

**Yavapai County, Arizona
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2005**



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, 2005
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INTRODUCTORY SECTION



Yavapai County Finance Department

MICHAEL S. DANOWSKI, CPA

FINANCE DIRECTOR

November 3, 2005

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, 2005.

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, 2005, 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, 2005, 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 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. The Board appoints an Administrator, who is responsible for overseeing the day-to-day operations of the government. The Board consists of three members elected to four-year terms representing three supervisorial districts.

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 and the Treasurer. There are six elected Superior Court Judges, and five Justices of the Peace.

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 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 seventh 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 58 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 82.

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 167,517, from the 1990 to the 2000 census. This rate makes Yavapai County one of the fastest growing counties in the State of Arizona. This is exemplified by Yavapai County's strong residential construction activity.

The unemployment rate is 3.3% compared to the statewide average of 5.6%. Yavapai County Government 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 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 1/5 cent. On March 26, 2003, the excise tax was raised to the voter approved rate of 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 million. Pledged revenue obligations in the amount of \$15,260,000 were issued to finance the majority of the construction costs.

Phase two of the construction program, which should begin within the next two years, anticipates the construction of a new jail facility in western Yavapai County. Upon its completion, the current Prescott Facility would be taken out of service and converted to other uses due to its outmoded design and poor location.

Cash management policies and practices. Cash temporarily idle during the year was invested in obligations of the U.S. Treasury, 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 2005 was 2.25 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 13 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 15 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, 2004. 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,

Michael S. Danowski
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 20, 2004

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.



