>
Excess (deficiency) of revenues over expenditures	(12,277,186)	(12,277,186)	(4,309,158)	7,968,028
Other financing sources (uses):				
Revenue bonds issued	-	-	25,000,000	25,000,000
Transfers in	14,431,531	14,431,531	-	(14,431,531)
Transfers out	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>(100,000)</u>	<u>1,300,000</u>
Total other financing sources (uses)	<u>13,031,531</u>	<u>13,031,531</u>	<u>24,900,000</u>	<u>11,868,469</u>
Net change in fund balances	754,345	754,345	20,590,842	19,836,497
Fund balances, July 1, 2007	(754,345)	(754,345)	20,081,375	20,835,720
Decrease in reserve for prepaid items	-	-	(3,000)	(3,000)
Fund balances, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,669,217</u>	<u>\$ 40,669,217</u>

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
HURF Road Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,328,750	\$ 18,328,750	\$ 16,441,322	\$ (1,887,428)
Investment earnings	-	-	92,124	92,124
Miscellaneous	426,197	426,197	625,701	199,504
Total revenues	18,754,947	18,754,947	17,159,147	(1,595,800)
Expenditures				
Highways and streets				
Public works	20,633,749	20,633,749	16,790,712	3,843,037
Total expenditures	20,633,749	20,633,749	16,790,712	3,843,037
Excess (deficiency) of revenues over expenditures	(1,878,802)	(1,878,802)	368,435	2,247,237
Other financing sources (uses):				
Transfers in	-	-	10,251	10,251
Transfers out	(693,171)	(693,171)	(693,171)	-
Total other financing sources (uses)	(693,171)	(693,171)	(682,920)	10,251
Net change in fund balances	(2,571,973)	(2,571,973)	(314,485)	2,257,488
Fund balances, July 1, 2007	2,571,973	2,571,973	3,390,719	818,746
Increase in reserve for inventories	-	-	44,575	44,575
Fund balances, June 30, 2008	\$ -	\$ -	\$ 3,120,809	\$ 3,120,809

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
Year Ended June 30, 2008

Note 1 – Budgeting and Budgetary Control

Arizona Revised Statutes (A.R.S.) requires the County to prepare and adopt a balanced budget annually for each governmental fund, except for the Capital Projects Debt Service, Treasurer's Surcharge, Election, Finance, Granite Gardens, and Pine Valley Funds. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval.

Note 2 – Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles.

Yavapai County
Nonmajor Governmental Funds
Year Ended June 30, 2008

SPECIAL REVENUE FUNDS

Health Care	Accounts for a variety of health service programs funded by federal and state grant funds, appropriations, fees and local government contributions.
Recorder's Surcharge	Accounts for the collection of a special recording surcharge, not to exceed four dollars, to be used to defray the cost of converting the County Recorder's document storage and retrieval system to micrographics or computer automation as established by A.R.S. § 11-475.01.
Assessor's Surcharge	Accounts for the collection of a special recording surcharge, not to exceed four dollars, to be used to defray the cost of converting the County Assessor's document storage and retrieval system to micrographics or computer automation as established by A.R.S. § 11-269.06.
Treasurer's Surcharge	Accounts for the collection of a processing fee for tax liens, to be used to defray the cost of converting or upgrading an automatic public information system as established by A.R.S. § 11-495.
Election	Accounts for the Federal and State of Arizona Help America Vote Act grant funds.
Public Library	Provides and maintains library services for the residents of Yavapai County. Operations are funded by a secondary tax levy.
Education Service Agency	Educational services and programs, including an accommodation school, administered by the County School Superintendent.
Parks & Recreation	Accounts for fees and grants used for construction, maintenance and operation of parks.
Water Advisory Committee	Accounts for local government contributions used to assess the current and future supply of water.
Landfill / Environment	Used to fund operations of transfer stations, waste tire operations and closure costs of County landfills.
Public Works	Accounts for highway user fees restricted to construction, repair and maintenance of County roads.
Finance	Accounts for the Community Development Block Grant and the Workforce Investment Act federal grants.
Improvement Districts	Administration of special districts for Street Lighting, Road and Sewer improvements.
Clerk of Superior Court	Accounts for statutory fees collected and used for document storage and retrieval. Also fees used for "fill-the gap" purposes.
County Attorney	Accounts for various programs administered by the County Attorney including Anti-Racketeering, Victim Witness and Bad Check.

Yavapai County
Nonmajor Governmental Funds
Year Ended June 30, 2008

Law Enforcement	Used for various law enforcement services and programs. Funding sources include federal and state grants.
Emergency Management	Accounts for programs administered by the Emergency Management department used to provide services, equipment and supplies for law enforcement or other agencies dealing with emergency response.
Probation	Accounts for Adult and Juvenile Probation programs and services provided in coordination with the Superior Court System.
Courts	Accounts for statutory fees and surcharges related to the courts, and is used for the processing of criminal cases as well as court enhancement and records improvement.
Public Defender	Provides training related seminars, books and materials for staff and attorneys. Includes a state grant for indigent defense costs.
Airport Development	Airport enhancement projects for Seligman, Bagdad and Sedona funded by State grants.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for the payment of principal and interest on the revenue bonds issued for special assessment bonds for the Coyote Springs, Granite Gardens and Pine Valley special assessment districts and the notes payable for the Prescott East special assessment district. Funding for the special assessment debt is provided by assessments made against the benefiting owners.

Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

Assets	Special Revenue			
	Health Care	Recorder's Surcharge	Assessor's Surcharge	Treasurer's Surcharge
Cash and cash equivalents	\$ 2,985,829	\$ 157,347	\$ 796,312	\$ 71,253
Receivables:				
Property taxes	-	-	-	-
Special assessments	-	-	-	-
Accounts	12,888	3,845	4,057	23
Due from:				
Other funds	519,647	49,693	-	-
Other governments	425,740	-	-	-
Prepaid items	3,935	-	-	-
Total assets	<u>\$ 3,948,039</u>	<u>\$ 210,885</u>	<u>\$ 800,369</u>	<u>\$ 71,276</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 87,819	\$ 5,224	\$ 2,024	\$ -
Accrued payroll and employee benefits	384,041	4,575	-	-
Due to other funds	5,393	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>477,253</u>	<u>9,799</u>	<u>2,024</u>	<u>-</u>
Fund balances:				
Reserved for:				
Prepaid items	3,935	-	-	-
Debt service	-	-	-	-
Unreserved, reported in				
Special revenue funds	<u>3,466,851</u>	<u>201,086</u>	<u>798,345</u>	<u>71,276</u>
Total fund balances	<u>3,470,786</u>	<u>201,086</u>	<u>798,345</u>	<u>71,276</u>
Total liabilities and fund balances	<u>\$ 3,948,039</u>	<u>\$ 210,885</u>	<u>\$ 800,369</u>	<u>\$ 71,276</u>

Special Revenue

Election	Public Library	Education Service Agency	Parks & Recreation	Water Advisory Committee	Landfill / Environment
\$ 36,895	\$ 862,302	\$ 1,183,810	\$ 1,336,538	\$ 236,924	\$ 353,323
-	111,799	-	-	-	-
-	-	-	-	-	-
12	1,223	137,643	680	86	5,752
-	-	-	-	-	11,400
-	-	239,051	-	-	95,709
-	2,500	477	-	175	-
<u>\$ 36,907</u>	<u>\$ 977,824</u>	<u>\$ 1,560,981</u>	<u>\$ 1,337,218</u>	<u>\$ 237,185</u>	<u>\$ 466,184</u>
\$ -	\$ 22,742	\$ 361,974	\$ 20,731	\$ 30,149	\$ 14,721
-	28,933	62,254	-	3,886	3,097
-	504	4,199	5,683	-	22,834
-	72,512	-	-	-	-
<u>-</u>	<u>124,691</u>	<u>428,427</u>	<u>26,414</u>	<u>34,035</u>	<u>40,652</u>
-	2,500	477	-	175	-
-	-	-	-	-	-
<u>36,907</u>	<u>850,633</u>	<u>1,132,077</u>	<u>1,310,804</u>	<u>202,975</u>	<u>425,532</u>
<u>36,907</u>	<u>853,133</u>	<u>1,132,554</u>	<u>1,310,804</u>	<u>203,150</u>	<u>425,532</u>
<u>\$ 36,907</u>	<u>\$ 977,824</u>	<u>\$ 1,560,981</u>	<u>\$ 1,337,218</u>	<u>\$ 237,185</u>	<u>\$ 466,184</u>

Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(Continued)

Assets	Special Revenue			
	Public Works	Finance	Improvement Districts	Clerk of Superior Court
Cash and cash equivalents	\$ 165,369	\$ 239	\$ 4,316,856	\$ 525,157
Receivables:				
Property taxes	-	-	170,453	-
Special assessments	-	-	-	-
Accounts	58	10	11,085	41,526
Due from:				
Other funds	-	-	-	-
Other governments	-	-	-	-
Prepaid items	-	-	929	-
Total assets	<u>\$ 165,427</u>	<u>\$ 249</u>	<u>\$ 4,499,323</u>	<u>\$ 566,683</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 249	\$ 130,393	\$ 1,933
Accrued payroll and employee benefits	-	-	36,266	1,763
Due to other funds	-	-	3,284	392,623
Deferred revenue	-	-	105,857	-
Total liabilities	<u>-</u>	<u>249</u>	<u>275,800</u>	<u>396,319</u>
Fund balances:				
Reserved for:				
Prepaid items	-	-	929	-
Debt service	-	-	-	-
Unreserved, reported in				
Special revenue funds	165,427	-	4,222,594	170,364
Total fund balances	<u>165,427</u>	<u>-</u>	<u>4,223,523</u>	<u>170,364</u>
Total liabilities and fund balances	<u>\$ 165,427</u>	<u>\$ 249</u>	<u>\$ 4,499,323</u>	<u>\$ 566,683</u>

