

Yavapai County, Arizona

Report on Audit of  
Annual Expenditure Limitation Report

Year Ended June 30, 2006

**Yavapai County**  
Report on Audit of Annual Expenditure Limitation Report  
Year Ended June 30, 2006

**Table of Contents**

Independent Auditor's Report .....	1
Annual Expenditure Limitation Report - Part I.....	2
Annual Expenditure Limitation Report - Part II.....	3
Annual Expenditure Limitation Report - Reconciliation .....	4
Notes to Annual Expenditure Limitation Report .....	5



### Independent Auditor's Report

The Auditor General of the State of Arizona

The Board of Supervisors of  
Yavapai County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Yavapai County for the year ended June 30, 2006. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of Yavapai County for the year ended June 30, 2006, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Walker & Armstrong LLP*

December 13, 2007

Yavapai County  
Annual Expenditure Limitation Report - Part I  
Year Ended June 30, 2006

1. Economic Estimates Commission expenditure limitation	\$ 85,259,618
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	85,259,617
3. Amount under the expenditure limitation	<u>\$ 1</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer \_\_\_\_\_

Name and Title: John D. Zander, Finance Director

Telephone Number: (928) 771-3238

Date: December 13, 2007

See accompanying notes to report.

Yavapai County  
Annual Expenditure Limitation Report - Part II  
Year Ended June 30, 2006

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 121,975,269	\$ 34,476,125	\$ 322,964,130	\$ 479,415,524
B. Less exclusions claimed:				
Debt service requirements on bonded indebtedness (Note 2)	2,101,398			2,101,398
Debt service requirements on other long-term obligations (Note 3)	3,004,052			3,004,052
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	808,922			808,922
Trustee or custodian (Note 5)	1,939,110		322,964,130	324,903,240
Grants and aid from the federal government (Note 6)	8,147,494			8,147,494
Amounts received from the State of Arizona (Note 6)	7,843,255			7,843,255
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	12,575,832			12,575,832
Contracts with other political subdivisions (Notes 6, 7 and 9)	87,769	34,476,125		34,563,894
Prior years carryforward (Note 11)	207,820			207,820
Total exclusions claimed	<u>36,715,652</u>	<u>34,476,125</u>	<u>322,964,130</u>	<u>394,155,907</u>
C. Amounts subject to the expenditure limitation	<u>\$ 85,259,617</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,259,617</u>

See accompanying notes to report.

Yavapai County  
Annual Expenditure Limitation Report - Reconciliation  
Year Ended June 30, 2006

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Total expenditures/expenses/ deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 144,600,689	\$ 34,456,013	\$ 322,964,130	\$ 502,020,832
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		41,965		41,965
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	15,161,220			15,161,220
Long-term care contributions withheld by the State Treasurer (Note 10)	7,464,200			7,464,200
Total subtractions	<u>22,625,420</u>	<u>41,965</u>	<u>0</u>	<u>22,667,385</u>
C. Additions:				
Acquisitions of capital assets		<u>62,077</u>		<u>62,077</u>
D. Amounts reported on Part II, Line A	<u>\$ 121,975,269</u>	<u>\$ 34,476,125</u>	<u>\$ 322,964,130</u>	<u>\$ 479,415,524</u>

See accompanying notes to report.

Yavapai County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2006

**Note 1 - Summary of Significant Accounting Policies**

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures or expenses of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Fund; Statement of Cash Flows for the Proprietary Fund; and the Statement of Fiduciary Net Assets for the Fiduciary Fund.

- Note 2 -** The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal and interest expense.
- Note 3 -** The exclusion for debt service requirements on other long-term obligations were to satisfy principal and interest payments for notes payable and capital leases. Payments in the Governmental Funds are reported in the highway and streets category, \$726,630, and debt service, \$2,277,422, in the basic financial statements.
- Note 4 -** The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$1,456,855 in the Governmental Funds includes interest on investments expended of \$808,922. Remaining revenues of \$647,933 have been carried forward to future years.
- Note 5 -** The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,427,800 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, \$511,310 from the anti racketeering fund and, in the Fiduciary Fund, the exclusion consists of \$322,964,130 in distributions to investment pool participants.
- Note 6 -** The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues and contracts with other political subdivisions in the Governmental Funds:

Description	Governmental Funds
Grants and aid from the federal government	\$ 8,147,494
Amounts received from the State of Arizona	7,843,255
Highway user revenues in excess of those received in fiscal year 1979-80	12,575,832
Contracts with other political subdivisions – (excludable, see <b>Note 9</b> )	9,833
Other revenues – (nonexcludable)	39,054,444
Total intergovernmental revenues as reported in the fund financial statements	\$ 67,630,858

**Yavapai County**  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2006

**Note 7 -** The exclusion claimed for contracts with other political subdivisions of \$34,476,125, in the Enterprise Fund is revenues received from AHCCCS that was expended and, therefore, claimed as an exclusion.

**Note 8 -** The subtraction of \$15,161,220 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

	Governmental Funds
General government	\$ 2,637,633
Public safety	12,472,113
Highways and streets	45,049
Sanitation	6,425
Total	\$ 15,161,220

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

	Governmental Funds
Charges for services	\$ 77,936
Intergovernmental	9,833
Total contracts with other political subdivisions	\$ 87,769

	Governmental Funds
Charges for services	\$ 77,936
Other revenues - (nonexcludable)	7,654,257
Total charges for services as reported in the fund financial statements	\$ 7,732,193

	Governmental Funds
Intergovernmental	\$ 9,833
Other revenues - (excludable, see <b>Note 6</b> )	28,566,581
Other revenues - (nonexcludable)	39,054,444
Total intergovernmental as reported in the fund financial statements	\$ 67,630,858

**Note 10 -** The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County's Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.

**Yavapai County**  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2006

**Note 11** - Prior year carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

<b>Description</b>	<b>Governmental Funds</b>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 207,820
Total prior years carryforward expended	<u>\$ 207,820</u>