Nancy L. Zjelke

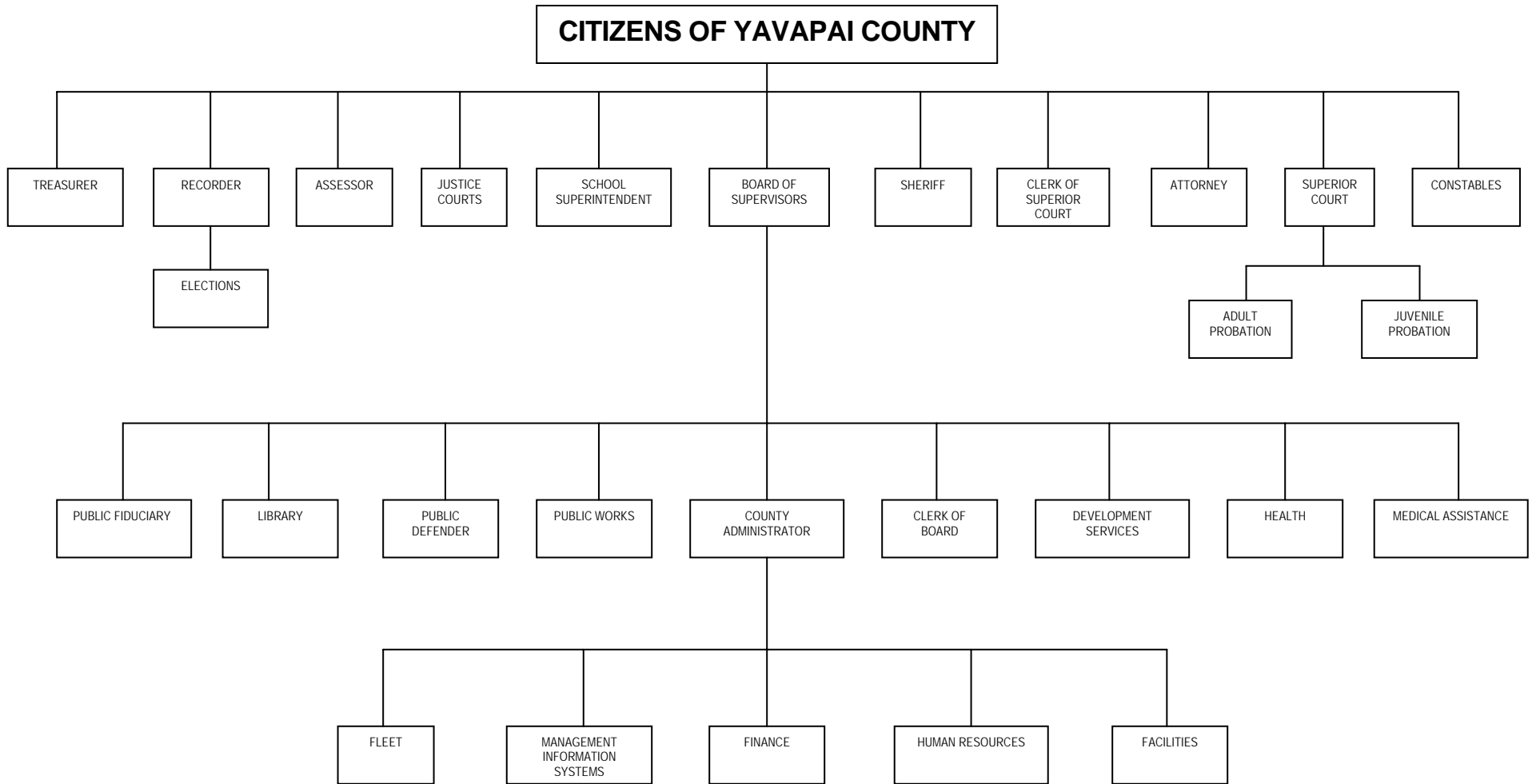
President

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

Bev Staddon

♦ ♦ ♦

COUNTY ADMINISTRATOR

James M. Holst

♦ ♦ ♦

FINANCE DIRECTOR

Michael S. Danowski

FINANCIAL SECTION

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, 2005. 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 \$129,181,492 (net assets). Of this amount, \$27,543,026 (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 \$36,929,165 a increase of \$8,071,358 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,595,788 or 5.8% of total general fund expenditures.
- Yavapai County's total long-term liabilities decreased by \$6,609,709 during the current fiscal year. The key factors in this decrease were the scheduled repayment of notes payable and the retirement of special assessment and jail revenue bond debt.

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 comprise 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 and 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, health, welfare and sanitation, culture and recreation, and education. The Yavapai Long-Term Care Division comprises the business-type activities of Yavapai County.

Yavapai County

Management's Discussion and Analysis

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 21 - 22 of this report.

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 fund 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 six 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 Arizona Long-Term Health 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.

Yavapai County

Management's Discussion and Analysis

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 - 56 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 57 - 63 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 66 - 107 of this report.

Government-wide Financial Analysis

Statement of 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 \$126 million at the close of the most recent fiscal year.

| | Net Assets (in millions) | | | | | | |
|---|------------------------------------|-----------------|---------------|-----------------------------|-----------------|-----------------|--|
| | Governmental Activities | | | Business-type Activities | | Total | |
| | 2004 As | | | | 2004 As | | |
| | 2005 | Restated | 2005 | 2004 | 2005 | Restated | |
| Current and other assets | \$ 48.6 | \$ 40.0 | \$ 6.7 | \$ 6.9 | \$ 55.3 | \$ 46.9 | |
| Restricted assets | 1.6 | 1.9 | | | 1.6 | 1.9 | |
| Capital assets | 112.3 | 110.7 | .1 | .2 | 112.4 | 110.9 | |
| Total assets | 162.5 | 152.6 | 6.8 | 7.1 | 169.3 | 159.7 | |
| Long-term liabilities outstanding | 24.0 | 30.0 | | | 24.0 | 30.0 | |
| Other liabilities | 12.4 | 12.1 | 3.7 | 4.2 | 16.1 | 16.3 | |
| Total liabilities | 36.4 | 42.1 | 3.7 | 4.2 | 40.1 | 46.3 | |
| Net assets: | | | | | | | |
| Invest in capital assets, net of related debt | 98.0 | 89.9 | .2 | .2 | 98.2 | 90.1 | |
| Restricted | .6 | .5 | 2.9 | 2.7 | 3.5 | 3.2 | |
| Unrestricted | 27.5 | 20.1 | | | 27.5 | 20.1 | |
| Total net assets | \$ 126.1 | \$ 110.5 | \$ 3.1 | \$ 2.9 | \$ 129.2 | \$ 113.4 | |

By far the largest portion of Yavapai County's net assets (76%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), 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.

Approximately 3% of Yavapai County's net assets represent resources that are subject to external

Yavapai County Management's Discussion and Analysis

restrictions on how they may be used. The remaining balance of unrestricted net assets (\$27.5 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 program revenues. Restricted net assets increased by \$.3 million, primarily due to moderate revenue increases in the business-type activities. The increase in unrestricted net assets of \$7.4 million is due to increases in both program and general revenues. Governmental activities capital assets have been restated due to the recording of previously unrecorded infrastructure.

Statement of Activities. 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 \$15.8 million, primarily coming from governmental activities. The increase in assets in governmental activities is related to the construction of assets, rather than accumulation of cash or other liquid assets. The basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include taxes that are used, in part, for the construction of those assets. Beginning net assets have been restated due to the recording of previously unrecorded infrastructure. Additional information on this restatement can be found on page 46.