Special Revenue

County Attorney	Law Enforcement	Emergency Management	Probation	Courts	Public Defender
\$ 955,752	\$ 1,577,042	\$ 52,714	\$ 1,407,645	\$ 1,176,173	\$ 157,820
-	-	-	-	-	-
-	-	-	-	-	-
229,789	39,930	18	90,954	35,589	9,661
178,588	27,713	-	-	231,320	81,002
70,200	162,529	70,858	4,027	40,822	-
-	709	735	-	1,309	-
<u>\$ 1,434,329</u>	<u>\$ 1,807,923</u>	<u>\$ 124,325</u>	<u>\$ 1,502,626</u>	<u>\$ 1,485,213</u>	<u>\$ 248,483</u>
\$ 186,258	\$ 46,534	\$ 10,102	\$ 147,881	\$ 30,519	\$ 8,123
40,337	52,883	3,384	260,674	63,639	6,840
-	146,632	-	14,604	1,963	-
-	-	-	-	-	-
<u>226,595</u>	<u>246,049</u>	<u>13,486</u>	<u>423,159</u>	<u>96,121</u>	<u>14,963</u>
-	709	735	-	1,309	-
-	-	-	-	-	-
<u>1,207,734</u>	<u>1,561,165</u>	<u>110,104</u>	<u>1,079,467</u>	<u>1,387,783</u>	<u>233,520</u>
<u>1,207,734</u>	<u>1,561,874</u>	<u>110,839</u>	<u>1,079,467</u>	<u>1,389,092</u>	<u>233,520</u>
<u>\$ 1,434,329</u>	<u>\$ 1,807,923</u>	<u>\$ 124,325</u>	<u>\$ 1,502,626</u>	<u>\$ 1,485,213</u>	<u>\$ 248,483</u>

Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(Continued)

Assets	Special Revenue	Debt Service		
	Airport Development	Coyote Springs	Prescott East	Granite Gardens
Cash and cash equivalents	\$ -	\$ 491,324	\$ 124,956	\$ 4,433
Receivables:				
Property taxes	-	-	-	-
Special assessments	-	1,105,000	111,261	-
Accounts	67	-	3,066	-
Due from:				
Other funds	-	-	-	-
Other governments	234,312	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 234,379</u>	<u>\$ 1,596,324</u>	<u>\$ 239,283</u>	<u>\$ 4,433</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 134,544	\$ -	\$ 37,224	\$ -
Accrued payroll and employee benefits	-	-	-	-
Due to other funds	15,051	-	-	-
Deferred revenue	-	1,105,000	111,261	-
Total liabilities	<u>149,595</u>	<u>1,105,000</u>	<u>148,485</u>	<u>-</u>
Fund balances:				
Reserved for:				
Prepaid items	-	-	-	-
Debt service	-	491,324	90,798	4,433
Unreserved, reported in				
Special revenue funds	84,784	-	-	-
Total fund balances	<u>84,784</u>	<u>491,324</u>	<u>90,798</u>	<u>4,433</u>
Total liabilities and fund balances	<u>\$ 234,379</u>	<u>\$ 1,596,324</u>	<u>\$ 239,283</u>	<u>\$ 4,433</u>

Total
Nonmajor
Governmental
Funds

\$	18,976,013
	282,252
	1,216,261
	627,962
	1,099,363
	1,343,248
	10,769
\$	<u>23,555,868</u>

\$	1,279,144
	952,572
	612,770
	1,394,630
	<u>4,239,116</u>

	10,769
	586,555
	<u>18,719,428</u>
	<u>19,316,752</u>
\$	<u>23,555,868</u>

Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue			
	Health Care	Recorder's Surcharge	Assessor's Surcharge	Treasurer's Surcharge
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	662,960	-	-	-
Intergovernmental	5,867,368	-	-	-
Charges for services	2,964,247	330,820	327,180	17,240
Fines and forfeits	-	-	-	-
Investment earnings	97,628	11,593	20,350	1,671
Miscellaneous	1,689,169	1,024	-	9,546
Total revenues	<u>11,281,372</u>	<u>343,437</u>	<u>347,530</u>	<u>28,457</u>
Expenditures:				
Current:				
General government	-	289,272	141,781	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Sanitation	-	-	-	-
Health	11,329,734	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>11,329,734</u>	<u>289,272</u>	<u>141,781</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(48,362)	54,165	205,749	28,457
Other financing sources (uses):				
Transfers in	976,304	-	37,228	-
Transfers out	-	(28,245)	-	-
Total other financing sources (uses)	<u>976,304</u>	<u>(28,245)</u>	<u>37,228</u>	<u>-</u>
Net change in fund balances	927,942	25,920	242,977	28,457
Fund Balances, July 1, 2007 as restated	2,540,481	176,846	555,368	42,819
Increase (decrease) in reserve for prepaid items	2,363	(1,680)	-	-
Fund Balances, June 30, 2008	<u>\$ 3,470,786</u>	<u>\$ 201,086</u>	<u>\$ 798,345</u>	<u>\$ 71,276</u>

Special Revenue

Election	Public Library	Education Service Agency	Parks & Recreation	Water Advisory Committee	Landfill / Environment
\$ -	\$ 2,856,417	\$ 3,830	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
90,754	33,460	2,540,276	236,270	121,500	406,174
-	-	446,979	-	-	36,811
-	-	-	-	-	-
1,278	26,573	48,822	34,818	10,614	-
-	111,537	815,513	20,853	1,500	11,400
<u>92,032</u>	<u>3,027,987</u>	<u>3,855,420</u>	<u>291,941</u>	<u>133,614</u>	<u>454,385</u>
76,581	2,552,557	-	225,999	249,264	-
-	-	-	29,818	-	-
-	-	-	-	-	-
-	-	-	-	-	400,623
-	-	-	-	-	-
-	-	-	51,863	-	-
-	-	4,017,955	-	-	-
-	-	-	-	-	-
<u>76,581</u>	<u>2,552,557</u>	<u>4,017,955</u>	<u>307,680</u>	<u>249,264</u>	<u>400,623</u>
15,451	475,430	(162,535)	(15,739)	(115,650)	53,762
-	-	-	750,000	105,000	-
-	(55,328)	(8,182)	(19,553)	-	-
<u>-</u>	<u>(55,328)</u>	<u>(8,182)</u>	<u>730,447</u>	<u>105,000</u>	<u>-</u>
15,451	420,102	(170,717)	714,708	(10,650)	53,762
21,456	430,531	1,310,446	596,096	213,625	371,770
-	2,500	(7,175)	-	175	-
<u>\$ 36,907</u>	<u>\$ 853,133</u>	<u>\$ 1,132,554</u>	<u>\$ 1,310,804</u>	<u>\$ 203,150</u>	<u>\$ 425,532</u>

Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008
(Continued)

	Special Revenue			
	Public Works	Finance	Improvement Districts	Clerk of Superior Court
Revenues:				
Taxes	\$ -	\$ -	\$ 4,432,536	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	135,252	322,680	-	-
Charges for services	-	-	-	69,889
Fines and forfeits	-	-	-	394,557
Investment earnings	7,901	248	141,113	5,215
Miscellaneous	-	-	64,136	-
Total revenues	<u>143,153</u>	<u>322,928</u>	<u>4,637,785</u>	<u>469,661</u>
Expenditures:				
Current:				
General government	-	322,929	47,334	43,814
Public safety	-	-	3,012,913	-
Highways and streets	254,672	-	76,142	-
Sanitation	-	-	67,057	-
Health	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>254,672</u>	<u>322,929</u>	<u>3,203,446</u>	<u>43,814</u>
Excess (deficiency) of revenues over expenditures	(111,519)	(1)	1,434,339	425,847
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(573,069)	(791,604)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(573,069)</u>	<u>(791,604)</u>
Net change in fund balances	(111,519)	(1)	861,270	(365,757)
Fund Balances, July 1, 2007	276,946	1	3,362,353	536,121
Increase (decrease) in reserve for prepaid items	-	-	(100)	-
Fund Balances, June 30, 2008	<u>\$ 165,427</u>	<u>\$ -</u>	<u>\$ 4,223,523</u>	<u>\$ 170,364</u>

Special Revenue

County Attorney	Law Enforcement	Emergency Management	Probation	Courts	Public Defender
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
877,772	1,248,062	426,937	5,356,588	791,490	65,429
76,263	57,700	-	975,155	300,368	20,680
-	-	-	-	99,776	-
30,047	70,357	5,159	44,937	37,356	5,767
<u>623,237</u>	<u>894,179</u>	<u>-</u>	<u>-</u>	<u>43,942</u>	<u>33,771</u>
<u>1,607,319</u>	<u>2,270,298</u>	<u>432,096</u>	<u>6,376,680</u>	<u>1,272,932</u>	<u>125,647</u>
1,317,893	-	419,031	-	1,652,186	184,377
-	2,746,383	20,382	6,307,272	92,373	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,317,893</u>	<u>2,746,383</u>	<u>439,413</u>	<u>6,307,272</u>	<u>1,744,559</u>	<u>184,377</u>
289,426	(476,085)	(7,317)	69,408	(471,627)	(58,730)
171,908	37,792	-	-	997,001	163,317
(18,239)	-	(10,251)	-	(29)	-
<u>153,669</u>	<u>37,792</u>	<u>(10,251)</u>	<u>-</u>	<u>996,972</u>	<u>163,317</u>
443,095	(438,293)	(17,568)	69,408	525,345	104,587
764,639	2,008,458	127,672	1,010,059	862,438	128,933
-	(8,291)	735	-	1,309	-
<u>\$ 1,207,734</u>	<u>\$ 1,561,874</u>	<u>\$ 110,839</u>	<u>\$ 1,079,467</u>	<u>\$ 1,389,092</u>	<u>\$ 233,520</u>

Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008
(Continued)

	Special Revenue	Debt Service		
	Airport Development	Coyote Springs	Prescott East	Granite Gardens
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 234
Special assessments	-	128,963	36,004	-
Licenses and permits	-	-	-	-
Intergovernmental	2,271,419	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Investment earnings	5,181	20,090	3,648	280
Miscellaneous	158,753	-	-	-
Total revenues	<u>2,435,353</u>	<u>149,053</u>	<u>39,652</u>	<u>514</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Sanitation	-	-	-	-
Health	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital outlay	2,495,695	-	-	-
Debt service:				
Principal retirement	-	75,000	33,729	-
Interest and other charges	-	73,552	10,383	-
Total expenditures	<u>2,495,695</u>	<u>148,552</u>	<u>44,112</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(60,342)	501	(4,460)	514
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(60,342)	501	(4,460)	514
Fund Balances, July 1, 2007	145,126	490,823	95,258	3,919
Increase (decrease) in reserve for prepaid items	-	-	-	-
Fund Balances, June 30, 2008	<u>\$ 84,784</u>	<u>\$ 491,324</u>	<u>\$ 90,798</u>	<u>\$ 4,433</u>

Pine Valley	Total Nonmajor Governmental Funds
\$ -	\$ 7,293,017
-	164,967
-	662,960
-	20,791,431
-	5,623,332
-	494,333
28	630,674
-	4,478,560
28	40,139,274
-	7,523,018
-	12,209,141
15,334	346,148
-	467,680
-	11,329,734
-	51,863
-	4,017,955
-	2,495,695
-	108,729
-	83,935
15,334	38,633,898
(15,306)	1,505,376
-	3,238,550
-	(1,504,500)
-	1,734,050
(15,306)	3,239,426
15,306	16,087,490
-	(10,164)
\$ -	\$ 19,316,752

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Jail District Debt Service
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt service				
Principal retirement	\$ 1,530,000	\$ 1,530,000	\$ 1,530,000	\$ -
Interest and other charges	337,620	337,620	336,691	929
Total expenditures	<u>1,867,620</u>	<u>1,867,620</u>	<u>1,866,691</u>	<u>929</u>
Excess (deficiency) of revenues over expenditures	(1,867,620)	(1,867,620)	(1,866,691)	929
Other financing sources (uses):				
Transfers in	<u>1,867,620</u>	<u>1,867,620</u>	<u>1,867,620</u>	<u>-</u>
Total other financing sources (uses)	<u>1,867,620</u>	<u>1,867,620</u>	<u>1,867,620</u>	<u>-</u>
Net change in fund balances	-	-	929	929
Fund Balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>1,267</u>	<u>1,267</u>
Fund Balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,196</u>	<u>\$ 2,196</u>

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Regional Road Debt Service
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,083,602	\$ 1,083,602
Total revenues	-	-	1,083,602	1,083,602
Expenditures:				
Debt service				
Interest and other charges	1,400,000	1,400,000	1,077,272	322,728
Total expenditures	1,400,000	1,400,000	1,077,272	322,728
Excess (deficiency) of revenues over expenditures	(1,400,000)	(1,400,000)	6,330	1,406,330
Other financing sources (uses):				
Revenue bonds issued	-	-	375,000	375,000
Transfers in	-	-	100,000	100,000
Total other financing sources (uses)	-	-	475,000	475,000
Net change in fund balances	(1,400,000)	(1,400,000)	481,330	1,881,330
Fund Balance, July 1, 2007	1,400,000	1,400,000	-	(1,400,000)
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 481,330	\$ 481,330

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Capital Projects
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 600,000	\$ 600,000	\$ 948,223	\$ 348,223
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>948,223</u>	<u>348,223</u>
Expenditures:				
Capital outlay				
Board of Supervisors	13,700,418	11,740,549	1,719,842	10,020,707
Total expenditures	<u>13,700,418</u>	<u>11,740,549</u>	<u>1,719,842</u>	<u>10,020,707</u>
Excess (deficiency) of revenues over expenditures	(13,100,418)	(11,140,549)	(771,619)	10,368,930
Other financing sources (uses):				
Capital lease agreement	-	-	50,000,000	50,000,000
Sale of capital assets	-	-	1,217,281	1,217,281
Transfers in	7,174,000	7,174,000	6,363,230	(810,770)
Transfers out	-	-	(2,409,907)	(2,409,907)
Total other financing sources (uses)	<u>7,174,000</u>	<u>7,174,000</u>	<u>55,170,604</u>	<u>47,996,604</u>
Net change in fund balances	(5,926,418)	(3,966,549)	54,398,985	58,365,534
Fund Balance, July 1, 2007	5,926,418	3,966,549	24,216,390	20,249,841
Fund Balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,615,375</u>	<u>\$ 78,615,375</u>

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Health Care
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 662,960	\$ 662,960
Intergovernmental	9,788,318	9,788,318	5,867,368	(3,920,950)
Charges for services	-	-	2,964,247	2,964,247
Investment earnings	-	-	97,628	97,628
Miscellaneous	-	-	1,689,169	1,689,169
Total revenues	<u>9,788,318</u>	<u>9,788,318</u>	<u>11,281,372</u>	<u>1,493,054</u>
Expenditures:				
Health				
Health	<u>10,904,067</u>	<u>11,619,885</u>	<u>11,329,734</u>	<u>290,151</u>
Total expenditures	<u>10,904,067</u>	<u>11,619,885</u>	<u>11,329,734</u>	<u>290,151</u>
Excess (deficiency) of revenues over expenditures	(1,115,749)	(1,831,567)	(48,362)	1,783,205
Other financing sources (uses):				
Transfers in	<u>1,115,749</u>	<u>1,115,749</u>	<u>976,304</u>	<u>(139,445)</u>
Total other financing sources (uses)	<u>1,115,749</u>	<u>1,115,749</u>	<u>976,304</u>	<u>(139,445)</u>
Net change in fund balances	-	(715,818)	927,942	1,643,760
Fund Balance, July 1, 2007	-	715,818	2,540,481	1,824,663
Increase in prepaid items	-	-	2,363	2,363
Fund Balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,470,786</u>	<u>\$ 3,470,786</u>

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Recorder's Surcharge
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 603,270	\$ 603,270	\$ -	\$ (603,270)
Charges for services	-	-	330,820	330,820
Investment earnings	-	-	11,593	11,593
Miscellaneous	-	-	1,024	1,024
Total revenues	603,270	603,270	343,437	(259,833)
Expenditures:				
General government				
Recorder	525,332	525,332	289,272	236,060
Total expenditures	525,332	525,332	289,272	236,060
Excess (deficiency) of revenues over expenditures	77,938	77,938	54,165	(23,773)
Other financing sources (uses):				
Transfers out	(77,938)	(77,938)	(28,245)	49,693
Total other financing sources (uses)	(77,938)	(77,938)	(28,245)	49,693
Net change in fund balances	-	-	25,920	25,920
Fund Balance, July 1, 2007	-	-	176,846	176,846
Decrease in prepaid items	-	-	(1,680)	(1,680)
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 201,086	\$ 201,086

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Assessor's Surcharge
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 535,000	\$ 535,000	\$ -	\$ (535,000)
Charges for services	-	-	327,180	327,180
Investment earnings	-	-	20,350	20,350
Total revenues	535,000	535,000	347,530	(187,470)
Expenditures:				
General government				
Assessor	431,936	431,936	141,781	290,155
Total expenditures	431,936	431,936	141,781	290,155
Excess (deficiency) of revenues over expenditures	103,064	103,064	205,749	102,685
Other financing sources (uses):				
Transfers in	-	-	37,228	37,228
Transfers out	(103,064)	(103,064)	-	103,064
Total other financing sources (uses)	(103,064)	(103,064)	37,228	140,292
Net change in fund balances	-	-	242,977	242,977
Fund Balance, July 1, 2007	-	-	555,368	555,368
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 798,345	\$ 798,345

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Public Library
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,899,059	\$ 2,899,059	\$ 2,856,417	\$ (42,642)
Intergovernmental	292,992	292,992	33,460	(259,532)
Investment earnings	37,700	37,700	26,573	(11,127)
Miscellaneous	-	-	111,537	111,537
Total revenues	3,229,751	3,229,751	3,027,987	(201,764)
Expenditures:				
General government				
Library	3,364,579	3,364,579	2,552,557	812,022
Total expenditures	3,364,579	3,364,579	2,552,557	812,022
Excess (deficiency) of revenues over expenditures	(134,828)	(134,828)	475,430	610,258
Other financing sources (uses):				
Transfers out	(55,328)	(55,328)	(55,328)	-
Total other financing sources (uses)	(55,328)	(55,328)	(55,328)	-
Net change in fund balances	(190,156)	(190,156)	420,102	610,258
Fund Balance, July 1, 2007	190,156	190,156	430,531	240,375
Increase in prepaid items			2,500	2,500
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 853,133	\$ 853,133

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Education Service Agency
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 3,830	\$ 3,830
Intergovernmental	4,556,147	4,556,147	2,540,276	(2,015,871)
Charges for services	-	-	446,979	446,979
Investment earnings	-	-	48,822	48,822
Miscellaneous	-	-	815,513	815,513
Total revenues	4,556,147	4,556,147	3,855,420	(700,727)
Expenditures:				
Education				
School Superintendent	4,541,781	4,544,325	4,017,955	526,370
Total expenditures	4,541,781	4,544,325	4,017,955	526,370
Excess (deficiency) of revenues over expenditures	14,366	11,822	(162,535)	(174,357)
Other financing sources (uses):				
Transfers out	-	-	(8,182)	(8,182)
Total other financing sources (uses)	-	-	(8,182)	(8,182)
Net change in fund balances	14,366	11,822	(170,717)	(182,539)
Fund Balance, July 1, 2007	(14,366)	(11,822)	1,310,446	1,322,268
Decrease in prepaid items	-	-	(7,175)	(7,175)
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 1,132,554	\$ 1,132,554