Changes in Net Assets

(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|-----------------|-----------------------------|---------------|-----------------|-----------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 16.8 | \$ 13.8 | \$ 34.9 | \$ 31.5 | \$ 51.7 | \$ 45.3 |
| Operating grants and contributions | 27.0 | 26.7 | | | 27.0 | 26.7 |
| Capital grants | 2.6 | .1 | | | 2.6 | .1 |
| General revenues: | | | | | | |
| Property taxes | 34.9 | 31.9 | | | 34.9 | 31.9 |
| Sales taxes | 41.1 | 35.7 | | | 41.1 | 35.7 |
| Vehicle license tax | 10.1 | 9.5 | | | 10.1 | 9.5 |
| Miscellaneous | 7.1 | 5.3 | .3 | .2 | 7.4 | 5.5 |
| Total revenues | <u>139.6</u> | <u>123.0</u> | <u>35.2</u> | <u>31.7</u> | <u>174.8</u> | <u>154.7</u> |
| Expenses | | | | | | |
| General government | 53.0 | 38.2 | | | 53.0 | 38.2 |
| Public safety | 34.2 | 31.7 | | | 34.2 | 31.7 |
| Highways and streets | 14.5 | 18.5 | | | 14.5 | 18.5 |
| Sanitation | 1.6 | 1.6 | | | 1.6 | 1.6 |
| Health | 9.0 | 8.8 | | | 9.0 | 8.8 |
| Welfare | 9.0 | 7.8 | | | 9.0 | 7.8 |
| Culture and recreation | .7 | .5 | | | .7 | .5 |
| Education | 2.3 | 2.5 | | | 2.3 | 2.5 |
| Long-term care | | | 34.7 | 31.8 | 34.7 | 31.8 |
| Total expenses | <u>124.3</u> | <u>109.6</u> | <u>34.7</u> | <u>31.8</u> | <u>159.0</u> | <u>141.4</u> |
| Increase (decrease) in net assets before transfers | 15.3 | 13.4 | .5 | (.1) | 15.8 | 13.3 |
| Transfers | .3 | 1.0 | (.3) | (1.0) | | |
| Increase (decrease) in net assets | <u>15.6</u> | <u>14.4</u> | <u>.2</u> | <u>(1.1)</u> | <u>15.8</u> | <u>13.3</u> |
| Net assets, beginning restated | 110.5 | 96.1 | 2.9 | 4.0 | 113.4 | 100.1 |
| Net assets, ending | <u>\$ 126.1</u> | <u>\$ 110.5</u> | <u>\$ 3.1</u> | <u>\$ 2.9</u> | <u>\$ 129.2</u> | <u>\$ 113.4</u> |

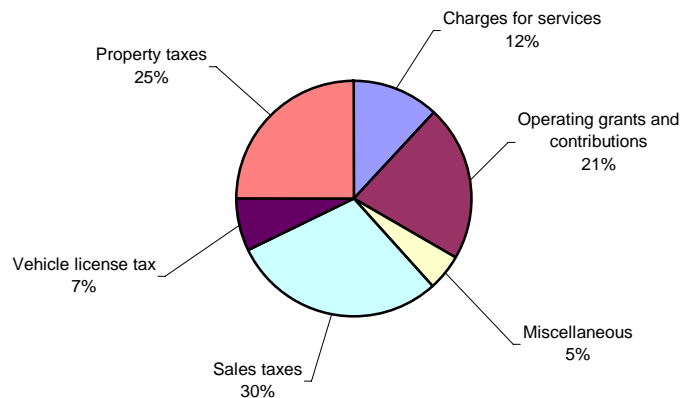
Yavapai County Management's Discussion and Analysis

Governmental activities.

Governmental activities revenues totaled \$139.6 million for fiscal year 2005. 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 increased by \$5.4 million approximately (15%) in the current fiscal year due to a general increase in sales activity, fueled by an improving local economy and continued population growth. The County excise tax and the Jail District tax increased by \$1.5 million and .8 million respectively, and the state-shared sales tax, the largest component of sales tax, increased by over \$2 million, although actual collections exceeded the prior year by \$3 million, however Arizona law requires actual sales taxes collected above the budgeted amount to be recognized in fiscal year 2005/06. Based upon the Arizona State Department of Revenue projections, it is expected that State-shared sales tax will show a similar increase in fiscal year 2005/06.
- Property taxes increased by \$3 million (9.3%) during the year. This increase is attributable to increased property values, new construction and a 1.2% increase in the property tax rate.
- Charges for services increased by \$3 million primarily from increases in building and related permits, County Recorder and Assessor fees, which is indicative of increased building and real estate sales activity.