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Parks & Recreation
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 435,232	\$ 435,232	\$ 236,270	\$ (198,962)
Investment earnings	-	-	34,818	34,818
Miscellaneous	-	-	20,853	20,853
Total revenues	435,232	435,232	291,941	(143,291)
Expenditures:				
General government				
Board of Supervisors	405,232	604,785	225,999	378,786
Public safety				
Adult Probation	30,000	30,000	29,818	182
Culture & recreation				
Facilities	-	32,518	51,863	(19,345)
Total expenditures	435,232	667,303	307,680	359,623
Excess (deficiency) of revenues over expenditures	-	(232,071)	(15,739)	216,332
Other financing sources (uses):				
Transfers in	-	-	750,000	750,000
Transfers out	-	-	(19,553)	(19,553)
Total other financing sources (uses)	-	-	730,447	730,447
Net change in fund balances	-	(232,071)	714,708	946,779
Fund Balance, July 1, 2007	-	232,071	596,096	364,025
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 1,310,804	\$ 1,310,804

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Water Advisory Committee
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 121,500	\$ (23,500)
Investment earnings	-	-	10,614	10,614
Miscellaneous	-	-	1,500	1,500
Total revenues	<u>145,000</u>	<u>145,000</u>	<u>133,614</u>	<u>(11,386)</u>
Expenditures:				
General government				
Board of Supervisors	250,000	250,000	249,264	736
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>249,264</u>	<u>736</u>
Excess (deficiency) of revenues over expenditures	(105,000)	(105,000)	(115,650)	(10,650)
Other financing sources (uses):				
Transfers in	105,000	105,000	105,000	-
Total other financing sources (uses)	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Net change in fund balances	-	-	(10,650)	(10,650)
Fund Balance, July 1, 2007	-	-	213,625	213,625
Increase in prepaid items			175	175
Fund Balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,150</u>	<u>\$ 203,150</u>

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Landfill / Environment
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 430,000	\$ 430,000	\$ 406,174	\$ (23,826)
Charges for services	-	-	36,811	36,811
Miscellaneous	-	-	11,400	11,400
Total revenues	430,000	430,000	454,385	24,385
Expenditures:				
Sanitation				
Landfill	430,000	430,000	400,623	29,377
Total expenditures	430,000	430,000	400,623	29,377
Net change in fund balances	-	-	53,762	53,762
Fund Balance, July 1, 2007	-	-	371,770	371,770
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 425,532	\$ 425,532

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Public Works
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 135,252	\$ 10,252
Investment earnings	-	-	7,901	7,901
Total revenues	125,000	125,000	143,153	18,153
Expenditures:				
Highways and streets				
Public Works	125,000	133,307	254,672	(121,365)
Total expenditures	125,000	133,307	254,672	(121,365)
Net change in fund balances	-	(8,307)	(111,519)	(103,212)
Fund Balance, July 1, 2007	-	8,307	276,946	268,639
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 165,427	\$ 165,427

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Improvement Districts
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,667,139	\$ 4,667,139	\$ 4,432,536	\$ (234,603)
Special assessments	3,379,069	3,379,069	-	(3,379,069)
Investment earnings	39,000	39,000	141,113	102,113
Miscellaneous	10,653	10,653	64,136	53,483
Total revenues	8,095,861	8,095,861	4,637,785	(3,458,076)
Expenditures:				
General government				
Board of Supervisors	-	38,128	42,876	(4,748)
Development Services	-	9,209	4,458	4,751
Total General government	-	47,337	47,334	3
Public safety				
Flood Control	6,895,728	6,895,728	3,012,913	3,882,815
Highways and streets				
Board of Supervisors	458,532	458,532	69,842	388,690
Public Works	3,379,069	3,379,069	6,300	3,372,769
Total Highways and streets	3,837,601	3,837,601	76,142	3,761,459
Sanitation				
Special Districts	53,576	67,058	67,057	1
Total expenditures	10,786,905	10,847,724	3,203,446	7,644,278
Excess (deficiency) of revenues over expenditures	(2,691,044)	(2,751,863)	1,434,339	4,186,202
Other financing sources (uses):				
Transfers out	(564,653)	(564,653)	(573,069)	(8,416)
Total other financing sources (uses)	(564,653)	(564,653)	(573,069)	(8,416)
Net change in fund balances	(3,255,697)	(3,316,516)	861,270	4,177,786
Fund Balance, July 1, 2007	3,255,697	3,316,516	3,362,353	45,837
Decrease in prepaid items	-	-	(100)	(100)
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 4,223,523	\$ 4,223,523

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Clerk of Superior Court
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 910,473	\$ 910,473	\$ -	\$ (910,473)
Charges for services	-	-	69,889	69,889
Fines and forfeits	-	-	394,557	394,557
Investment earnings	-	-	5,215	5,215
Total revenues	<u>910,473</u>	<u>910,473</u>	<u>469,661</u>	<u>(440,812)</u>
Expenditures:				
General government				
Board of Supervisors	734,324	734,324	3,898	730,426
Clerk of the Court	176,149	176,149	39,916	136,233
Total expenditures	<u>910,473</u>	<u>910,473</u>	<u>43,814</u>	<u>866,659</u>
Excess (deficiency) of revenues over expenditures	-	-	425,847	425,847
Other financing sources (uses):				
Transfers out	-	-	(791,604)	(791,604)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(791,604)</u>	<u>(791,604)</u>
Net change in fund balances	-	-	(365,757)	(365,757)
Fund Balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>536,121</u>	<u>536,121</u>
Fund Balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,364</u>	<u>\$ 170,364</u>

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
County Attorney
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 979,565	\$ 979,565	\$ 877,772	\$ (101,793)
Charges for services	-	-	76,263	76,263
Investment earnings	-	-	30,047	30,047
Miscellaneous	-	-	623,237	623,237
Total revenues	979,565	979,565	1,607,319	627,754
Expenditures:				
General government				
County Attorney	979,565	1,421,653	1,317,893	103,760
Total expenditures	979,565	1,421,653	1,317,893	103,760
Excess (deficiency) of revenues over expenditures	-	(442,088)	289,426	731,514
Other financing sources (uses):				
Transfers in	-	-	171,908	171,908
Transfers out	-	-	(18,239)	(18,239)
Total other financing sources (uses)	-	-	153,669	153,669
Net change in fund balances	-	(442,088)	443,095	885,183
Fund Balance, July 1, 2007	-	442,088	764,639	322,551
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 1,207,734	\$ 1,207,734

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Law Enforcement
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,420,180	\$ 2,420,180	\$ 1,248,062	\$ (1,172,118)
Charges for services	-	-	57,700	57,700
Investment earnings	-	-	70,357	70,357
Miscellaneous	-	-	894,179	894,179
Total revenues	2,420,180	2,420,180	2,270,298	(149,882)
Expenditures:				
Public safety				
Sheriff	2,420,180	2,714,695	2,746,383	(31,688)
Total expenditures	2,420,180	2,714,695	2,746,383	(31,688)
Excess (deficiency) of revenues over expenditures	-	(294,515)	(476,085)	(181,570)
Other financing sources (uses):				
Transfers in	-	-	37,792	37,792
Total other financing sources (uses)	-	-	37,792	37,792
Net change in fund balances	-	(294,515)	(438,293)	(143,778)
Fund Balance, July 1, 2007	-	294,515	2,008,458	1,713,943
Decrease in prepaid items	-	-	(8,291)	(8,291)
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 1,561,874	\$ 1,561,874

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Emergency Management
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 571,036	\$ 571,036	\$ 426,937	\$ (144,099)
Investment earnings	-	-	5,159	5,159
Total revenues	571,036	571,036	432,096	(138,940)
Expenditures:				
General government				
Emergency Management	571,036	571,036	419,031	152,005
Public Safety				
Sheriff	-	-	20,382	(20,382)
Total expenditures	571,036	571,036	439,413	131,623
Excess (deficiency) of revenues over expenditures	-	-	(7,317)	(7,317)
Other financing sources (uses):				
Transfers out	-	-	(10,251)	(10,251)
Total other financing sources (uses)	-	-	(10,251)	(10,251)
Net change in fund balances	-	-	(17,568)	(17,568)
Fund Balance, July 1, 2007	-	-	127,672	127,672
Increase in prepaid items			735	735
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 110,839	\$ 110,839

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Probation
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,891,514	\$ 6,891,514	\$ 5,356,588	\$ (1,534,926)
Charges for services	-	-	975,155	975,155
Investment earnings	-	-	44,937	44,937
Total revenues	6,891,514	6,891,514	6,376,680	(514,834)
Expenditures:				
Public safety				
Adult Probation	3,979,817	4,183,524	3,927,398	256,126
Juvenile Probation	2,911,697	2,911,697	2,379,874	531,823
Total expenditures	6,891,514	7,095,221	6,307,272	787,949
Net change in fund balances	-	(203,707)	69,408	273,115
Fund Balance, July 1, 2007	-	203,707	1,010,059	806,352
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 1,079,467	\$ 1,079,467

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Courts
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,427,755	\$ 2,427,755	\$ 791,490	\$ (1,636,265)
Charges for services	-	-	300,368	300,368
Fines and forfeits	-	-	99,776	99,776
Investment earnings	-	-	37,356	37,356
Miscellaneous	-	-	43,942	43,942
Total revenues	<u>2,427,755</u>	<u>2,427,755</u>	<u>1,272,932</u>	<u>(1,154,823)</u>
Expenditures:				
General government:				
Superior Courts	2,882,276	2,882,276	1,621,181	1,261,095
Prescott Justice of the Peace	-	-	15,088	(15,088)
Bagdad/Yarnell Justice of the Peace	-	-	739	(739)
Verde Valley Justice of the Peace	-	-	6,886	(6,886)
Mayer Justice of the Peace	-	-	900	(900)
Seligman Justice of the Peace	-	-	7,392	(7,392)
Total General government	<u>2,882,276</u>	<u>2,882,276</u>	<u>1,652,186</u>	<u>1,230,090</u>
Public safety				
Adult Probation	86,100	86,100	92,373	(6,273)
Total expenditures	<u>2,968,376</u>	<u>2,968,376</u>	<u>1,744,559</u>	<u>1,223,817</u>
Excess (deficiency) of revenues over expenditures	(540,621)	(540,621)	(471,627)	68,994
Other financing sources (uses):				
Transfers in	540,621	540,621	997,001	456,380
Transfers out	-	-	(29)	(29)
Total other financing sources (uses)	<u>540,621</u>	<u>540,621</u>	<u>996,972</u>	<u>456,351</u>
Net change in fund balances	-	-	525,345	525,345
Fund Balance, July 1, 2007	-	-	862,438	862,438
Increase in prepaid items	-	-	1,309	1,309
Fund Balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,389,092</u>	<u>\$ 1,389,092</u>

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Public Defender
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 213,545	\$ 213,545	\$ 65,429	\$ (148,116)
Charges for services	-	-	20,680	20,680
Investment earnings	-	-	5,767	5,767
Miscellaneous	-	-	33,771	33,771
Total revenues	213,545	213,545	125,647	(87,898)
Expenditures:				
General government				
Public Defender	213,545	213,545	184,377	29,168
Total expenditures	213,545	213,545	184,377	29,168
Excess (deficiency) of revenues over expenditures	-	-	(58,730)	(58,730)
Other financing sources (uses):				
Transfers in	-	-	163,317	163,317
Total other financing sources (uses)	-	-	163,317	163,317
Net change in fund balances	-	-	104,587	104,587
Fund Balance, July 1, 2007	-	-	128,933	128,933
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 233,520	\$ 233,520

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Airport Development
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 116,500	\$ 116,500	\$ 2,271,419	\$ 2,154,919
Investment earnings	-	-	5,181	5,181
Miscellaneous	-	-	158,753	158,753
Total revenues	116,500	116,500	2,435,353	2,318,853
Expenditures:				
Capital outlay				
Airport Development	116,500	116,500	2,495,695	(2,379,195)
Total expenditures	116,500	116,500	2,495,695	(2,379,195)
Net change in fund balances	-	-	(60,342)	(60,342)
Fund Balance, July 1, 2007	-	-	145,126	145,126
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 84,784	\$ 84,784

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Coyote Springs
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Special assessments	\$ -	\$ -	\$ 128,963	\$ 128,963
Investment earnings	-	-	20,090	20,090
Total revenues	-	-	149,053	149,053
Expenditures:				
Debt service				
Principal retirement	75,000	75,000	75,000	-
Interest and other charges	75,520	75,520	73,552	1,968
Total expenditures	150,520	150,520	148,552	1,968
Net change in fund balances	(150,520)	(150,520)	501	151,021
Fund Balance, July 1, 2007	150,520	150,520	490,823	340,303
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 491,324	\$ 491,324

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Prescott East
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Special assessments	\$ -	\$ -	\$ 36,004	\$ 36,004
Investment earnings	-	-	3,648	3,648
Total revenues	-	-	39,652	39,652
Expenditures:				
Debt service				
Principal retirement	33,729	33,729	33,729	-
Interest and other charges	6,989	6,989	10,383	(3,394)
Total expenditures	40,718	40,718	44,112	(3,394)
Net change in fund balances	(40,718)	(40,718)	(4,460)	36,258
Fund Balance, July 1, 2007	40,718	40,718	95,258	54,540
Fund Balance, June 30, 2008	\$ -	\$ -	\$ 90,798	\$ 90,798

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

Yavapai County
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules By Source
 As of June 30, 2008 and 2007

	2008	2007 As Restated
Government funds capital assets:		
Land	\$ 50,422,747	\$ 44,714,398
Buildings	56,615,674	60,568,411
Equipment	36,981,815	33,975,515
Infrastructure	282,654,499	273,842,928
Construction in progress	11,053,360	5,195,195
 Total governmental funds capital assets	 \$ 437,728,095	 \$ 418,296,447
 Investments in governmental funds capital assets by source:		
General fund	\$ 33,637,377	\$ 26,951,048
Special revenue funds	346,372,912	335,410,188
Capital projects funds	57,717,806	55,935,211
 Total governmental funds capital assets	 \$ 437,728,095	 \$ 418,296,447

Yavapai County
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 As of June 30, 2008

Function	Land	Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 12,918,498	\$ 15,296,537	\$ 16,125,358	\$ 4,292,480	\$ 1,895,616	\$ 50,528,489
Public safety	1,339,343	33,749,928	2,232,044	2,879,773	1,186,152	41,387,240
Highways and streets	33,864,814	2,509,269	15,617,739	275,482,246	7,971,592	335,445,660
Health	-	4,466,263	476,826	-	-	4,943,089
Welfare	-	-	17,456	-	-	17,456
Sanitation	203,164	36,150	992,166	-	-	1,231,480
Culture and recreation	1,994,159	-	1,373,221	-	-	3,367,380
Education	102,769	557,527	147,005	-	-	807,301
Total governmental funds capital assets	<u>\$ 50,422,747</u>	<u>\$ 56,615,674</u>	<u>\$ 36,981,815</u>	<u>\$ 282,654,499</u>	<u>\$ 11,053,360</u>	<u>\$ 437,728,095</u>

Yavapai County
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 Year Ended June 30, 2008

Function	Governmental Funds Capital Assets July 1, 2007, as restated	Increases	Decreases	Governmental Funds Capital Assets June 30, 2008
General government	\$ 45,870,422	\$ 12,934,108	\$ 8,276,041	\$ 50,528,489
Public safety	40,232,477	1,386,135	231,372	41,387,240
Highways and streets	321,885,320	20,392,035	6,831,695	335,445,660
Health	4,943,267	14,981	15,159	4,943,089
Welfare	17,456	-	-	17,456
Sanitation	1,172,824	58,656	-	1,231,480
Culture and recreation	3,367,380	-	-	3,367,380
Education	807,301	-	-	807,301
Total governmental funds capital assets	<u>\$ 418,296,447</u>	<u>\$ 34,785,915</u>	<u>\$ 15,354,267</u>	<u>\$ 437,728,095</u>

Yavapai County
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2008

Assets	Balance July 1, 2007, as restated	Additions	Deductions	Balance June 30, 2008
Equity in pooled cash and investments	\$ 2,309,284	\$ 16,203,081	\$ (15,509,403)	\$ 3,002,962
Total assets	<u>\$ 2,309,284</u>	<u>\$ 16,203,081</u>	<u>\$ (15,509,403)</u>	<u>\$ 3,002,962</u>
Liabilities				
Deposits held for others	\$ 2,309,284	\$ 16,203,081	\$ (15,509,403)	\$ 3,002,962
Total liabilities	<u>\$ 2,309,284</u>	<u>\$ 16,203,081</u>	<u>\$ (15,509,403)</u>	<u>\$ 3,002,962</u>

STATISTICAL SECTION

Yavapai County
Statistical Section
Year Ended June 30, 2008

This part of the Yavapai County comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	108
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	114
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	118
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	121
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	123
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.	

Yavapai County
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u> As Restated	<u>2008</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 58,950,435	\$ 64,735,399	\$ 89,640,318	\$ 98,010,786	\$224,412,765	\$225,318,014	\$229,172,469
Restricted	452,492	221,862	453,070	546,806	607,294	606,573	3,710,523
Unrestricted	15,173,532	24,647,259	20,105,196	27,543,026	40,972,673	57,826,910	64,650,547
Total governmental activities net assets	\$ 74,576,459	\$ 89,604,520	\$110,198,584	\$126,100,618	\$265,992,732	\$283,751,497	\$297,533,539
Business-type activities							
Invested in capital assets, net of related debt	\$ 150,834	\$ 113,516	\$ 174,128	\$ 159,457	\$ 143,635	\$ 195,903	\$ 176,099
Restricted	3,789,488	3,937,368	2,688,410	2,921,417	3,756,119	5,023,106	3,781,682
Total business-type activities net assets	\$ 3,940,322	\$ 4,050,884	\$ 2,862,538	\$ 3,080,874	\$ 3,899,754	\$ 5,219,009	\$ 3,957,781
Primary government							
Invested in capital assets, net of related debt	\$ 59,101,269	\$ 64,848,915	\$ 89,814,446	\$ 98,170,243	\$224,556,400	\$225,513,917	\$229,348,568
Restricted	4,241,980	4,159,230	3,141,480	3,468,223	4,363,413	5,629,679	7,492,205
Unrestricted	15,173,532	24,647,259	20,105,196	27,543,026	40,972,673	57,826,910	64,650,547
Total primary government net assets	\$ 78,516,781	\$ 93,655,404	\$113,061,122	\$129,181,492	\$269,892,486	\$288,970,506	\$301,491,320

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Yavapai County
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 As Restated</u>	<u>2008</u>
Expenses							
Governmental activities:							
General government	\$ 36,537,899	\$ 41,123,373	\$ 37,084,422	\$ 49,606,233	\$ 50,250,176	\$ 53,476,984	\$ 56,463,230
Public safety	24,955,806	26,737,930	31,704,296	34,241,112	42,840,060	45,577,212	49,004,105
Highways and streets	13,489,550	11,012,419	18,457,819	14,468,350	26,559,520	27,358,195	25,459,898
Sanitation	1,487,737	1,595,659	1,645,392	1,589,708	1,817,225	1,520,053	1,917,599
Health	6,968,146	5,675,223	8,757,816	8,958,399	10,543,636	10,983,877	11,503,799
Welfare	8,470,679	8,277,939	7,844,530	8,978,907	9,658,425	11,038,595	10,787,068
Culture and recreation	493,513	591,898	556,472	667,306	89,621	195,457	222,162
Education	1,513,738	1,716,524	2,546,712	2,326,146	2,480,067	3,318,361	4,739,415
Aid to other governments	240,038	361,130	146,641	2,690,577	160,248	-	-
Interest on long-term debt	381,013	777,372	923,764	673,555	558,900	480,637	1,497,898
Total governmental activities expenses	94,538,119	97,869,467	109,667,864	124,200,293	144,957,878	153,949,371	161,595,174
Business-type activities:							
Long Term Care	25,850,990	28,339,917	31,832,400	34,660,511	34,456,013	33,577,705	37,821,993
Total business-type activities expenses	25,850,990	28,339,917	31,832,400	34,660,511	34,456,013	33,577,705	37,821,993
Total primary government expenses	\$120,389,109	\$126,209,384	\$141,500,264	\$158,860,804	\$179,413,891	\$187,527,076	\$199,417,167
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 6,120,588	\$ 5,726,915	\$ 6,123,424	\$ 7,507,861	\$ 7,861,648	\$ 6,801,849	\$ 5,974,258
Public safety	909,283	2,780,332	3,104,336	3,548,886	4,246,614	5,281,258	5,610,867
Health	2,602,830	2,486,307	2,339,512	2,799,419	2,972,426	2,984,046	3,627,207
Other	485,280	1,966,656	2,211,426	2,927,612	2,594,749	1,798,220	2,109,402
Operating grants and contributions	24,664,718	24,225,128	26,686,792	27,024,916	30,373,350	35,334,547	32,432,224
Capital grants and contributions	1,842,640	342,063	138,290	2,586,829	240,861	571,666	2,271,419
Total governmental activities program revenues	36,625,339	37,527,401	40,603,780	46,395,523	48,289,648	52,771,586	52,025,377
Business-type activities:							
Charges for services:							
Long Term Care	27,423,306	30,408,291	31,465,598	34,931,830	35,980,820	35,409,765	37,655,470