Revenues by Source - Governmental Activities

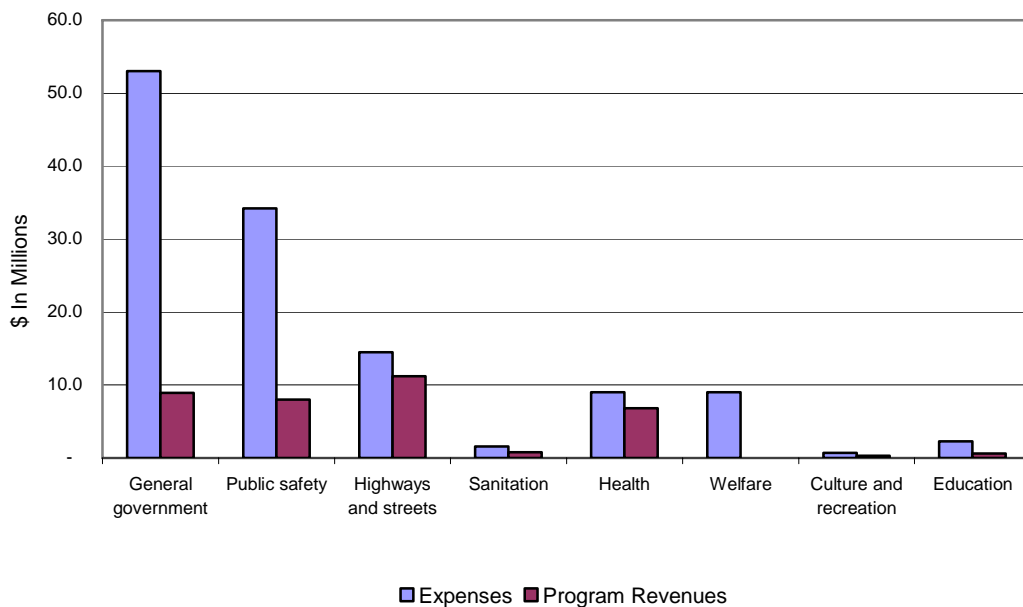


Yavapai County Management's Discussion and Analysis

Expenses

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The general government function experienced significant growth in the Assessor, Public Defender, Management Information Services, Development Services and Elections departments. Increases, over the prior year, in public safety are the result of increasing demands on law enforcement and detention within the Sheriff's office. The decrease in highways and streets is the result of the payment to the State of Arizona in the prior year for the County's share of a major road project.

Expenses and Program Revenues - Governmental Activities

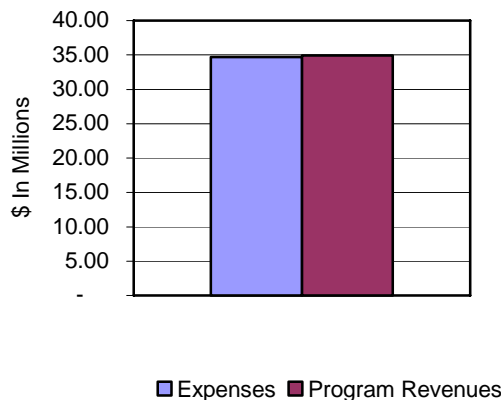


Business-type activities Business-type activities consist solely of the Yavapai County Department of Medical Assistance, Long-Term Health Care Division (“Division”). The Division operates a prepaid health program for qualified persons of Yavapai County within the State of Arizona. The Program provides 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.

Yavapai County Management's Discussion and Analysis

Capitation revenues increased by \$3.4 million, or 11%, for fiscal year 2005 over the prior fiscal year. Operating expenses increased \$2.9 million representing a 9% change from the prior year. These increases are the direct result of an increase in client membership and an increase in provider service costs.

Expenses and Program Revenues-Business-type Activities



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 \$36,929,165, an increase of \$8,071,358 in comparison with the prior year. This change is primarily attributable to the increases in the fund balances of the general, capital projects and the regional road funds. The fund balance is unreserved other than the reserves for inventories of \$257,723 and debt service of \$546,806.

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 \$3,595,788, which was \$1,732,383 more than the previous fiscal year. Otherwise both revenues and expenditures for the current fiscal year closely followed estimates.

Yavapai County Management's Discussion and Analysis

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 \$2,921,417, an increase of \$218,336 over the prior fiscal year. This increase is primarily due to the fixed capitation amount received from the AHCCCS, which was slightly more than what was expected. Other factors concerning the finances of this fund have already been addressed in the discussion of Yavapai County's business-type activities.

General Fund Budgetary Highlights

Certain departments received supplemental appropriations as follows:

| | |
|--------------------------------|------------|
| Public Defender | \$ 103,484 |
| Treasurer | 20,916 |
| Management Information System | 12,204 |
| County Attorney | 6,200 |
| Development Services | 6,035 |
| Human Resources | 5,377 |
| School Superintendent | 3,263 |
| Bagdad / Yarnell Justice Court | 2,433 |

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 \$2,297,051. The Public Defender office exceeded its adopted budget due to an increased case load and higher than expected expenditures related to capital cases. During the year, actual revenue exceeded estimates by \$1,260,255 or 1.8%.