(Continued on next page)

Yavapai County
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

(Continued)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u> <u>As Restated</u>	<u>2008</u>
Total business-type activities program revenues	27,423,306	30,408,291	31,465,598	34,931,830	35,980,820	35,409,765	37,655,470
Total primary government program revenues	<u>\$ 64,048,645</u>	<u>\$ 67,935,692</u>	<u>\$ 72,069,378</u>	<u>\$ 81,327,353</u>	<u>\$ 84,270,468</u>	<u>\$ 88,181,351</u>	<u>\$ 89,680,847</u>
Net (expense)/revenue							
Governmental activities	\$(57,912,780)	\$(60,342,066)	\$(69,064,084)	\$(77,804,770)	\$(96,668,230)	\$(101,177,785)	\$(109,569,797)
Business-type activities	1,572,316	2,068,374	(366,802)	271,319	1,524,807	1,832,060	(166,523)
Total primary government net expense	<u>\$(56,340,464)</u>	<u>\$(58,273,692)</u>	<u>\$(69,430,886)</u>	<u>\$(77,533,451)</u>	<u>\$(95,143,423)</u>	<u>\$(99,345,725)</u>	<u>\$(109,736,320)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 25,850,531	\$ 28,097,734	\$ 31,940,611	\$ 34,912,400	\$ 38,887,081	\$ 42,447,960	\$ 45,965,292
Sales taxes	31,598,094	32,756,018	35,700,324	41,077,470	50,065,907	52,313,184	49,005,883
Vehicle license taxes	6,576,179	8,335,252	9,495,550	10,060,798	11,449,992	11,914,533	11,589,365
Franchise taxes	503,134	491,454	498,553	511,205	503,099	491,257	319,500
Lottery (intergovernmental, unrestricted)	550,035	550,035	550,035	550,035	550,035	550,035	550,035
Interest on investments	800,282	48,864	252,347	554,886	1,280,133	2,704,970	3,795,969
Gain on sale of capital assets	112,334	338,348	-	1,353,975	-	1,082,800	4,121,512
Miscellaneous	2,869,208	2,752,422	4,037,390	4,123,119	5,200,590	5,600,472	6,504,283
Transfers	1,300,000	2,000,000	1,000,000	297,046	1,000,000	1,000,000	1,500,000
Total governmental activities	<u>70,159,797</u>	<u>75,370,127</u>	<u>83,474,810</u>	<u>93,440,934</u>	<u>108,936,837</u>	<u>118,105,211</u>	<u>123,351,839</u>
Business-type activities:							
Interest on investments	-	-	124,413	114,608	168,358	356,585	346,606
Miscellaneous	-	42,188	54,043	129,455	125,715	130,610	58,689
Transfers	(1,300,000)	(2,000,000)	(1,000,000)	(297,046)	(1,000,000)	(1,000,000)	(1,500,000)
Total business-type activities	<u>(1,300,000)</u>	<u>(1,957,812)</u>	<u>(821,544)</u>	<u>(52,983)</u>	<u>(705,927)</u>	<u>(512,805)</u>	<u>(1,094,705)</u>
Total primary government	<u>\$ 68,859,797</u>	<u>\$ 73,412,315</u>	<u>\$ 82,653,266</u>	<u>\$ 93,387,951</u>	<u>\$ 108,230,910</u>	<u>\$ 117,592,406</u>	<u>\$ 122,257,134</u>
Change in Net Assets							
Governmental activities	\$ 12,247,017	\$ 15,028,061	\$ 14,410,726	\$ 15,636,164	\$ 12,268,607	\$ 16,927,426	\$ 13,782,042
Business-type activities	272,316	110,562	(1,188,346)	218,336	818,880	1,319,255	(1,261,228)
Total primary government	<u>\$ 12,519,333</u>	<u>\$ 15,138,623</u>	<u>\$ 13,222,380</u>	<u>\$ 15,854,500</u>	<u>\$ 13,087,487</u>	<u>\$ 18,246,681</u>	<u>\$ 12,520,814</u>

Yavapai County
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 As Restated</u>	<u>2008</u>
General fund										
Reserved	-	-	-	-	-	\$ 91,724	\$ 99,748	\$ 209,895	\$ 226,811	\$ 483,570
Unreserved	\$ 4,755,714	\$ 6,272,536	\$ 8,001,803	\$ 5,544,258	\$ 1,784,993	1,863,405	3,595,788	8,810,588	3,456,351	1,427,573
Total general fund	<u>\$ 4,755,714</u>	<u>\$ 6,272,536</u>	<u>\$ 8,001,803</u>	<u>\$ 5,544,258</u>	<u>\$ 1,784,993</u>	<u>\$ 1,955,129</u>	<u>\$ 3,695,536</u>	<u>\$ 9,020,483</u>	<u>\$ 3,683,162</u>	<u>\$ 1,911,143</u>
All other governmental funds										
Reserved	\$ 299,280	\$ 153,966	\$ 214,767	\$ 256,057	\$ 325,722	\$ 936,366	\$ 704,781	\$ 867,774	\$ 892,421	\$ 51,426,543
Unreserved, reported in:										
Special revenue funds	13,070,445	14,949,857	15,168,286	18,192,971	23,087,399	21,288,382	26,262,264	28,677,267	38,658,976	62,686,413
Capital projects funds	4,302,937	4,335,985	(280,250)	11,902,949	7,589,902	4,677,929	6,266,584	12,280,114	24,216,390	28,615,375
Total all other governmental funds	<u>\$17,672,662</u>	<u>\$19,439,808</u>	<u>\$15,102,803</u>	<u>\$30,351,977</u>	<u>\$31,003,023</u>	<u>\$26,902,677</u>	<u>\$33,233,629</u>	<u>\$41,825,155</u>	<u>\$63,767,787</u>	<u>\$142,728,331</u>

Yavapai County
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues									<u>As Restated</u>	
Taxes	\$ 31,140,853	\$ 33,720,292	\$ 38,375,384	\$ 41,537,857	\$ 44,368,163	\$ 51,126,397	\$ 56,699,399	\$ 64,339,846	\$ 68,366,838	\$ 69,823,083
Special assessments	62,842	50,339	1,131,562	156,696	273,374	515,278	308,532	270,747	196,408	164,967
Licenses and permits	2,705,714	2,930,789	3,103,494	3,140,455	4,117,310	4,566,514	6,462,137	6,334,632	4,850,011	4,766,461
Intergovernmental	39,281,870	42,087,182	46,426,273	48,891,212	49,968,098	53,304,620	59,847,934	67,630,858	75,370,360	72,214,152
Charges for services	4,655,375	5,229,472	4,922,776	5,578,511	6,406,303	6,422,832	7,315,921	7,732,193	7,788,177	8,425,489
Fines and forfeits	1,494,097	1,773,761	2,120,826	2,208,732	2,082,004	2,319,086	2,510,775	3,104,481	3,786,792	3,661,993
Investment income	1,227,907	1,327,830	1,400,083	800,282	48,864	252,347	554,887	1,456,855	2,704,923	3,795,969
Contributions	522,370	334,126	271,425	-	-	-	-	-	-	-
Miscellaneous	2,491,364	1,939,086	2,432,387	3,149,522	3,304,583	4,460,919	4,613,751	5,372,544	5,703,261	6,580,945
Total revenues	83,582,392	89,392,877	100,184,210	105,463,267	110,568,699	122,967,993	138,313,336	156,242,156	168,766,770	169,433,059
Expenditures										
General government	28,001,920	30,096,416	33,059,247	35,794,786	38,750,661	41,843,874	46,791,573	51,012,067	54,010,879	55,690,909
Public safety	19,363,526	20,774,122	23,172,460	24,498,056	26,503,683	30,697,154	33,696,622	41,641,625	44,428,874	48,794,023
Highways and streets	18,813,683	15,918,379	24,018,331	21,928,139	25,704,354	25,009,308	19,354,645	22,665,826	25,105,478	32,866,538
Sanitation	2,168,874	2,306,549	2,243,074	1,645,147	2,066,464	1,514,713	1,492,577	1,982,814	1,599,913	1,857,688
Health	5,065,742	5,457,544	6,028,077	6,965,668	7,875,991	8,617,007	8,833,788	10,390,948	10,936,074	11,329,734
Welfare	7,689,645	7,946,991	8,359,829	8,692,328	8,206,263	7,950,410	8,975,900	9,651,292	11,071,610	10,826,459
Culture and recreation	69,506	189,640	495,677	493,513	599,275	444,617	561,582	99,102	58,135	103,232
Education	986,090	1,174,055	1,404,241	1,511,673	1,741,436	2,367,853	2,420,494	2,315,922	3,328,047	4,708,970
Aid to other governments	-	-	-	240,038	361,130	-	-	-	-	-
Capital outlay	2,535,988	4,067,435	10,524,290	7,560,513	12,044,577	6,100,407	3,475,099	462,273	1,846,167	4,215,537
Debt service										
Principal	30,000	25,000	25,000	50,430	1,621,156	3,910,440	5,647,287	3,815,698	1,612,178	1,638,729
Interest and fiscal charges	14,281	19,366	9,764	381,013	758,544	904,937	673,556	563,122	480,637	1,497,898
Bond issuance costs	-	-	-	209,195	-	-	-	-	-	-
Total expenditures	84,739,255	87,975,497	109,339,990	109,970,499	126,233,534	129,360,720	131,923,123	144,600,689	154,477,992	173,529,717
Excess (deficiency) of revenues over (under) expenditures	(1,156,863)	1,417,380	(9,155,780)	(4,507,232)	(15,664,835)	(6,392,727)	6,390,213	11,641,467	14,288,778	(4,096,658)
Other financing sources (uses)										
Special assessment debt issued	-	-	1,825,434	43,746	-	-	-	-	-	-
Revenue bonds issued	-	-	-	15,260,000	-	-	-	-	-	25,375,000
Capital lease agreements	-	-	660,000	373,482	1,202,559	1,300,000	-	-	-	50,000,000
Sale of capital assets	-	18,817	3,009,691	348,188	374,633	-	1,392,753	-	1,082,800	4,121,512
Transfers in	4,939,579	6,442,227	14,753,106	15,604,263	22,966,703	19,666,460	17,629,736	21,212,224	25,435,821	25,993,225
Transfers out	(4,239,579)	(4,442,227)	(13,753,106)	(14,304,263)	(20,966,703)	(18,666,460)	(17,332,690)	(20,212,224)	(24,435,821)	(24,493,225)
Loan proceeds	-	-	-	-	9,000,000	-	-	-	-	-
Total other financing sources (uses)	700,000	2,018,817	6,495,125	17,325,416	12,577,192	2,300,000	1,689,799	1,000,000	2,082,800	80,996,512
Net changes in fund balances	\$ (456,863)	\$ 3,436,197	\$ (2,660,655)	\$ 12,818,184	\$ (3,087,643)	\$ (4,092,727)	\$ 8,080,012	\$ 12,641,467	\$ 16,371,578	\$ 76,899,854
Debt service as a percentage of noncapital expenditures	0.1%	0.1%	0.0%	0.7%	2.5%	4.4%	5.1%	3.3%	1.5%	2.2%

Yavapai County
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Primary Assessed Value			Total Taxable Assessed Value	Total Direct Tax Rate ¹	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential and Vacant Property	Commercial Property	Unattached Personal Property				
1999	\$ 674,260,480	\$ 314,936,506	\$ 34,575,220	\$1,023,772,206	2.1822	\$7,855,389,589	13.03%
2000	734,948,155	324,692,176	37,490,738	1,097,131,069	2.1609	8,553,235,816	12.83
2001	803,609,838	333,585,285	44,105,956	1,181,301,079	2.0514	9,312,109,194	12.69
2002	879,814,468	357,398,601	43,737,336	1,280,950,405	2.0352	10,130,049,480	12.65
2003	964,199,901	380,263,729	43,628,890	1,388,092,520	2.0369	11,032,555,067	12.58
2004	1,055,971,160	415,043,260	45,792,997	1,516,807,417	2.1115	12,071,754,471	12.56
2005	1,178,680,548	452,777,214	44,571,778	1,676,029,540	2.1077	13,416,406,081	12.49
2006	1,322,060,791	506,417,682	49,368,952	1,877,847,425	2.1042	15,045,533,581	12.48
2007	1,511,362,543	566,635,332	47,712,332	2,125,710,207	2.0450	17,098,083,909	12.43
2008	1,754,125,017	664,163,807	51,977,047	2,470,265,871	1.8860	20,111,624,109	12.28

Source: Assessed and actual values obtained from the Yavapai County Assessor. Direct tax rate obtained from the Yavapai County Board of Supervisors Adopted Budget.

Note: Property in the County is reassessed each year. Tax rates are per \$100 of assessed value.

1) Includes both primary and secondary tax rates. See Direct and Overlapping Property Tax Rates schedule.

Yavapai County
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)

Fiscal Year	County Direct Rates					Overlapping Rates ¹				
	Primary	Secondary			Total Direct	School Equalization	School Districts	Cities	Other Special Districts	Community College District
		Fire District	Library District	Flood Control District						
1999	1.7468	0.1001	0.1091	0.2262	2.1822	0.5300	1.8412-8.2203	0.5269-1.6436	0.5859-8.4556	1.5689
2000	1.7157	0.1004	0.1100	0.2348	2.1609	0.5217	2.4247-8.1768	0.8236-1.6655	0.3482-5.0680	1.6250
2001	1.6160	0.1003	0.1129	0.2222	2.0514	0.5123	1.2996-7.6734	0.8498-1.7755	0.3098-4.0624	1.6205
2002	1.6066	0.1002	0.1104	0.2180	2.0352	0.4974	0.9900-7.8089	0.7748-1.6717	0.3201-3.8269	1.9488
2003	1.6072	0.1001	0.1117	0.2179	2.0369	0.4889	1.8248-7.3939	0.7229-1.3382	0.0438-5.6002	1.9789
2004	1.6808	0.1000	0.1124	0.2183	2.1115	0.4717	1.2516-8.2795	0.6487-1.2461	0.3235-3.3000	1.8778
2005	1.7008	0.1000	0.1086	0.1983	2.1077	0.4560	1.2362-9.5346	0.6146-1.1904	0.3057-3.3000	1.8514
2006	1.7008	0.0964	0.1086	0.1984	2.1042	0.4358	1.8496-10.4246	0.5658-1.1134	0.1894-3.4285	1.7514
2007	1.6552	0.0895	0.1020	0.1983	2.0450	0.0000	1.8190-9.4606	0.5275-1.1281	0.2523-3.4491	1.6573
2008	1.5292	0.0829	0.1016	0.1723	1.8860	0.0000	1.3621-9.4004	0.4973-0.8977	0.2130-3.4108	1.5225

Source: Yavapai County Board of Supervisors Adopted Budget.

1) Includes both primary and secondary rates.

Yavapai County
Principal Property Taxpayers
Current Year and Five Years Ago

<u>Taxpayer</u>	2008			2002 ¹		
	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value	Primary Assessed Value	Rank	Percentage of Total Primary Assessed Value
Phelps Dodge Bagdad Inc.	\$79,164,228	1	3.20%	\$26,990,227	2	2.11%
Arizona Public Service	68,527,478	2	2.77	56,333,768	1	4.40
Salt River Pima - Maricopa Indian Community	30,347,945	3	1.23	-	-	-
Qwest Corporation	20,118,701	4	0.81	17,095,639	3	1.33
Unisource Energy Corporation	13,073,267	5	0.53	-	-	-
TWC II-Prescott Mall LLC	9,889,174	6	0.40	-	-	-
Burlington Northern Santa Fe Railway Company	9,029,881	7	0.37	9,448,079	5	0.74
El Paso Natural Gas Company	8,859,385	8	0.36	7,580,251	6	0.59
Wal-Mart Stores Inc.	7,643,190	9	0.31	-	-	-
Transwestern Pipeline Company	6,988,004	10	0.28	7,049,633	7	0.55
Citizen's Utility Company-Northern Gas Division	-	-	-	12,614,932	4	0.98
New Enchantment LP	-	-	-	4,146,066	8	0.32
Massachusetts Mutual Life Insurance Company	-	-	-	3,214,818	9	0.25
Ace Hardware Corporation	-	-	-	3,209,200	10	0.25
Totals	\$253,641,253		10.26%	\$147,682,613		11.52%
Total Yavapai County Primary Assessed Value	\$2,470,265,871		100.00%	\$1,280,950,405		100.00%

Source: Yavapai County Assessor.

1) Information prior to 2002 was not available.

Yavapai County
Property Tax Levies and Collections ¹
Last Nine Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000 ²	\$ 18,824,000	\$ 17,730,747	94.19%	\$ 348,523	\$ 18,079,270	96.04%
2001	19,090,000	17,957,766	94.07	392,286	18,350,052	96.12
2002	20,602,000	19,422,071	94.27	413,626	19,835,697	96.28
2003	22,310,000	21,116,484	94.65	413,482	21,529,966	96.50
2004	25,495,000	24,380,161	95.63	400,868	24,781,029	97.20
2005	28,506,000	27,281,472	95.70	385,377	27,666,849	97.06
2006	31,939,000	30,438,693	95.30	411,412	30,850,105	96.59
2007	35,184,002	33,594,464	95.48	462,210	34,056,674	96.80
2008	37,775,306	35,966,831	95.21	-	35,966,831	95.21

Source: Taxes levied obtained from the Yavapai County Board of Supervisors Adopted Budget. Collections obtained from the Yavapai County Treasurer.

1) General Fund levies and collections only.

2) Information prior to 2000 was not available.

Yavapai County
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	Special Assessment Bonds	Notes Payable	Capital Leases			
1999	\$ -	\$ 188,000	\$ -	\$ 1,585,113	\$ 1,773,113	0.05%	\$ 10.88
2000	-	163,000	-	944,623	1,107,623	0.03	6.55
2001	-	1,963,434	-	924,032	2,887,466	0.08	16.66
2002	15,260,000	1,956,750	-	711,629	17,928,379	0.47	100.46
2003	13,945,000	1,838,094	8,812,500	1,497,290	26,092,884	0.64	142.20
2004	12,595,000	1,715,154	6,375,000	1,753,789	22,438,943	0.50	118.31
2005	11,200,000	1,587,867	2,250,000	791,367	15,829,234	0.31	80.08
2006	9,765,000	1,457,168	-	74,625	11,296,793	0.20	54.64
2007	8,285,000	1,324,991	-	-	9,609,991	N/A (2)	42.91
2008	32,130,000	1,216,261	-	50,000,000	83,346,261	N/A (2)	366.41

Source: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- 1) Personal income and population information can be found in the Demographic and Economic Statistics schedule.
- 2) Personal income was not available for 2007 and 2008.