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, 2005, amounts to \$98.2 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, machinery and equipment. In addition, roads and highways constructed in the fiscal year ended June 30, 2005, or in progress at that date, are included in capital assets. In accordance with GASB Statement No. 34, the County will retroactively value all infrastructure assets back to fiscal year 1981 by June 30, 2006. The total increase in Yavapai County's investment in capital assets for the current fiscal year was 9.2%, nearly all of which is attributed to governmental activities.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|-----------------|-----------------------------|--------------|-----------------|-----------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Land | \$ 11.9 | \$ 11.7 | \$ | \$ | \$ 11.9 | \$ 11.7 |
| Buildings | 46.2 | 47.2 | | | 46.2 | 47.2 |
| Machinery and Equipment | 10.0 | 10.2 | .2 | .2 | 10.2 | 10.4 |
| Infrastructure | 41.7 | 29.4 | | | 41.7 | 29.4 |
| Construction in Progress | 2.4 | 12.1 | | | 2.4 | 12.1 |
| Total | <u>\$ 112.2</u> | <u>\$ 110.6</u> | <u>\$.2</u> | <u>\$.2</u> | <u>\$ 112.4</u> | <u>\$ 110.8</u> |

Additional information on Yavapai County's capital assets can be found in Note 4 on pages 45 - 46 of this report.

Yavapai County

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, Yavapai County had total bonded debt outstanding of \$12,787,867. Of this amount, \$11,200,000 represents pledged revenue obligations of the Yavapai County Jail District, which are secured by a dedicated excise tax of ¼ cent, and \$1,587,867 represents debt of various special assessment districts which is secured by pledges of revenues from special assessments levied against benefiting property owners. Yavapai County also had notes payable of \$2,250,000 which are secured by the County's highway user revenue. The remainder of Yavapai County's debt is a long-term capital lease of \$791,367 road equipment.

Yavapai County's Outstanding Debt (in millions)

| | 2005 | 2004 |
|---|----------------|----------------|
| Jail District Pledged Revenue Obligations | \$ 11.2 | \$ 12.6 |
| Special Assessment Debt Payable | 1.6 | 1.7 |
| Notes Payable | 2.3 | 6.4 |
| Capital Leases | 0.8 | 1.8 |
| Total | <u>\$ 15.9</u> | <u>\$ 22.5</u> |

Yavapai County's debt decreased by a net \$6,609,709 during the current fiscal year. The pledged revenue obligations are being used to construct new jail facilities, also mentioned above. Moody's Investor Service and Standard & Poor's Rating services have assigned the ratings of "Aaa" and "AAA", respectively, on these 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 \$112,670,846. 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 47-49 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Yavapai County is currently 3.3 percent, which is unchanged from a year ago. This compares favorably to the state's average unemployment rate of 5.6 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing Yavapai County's budget for the 2005/06 fiscal year. The unreserved ending fund balance in the general fund of \$3,595,788 was appropriated for spending in the 2005/06 fiscal year budget. Although the County is experiencing an ever greater demand for services, conservative budgeting and increased revenues avoided the need for any increase in the general fund property tax rate for the 2005/06 fiscal year.

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

Yavapai County
Statement of Net Assets
June 30, 2005

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and investments held by treasurer | \$ 36,025,933 | \$ 4,581,775 | \$ 40,607,708 |
| Receivables: | | | |
| Property taxes | 1,387,091 | - | 1,387,091 |
| Special assessments | 1,448,931 | - | 1,448,931 |
| Accounts | 1,396,111 | - | 1,396,111 |
| Due from other governments | 7,873,475 | 2,071,809 | 9,945,284 |
| Inventories | 257,723 | - | 257,723 |
| Prepaid items | 83,601 | - | 83,601 |
| Deferred charges | 131,794 | - | 131,794 |
| Cash equivalents - restricted | 1,632,595 | - | 1,632,595 |
| Capital assets, not being depreciated | 14,554,476 | - | 14,554,476 |
| Capital assets, being depreciated, net | 97,697,677 | 159,457 | 97,857,134 |
| Total assets | <u>162,489,407</u> | <u>6,813,041</u> | <u>169,302,448</u> |
| Liabilities | | | |
| Accounts payable | 3,816,316 | 11,810 | 3,828,126 |
| Accrued payroll and employee benefits | 2,555,519 | 213,133 | 2,768,652 |
| Bonds payable | 1,395,000 | - | 1,395,000 |
| Interest payable | 237,595 | - | 237,595 |
| Due to other governments | - | 550,613 | 550,613 |
| Medical claims payable | - | 2,956,611 | 2,956,611 |
| Unearned revenue | 4,403,311 | - | 4,403,311 |
| Noncurrent liabilities: | | | |
| Due within one year | 9,633,551 | - | 9,633,551 |
| Due in more than one year | 14,347,497 | - | 14,347,497 |
| Total liabilities | <u>36,388,789</u> | <u>3,732,167</u> | <u>40,120,956</u> |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 98,010,786 | 159,457 | 98,170,243 |
| Restricted for: | | | |
| Health and welfare | - | 2,921,417 | 2,921,417 |
| Debt service | 546,806 | - | 546,806 |
| Unrestricted | 27,543,026 | - | 27,543,026 |
| Total net assets | <u>\$ 126,100,618</u> | <u>\$ 3,080,874</u> | <u>\$ 129,181,492</u> |