Yavapai County
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$2,470,265,871
Debt limit (6% of assessed value)	148,215,952
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 148,215,952

Fiscal Year

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 61,426,332	\$ 65,827,864	\$ 70,878,065	\$ 76,857,024	\$ 83,285,551	\$ 91,008,445	\$100,561,772	\$112,670,846	\$ 127,542,612	\$ 148,215,952
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 61,426,332	\$ 65,827,864	\$ 70,878,065	\$ 76,857,024	\$ 83,285,551	\$ 91,008,445	\$100,561,772	\$112,670,846	\$ 127,542,612	\$ 148,215,952
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Under state finance law, the County's outstanding general obligation debt should not exceed 6 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Yavapai County
Pledged Revenue Coverage
Last Ten Fiscal Years

Jail District Revenue Bonds

Fiscal Year	Jail District Revenues ¹	Less: Expenditures ²	Net	Debt Service		Coverage
			Available Revenue	Principal	Interest	
1999	\$ -	\$ -	\$ -	\$ -	\$ -	-
2000	-	-	-	-	-	-
2001	8,845,405	7,290,343	1,555,062	-	-	-
2002	12,402,242	6,976,236	5,426,006	-	237,306	22.87
2003	15,093,394	8,062,836	7,030,558	1,315,000	555,140	3.76
2004	19,345,034	13,126,579	6,218,455	1,350,000	517,322	3.33
2005	17,248,364	12,233,680	5,014,684	1,395,000	477,093	2.68
2006	17,573,461	14,803,363	2,770,098	1,435,000	435,157	1.48
2007	17,231,871	15,371,370	1,860,501	1,480,000	388,362	1.00
2008	18,239,765	15,888,696	2,351,069	1,530,000	336,691	1.26

Highway Construction Advancement Revenue Bonds

Fiscal Year	County Excise Tax	State Shared Sales Tax	Net	Debt Service		Coverage
			Available Revenue	Principal	Interest	
1999	\$ -	\$ -	\$ -	\$ -	\$ -	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	12,564,395	18,519,004	31,083,399	-	-	-
2005	14,102,433	21,183,714	35,286,147	-	-	-
2006	16,623,589	25,131,601	41,755,190	-	-	-
2007	16,971,697	26,858,336	43,830,033	-	-	-
2008	15,908,075	25,144,945	41,053,020	-	-	-

Special Assessment Bonds

Special Assessment Collections	Debt Service		Coverage
	Principal	Interest	
\$ 49,327	\$30,000	\$14,281	1.11
48,814	25,000	19,366	1.10
38,746	25,000	9,764	1.11
111,801	50,430	143,707	0.58
268,067	118,656	117,851	1.13
528,554	122,940	123,381	2.15
322,369	127,287	107,982	1.37
273,135	130,698	100,543	1.18
196,519	132,178	92,275	0.88
165,201	108,729	83,935	0.86

Source: Details regarding the County's outstanding debt can be found in the notes to the financial statements. Prior to 2002 there were no Jail District revenue bonds and prior to 2008 there were no Highway Construction Advancement revenue bonds.

- 1) Revenues include beginning fund balance and transfers in. Beginning fund balance is included in revenues since it represents unexpended pledged revenues.
- 2) Expenditures include transfers out, except those for debt service.

Yavapai County
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1999	162,943	\$ 3,315,373	\$ 20,347	3.4%
2000	168,885	3,574,050	21,163	3.9
2001	173,316	3,701,821	21,359	4.2
2002	178,467	3,853,070	21,590	5.3
2003	183,496	4,049,851	22,071	5.1
2004	189,661	4,524,850	23,858	4.6
2005	197,680	5,032,945	25,460	4.4
2006	206,738	5,537,703	26,786	3.9
2007	223,934	N/A (1)	N/A (1)	3.7
2008	227,468	N/A (1)	N/A (1)	4.6

Source: Population and personal income through 2006 obtained from the U.S. Department of Commerce, Bureau of Economic Analysis. Population for 2007 and 2008 obtained from the Arizona Department of Commerce. Unemployment rates obtained from the Arizona Department of Economic Security, Research Administration.

1) Personal income and per capita personal income were not available for 2007 and 2008.

Yavapai County
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2008			1999 ¹		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Yavapai Regional Medical Center	1,830	1	1.90%	730	3	1.06%
Yavapai County	1,800	2	1.86	1,213	1	1.76
Wal-Mart	1,087	3	1.13	-	-	-
Cyprus Bagdad Copper Mine	995	4	1.03	535	6	0.78
Veterans Medical Center	792	5	0.82	550	5	0.80
Yavapai College	706	6	0.73	468	7	0.68
Verde Valley Medical Center	704	7	0.73	351	9	0.51
Prescott Unified School District	700	8	0.73	573	4	0.83
City of Prescott	529	9	0.55	385	8	0.56
State of Arizona	438	10	0.45	330	10	0.48
Sturm Ruger & Company	-	-	-	1,176	2	1.71
Totals	<u>9,581</u>		<u>9.93%</u>	<u>6,311</u>		<u>9.15%</u>
Total Employment in Yavapai County	96,520		100.00%	68,946		100.00%

Source: Yavapai College and the Arizona Department of Economic Security, Research Administration.

1) Information prior to 1999 was not available.

Yavapai County
Full-Time Equivalent Employees by Function
Last Seven Fiscal Years

Function	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	454	487	498	528	558	583	602
Public safety	437	444	454	512	520	556	584
Highways and streets	125	124	126	124	125	127	129
Sanitation	7	9	13	13	13	14	18
Health	94	105	115	110	114	121	133
Welfare	18	6	5	5	5	6	6
Culture and recreation	1	-	-	-	-	-	-
Education	15	17	19	21	21	22	26
Long Term Care	37	47	52	53	53	56	54
Total	1,188	1,239	1,282	1,366	1,409	1,485	1,552

Source: Yavapai County payroll records.

Yavapai County
Operating Indicators by Function
Last Seven Fiscal Years

Function	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General government							
Elections							
Elections	4	4	5	4	4	4	5
Number voting	33,819	105,413	60,506	137,786	47,250	123,570	91,132
Development Services							
Building permits issued	4,944	4,860	5,020	5,923	6,073	5,071	4,220
Inspections performed	17,085	18,379	21,512	24,996	28,943	23,823	18,883
Assessor							
Parcels assessed	137,106	139,867	142,807	145,997	154,662	160,561	162,382
New subdivisions	36	90	106	107	171	139	90
Public safety							
Sheriff							
Inmate population	5,351	6,172	6,448	5,600	6,184	6,446	6,652
Adult Probation							
Probationers actively supervised	1,646	1,643	1,870	1,799	2,105	2,140	2,212
Community restitution hours	80,282	77,406	76,727	72,917	70,270	71,037	82,646
Restitution collected	\$ 556,347	\$ 483,575	\$ 594,208	\$ 770,304	\$ 634,651	\$ 756,191	\$ 958,873
Presentence reports written for courts	1,391	1,459	1,880	1,558	1,431	1,306	1,033
Juvenile Probation							
Juveniles brought to detention	N/A (1)	1,283	1,238	1,272	1,391	1,265	1,235
Average length of detention (days)	11	12	12	13	12	11	11
Probationers	640	617	577	591	761	758	735
Community restitution hours	22,239	19,873	17,835	15,158	14,811	13,641	15,179
Highways and streets							
Public Works							
Crack sealing (miles)	20	25	88	67	83	57	49
Street resurfacing (miles)	44	53	55	49	41	38	28
Sanitation							
Landfill/Environment							
Transfer station refuse collected (tons)	8,800	7,650	6,057	5,450	4,728	4,042	3,479
Waste tires collected	112,800	106,613	127,123	145,842	140,871	141,091	146,634
Health							
Health Care							
Certified copies of death certificates issued	15,342	14,529	16,123	16,693	16,024	15,884	15,384
Childhood immunization visits	7,344	5,662	5,239	4,727	4,806	3,940	4,792
Restaurant inspections and re-inspections	2,835	2,426	2,244	2,496	2,923	3,236	4,052
Welfare							
Public Fiduciary							
Guardianships/conservatorships	97	102	105	127	104	92	82
Education							
School Superintendent							
School districts	25	25	25	25	25	25	25
District students	21,316	21,167	21,686	22,422	23,086	23,496	23,747
Charter schools	N/A (1)	36	41	41	38	27	24
Charter students	N/A (1)	3,845	3,606	3,308	3,297	3,023	3,256
Culture and recreation							
Parks & Recreation							
Park use permits issued	N/A (1)	N/A (1)	11	9	6	6	5
Long-term care							
Members enrolled	N/A (1)	N/A (1)	1,051	1,003	952	932	941
Claims processed	N/A (1)	76,439	81,462	78,590	73,064	71,693	76,464

Source: Various Yavapai County departments.

(1) Information for the applicable fiscal year was not available.

Yavapai County
Capital Asset Statistics by Function
Last Seven Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government							
Elections							
Voting machines	100	110	110	120	242	242	242
Superior Courts							
Divisions	8	8	9	9	9	9	10
Public safety							
Sheriff							
Inmate beds available (including portable)	309	309	570	570	570	765	765
Jail facilities	2	2	2	2	2	2	2
Stations	N/A (1)	9	9	10	10	11	11
Improvement Districts							
Flood warning sites	49	49	50	60	71	78	80
Flood Control District properties	228	228	228	229	232	232	232
Highways and streets							
Public Works							
Miles of paved roads	675	694	740	740	744	754	760
Bridges	14	14	15	16	16	17	17
Sanitation							
Landfill/Environment							
Transfer stations	0	7	7	7	7	7	7
Health							
Health Care							
Public health facilities	2	3	3	3	3	3	3
Culture and recreation							
Parks & Recreation							
County parks	10	10	10	10	10	11	11

Source: Various Yavapai County departments.

Note: No capital asset indicators are available for the welfare or education function.

1) Information prior to 2003 was not available.

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