See accompanying notes to financial statements.

Yavapai County
Statement of Activities
Year Ended June 30, 2005

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenue & Changes in Net Assets | | |
|--------------------------------------|-----------------------|----------------------------|--|--------------------------------------|--|-----------------------------|-----------------------|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business-type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 49,606,233 | \$ 7,507,861 | \$ 3,690,429 | \$ - | \$ (38,407,943) | \$ - | \$ (38,407,943) |
| Public safety | 34,241,112 | 3,548,886 | 5,054,092 | - | (25,638,134) | - | (25,638,134) |
| Highways and streets | 14,468,350 | 2,058,209 | 11,554,211 | - | (855,930) | - | (855,930) |
| Sanitation | 1,589,708 | 523,207 | 652,016 | - | (414,485) | - | (414,485) |
| Health | 8,958,399 | 2,799,419 | 5,141,965 | - | (1,017,015) | - | (1,017,015) |
| Welfare | 8,978,907 | - | - | - | (8,978,907) | - | (8,978,907) |
| Culture and recreation | 667,306 | - | 51,720 | - | (615,586) | - | (615,586) |
| Education | 2,326,146 | 346,196 | 880,483 | - | (1,099,467) | - | (1,099,467) |
| Aid to other governments | 2,690,577 | - | - | 2,586,829 | (103,748) | - | (103,748) |
| Interest on long-term debt | 673,555 | - | - | - | (673,555) | - | (673,555) |
| Total governmental activities | <u>124,200,293</u> | <u>16,783,778</u> | <u>27,024,916</u> | <u>2,586,829</u> | <u>(77,804,770)</u> | <u>-</u> | <u>(77,804,770)</u> |
| Business-type activities: | | | | | | | |
| Long term care | 34,660,511 | 34,931,830 | - | - | - | 271,319 | 271,319 |
| Total business-type activities | <u>34,660,511</u> | <u>34,931,830</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>271,319</u> | <u>271,319</u> |
| Total primary government | <u>\$ 158,860,804</u> | <u>\$ 51,715,608</u> | <u>\$ 27,024,916</u> | <u>\$ 2,586,829</u> | <u>(77,804,770)</u> | <u>271,319</u> | <u>(77,533,451)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 34,912,400 | - | 34,912,400 |
| Sales taxes | | | | | 41,077,470 | - | 41,077,470 |
| Vehicle license taxes | | | | | 10,060,798 | - | 10,060,798 |
| Franchise taxes | | | | | 511,205 | - | 511,205 |
| Lottery | | | | | 550,035 | - | 550,035 |
| Interest on investments | | | | | 554,886 | 114,608 | 669,494 |
| Gain of sale of capital assets | | | | | 1,353,975 | - | 1,353,975 |
| Miscellaneous | | | | | 4,123,119 | 129,455 | 4,252,574 |
| Transfers | | | | | 297,046 | (297,046) | - |
| Total general revenues and transfers | | | | | <u>93,440,934</u> | <u>(52,983)</u> | <u>93,387,951</u> |
| Changes in net assets | | | | | 15,636,164 | 218,336 | 15,854,500 |
| Net assets – beginning, as restated | | | | | <u>110,464,454</u> | <u>2,862,538</u> | <u>113,326,992</u> |
| Net assets - ending | | | | | <u>\$ 126,100,618</u> | <u>\$ 3,080,874</u> | <u>\$ 129,181,492</u> |

See accompanying notes to financial statements.

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Yavapai County
Balance Sheet
Governmental Funds
June 30, 2005

| Assets | General | Jail District | Jail District Debt Service | Regional Road |
|---------------------------------------|--------------|---------------|-------------------------------|------------------|
| Cash and cash equivalents | \$ 3,091,710 | \$ 2,983,117 | \$ 26 | \$ 11,786,502 |
| Receivables: | | | | |
| Property taxes | 1,159,568 | - | - | - |
| Special assessments | - | - | - | - |
| Accounts | 615,120 | 26,037 | - | 86,993 |
| Due from: | | | | |
| Other funds | 1,352,700 | 1,976 | - | - |
| Other governments | 3,134,001 | 692,395 | - | 970,234 |
| Inventories | 99,748 | - | - | - |
| Prepaid items | 75,532 | - | - | - |
| Cash equivalents - restricted | - | - | 1,632,595 | - |
| Total assets | \$ 9,528,379 | \$ 3,703,525 | \$ 1,632,621 | \$ 12,843,729 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 804,217 | \$ 257,122 | \$ - | \$ 796,702 |
| Accrued payroll and employee benefits | 1,433,897 | 303,838 | - | 8,176 |
| Due to other funds | 774 | - | - | 1,365 |
| Interest payable | - | - | 237,595 | - |
| Principal payable | - | - | 1,395,000 | - |
| Unearned revenue | 3,593,955 | - | - | - |
| Total liabilities | 5,832,843 | 560,960 | 1,632,595 | 806,243 |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Debt service | - | - | 26 | - |
| Inventory | 99,748 | - | - | - |
| Unreserved, reported in | | | | |
| General fund | 3,595,788 | - | - | - |
| Special revenue funds | - | 3,142,565 | - | 12,037,486 |
| Capital project funds | - | - | - | - |
| Total fund balances | 3,695,536 | 3,142,565 | 26 | 12,037,486 |
| Total liabilities and fund balances | \$ 9,528,379 | \$ 3,703,525 | \$ 1,632,621 | \$ 12,843,729 |

See accompanying notes to financial statements.

| HURF Road | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---------------------|---------------------|--------------------------------|--------------------------------|
| \$ - | \$ 6,345,615 | \$ 11,818,963 | \$ 36,025,933 |
| - | - | 227,523 | 1,387,091 |
| - | - | 1,448,931 | 1,448,931 |
| 13,911 | 9,376 | 484,481 | 1,235,918 |
| 35,404 | - | 448,154 | 1,838,234 |
| 1,636,532 | - | 1,440,313 | 7,873,475 |
| 157,975 | - | - | 257,723 |
| - | - | 8,069 | 83,601 |
| - | - | - | 1,632,595 |
| <u>\$ 1,843,822</u> | <u>\$ 6,354,991</u> | <u>\$ 15,876,434</u> | <u>\$ 51,783,501</u> |
| | | | |
| \$ 654,085 | \$ 79,900 | \$ 1,224,290 | \$ 3,816,316 |
| 231,693 | - | 577,915 | 2,555,519 |
| 890,048 | - | 785,854 | 1,678,041 |
| - | - | - | 237,595 |
| - | - | - | 1,395,000 |
| - | - | 1,577,910 | 5,171,865 |
| <u>1,775,826</u> | <u>79,900</u> | <u>4,165,969</u> | <u>14,854,336</u> |
| | | | |
| - | - | 546,780 | 546,806 |
| 157,975 | - | - | 257,723 |
| - | - | - | 3,595,788 |
| (89,979) | - | 11,172,192 | 26,262,264 |
| - | 6,275,091 | (8,507) | 6,266,584 |
| <u>67,996</u> | <u>6,275,091</u> | <u>11,710,465</u> | <u>36,929,165</u> |
| <u>\$ 1,843,822</u> | <u>\$ 6,354,991</u> | <u>\$ 15,876,434</u> | <u>\$ 51,783,501</u> |

Yavapai County
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

| | |
|--|-----------------------|
| Total fund balances - governmental funds | \$ 36,929,165 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 112,252,153 |
| Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 768,554 |
| Bond issuance costs are recorded as deferred charges, and are not reported in the funds. | 131,794 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(23,981,048)</u> |
| Net assets of governmental activities | <u>\$ 126,100,618</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, 2005

| | General | Jail District | Jail District Debt Service | Regional Road |
|--|---------------------|---------------------|-------------------------------|----------------------|
| Revenues: | | | | |
| Taxes | \$ 34,689,252 | \$ 7,045,465 | \$ - | \$ 9,166,581 |
| Special assessments | - | - | - | - |
| Licenses and permits | 4,006,141 | - | - | 2,056,735 |
| Intergovernmental | 28,548,998 | - | - | - |
| Charges for services | 1,634,201 | 382,936 | - | - |
| Fines and forfeits | 2,159,669 | - | - | - |
| Investment income | 52,821 | 75,353 | - | 139,515 |
| Miscellaneous | 721,790 | 46,813 | - | 21,993 |
| Total Revenues | <u>71,812,872</u> | <u>7,550,567</u> | <u>-</u> | <u>11,384,824</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 39,277,350 | - | - | - |
| Public safety | 13,576,276 | 12,001,473 | - | - |
| Highways and streets | - | - | - | 3,973,203 |
| Sanitation | - | - | - | - |
| Health | - | - | - | - |
| Welfare | 8,975,900 | - | - | - |
| Education | 560,563 | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital expenditures | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | 1,395,000 | - |
| Interest and fiscal charges | - | - | 477,093 | - |
| Total Expenditures | <u>62,390,089</u> | <u>12,001,473</u> | <u>1,872,093</u> | <u>3,973,203</u> |
| Excess (deficiency) of revenues over (under) expenditures | 9,422,783 | (4,450,906) | (1,872,093) | 7,411,621 |
| Other financing sources (uses): | | | | |
| Transfers in | 1,655,617 | 5,290,807 | 1,872,119 | - |
| Transfers out | (9,371,500) | (2,104,326) | - | (4,203,045) |
| Sale of capital assets | 25,483 | - | - | 1,367,270 |
| Total other financing sources (uses) | <u>(7,690,400)</u> | <u>3,186,481</u> | <u>1,872,119</u> | <u>(2,835,775)</u> |
| Net changes in fund balances | 1,732,383 | (1,264,425) | 26 | 4,575,846 |
| Fund Balances, July 1, 2004 | 1,955,129 | 4,406,990 | - | 7,461,640 |
| Increase (decrease) in reserve for inventories | 8,024 | - | - | - |
| Fund Balances, June 30, 2005 | <u>\$ 3,695,536</u> | <u>\$ 3,142,565</u> | <u>\$ 26</u> | <u>\$ 12,037,486</u> |

See accompanying notes to financial statements.

| HURF Road | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|-------------------|---------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 5,798,101 | \$ 56,699,399 |
| - | - | 308,532 | 308,532 |
| - | - | 399,261 | 6,462,137 |
| 14,945,143 | - | 16,353,793 | 59,847,934 |
| - | - | 5,298,784 | 7,315,921 |
| - | - | 351,106 | 2,510,775 |
| 2,111 | 79,074 | 206,013 | 554,887 |
| 331,532 | 1,348 | 3,490,275 | 4,613,751 |
| <u>15,278,786</u> | <u>80,422</u> | <u>32,205,865</u> | <u>138,313,336</u> |
| - | - | 7,514,223 | 46,791,573 |
| - | - | 8,118,873 | 33,696,622 |
| 15,174,025 | - | 207,417 | 19,354,645 |
| - | - | 1,492,577 | 1,492,577 |
| - | - | 8,833,788 | 8,833,788 |
| - | - | - | 8,975,900 |
| - | - | 1,859,931 | 2,420,494 |
| - | - | 561,582 | 561,582 |
| - | 599,753 | 2,875,346 | 3,475,099 |
| - | - | 4,252,287 | 5,647,287 |
| - | - | 196,463 | 673,556 |
| <u>15,174,025</u> | <u>599,753</u> | <u>35,912,487</u> | <u>131,923,123</u> |
| 104,761 | (519,331) | (3,706,622) | 6,390,213 |
| 10,000 | 2,100,000 | 6,701,193 | 17,629,736 |
| (600,000) | (13,242) | (1,040,577) | (17,332,690) |
| - | - | - | 1,392,753 |
| <u>(590,000)</u> | <u>2,086,758</u> | <u>5,660,616</u> | <u>1,689,799</u> |
| (485,239) | 1,567,427 | 1,953,994 | 8,080,012 |
| 569,913 | 4,707,664 | 9,756,471 | 28,857,807 |
| (16,678) | - | - | (8,654) |
| <u>\$ 67,996</u> | <u>\$ 6,275,091</u> | <u>\$ 11,710,465</u> | <u>\$ 36,929,165</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, 2005

Net change in fund balances - total governmental funds \$ 8,080,012

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. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|----------------|-------------|-----------|
| Capital outlay | 7,058,667 | |
| Depreciation | (5,397,713) | 1,660,954 |

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.

| | | |
|-------------------------------------|-----------|-----------|
| Long-term lease principal payments | 962,422 | |
| Principal repaid on bonds and notes | 5,647,287 | 6,609,709 |

Deferred tax revenues are recognized in the governmental funds only when available, but are recognized in the Statement of Activities when earned. (127,896)

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 | (501,207) | |
| Decrease in bond amortization | (18,827) | |
| Increase in claims and judgements | (17,265) | |
| Increase in landfill closure and post closure care costs | (1,884) | (539,183) |

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.

| | | |
|-------------------------|---------|---------|
| Decrease in inventories | (8,654) | (8,654) |
|-------------------------|---------|---------|

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold. (38,778)

| | |
|--|---------------|
| Changes in net assets of governmental activities | \$ 15,636,164 |
|--|---------------|

See accompanying notes to financial statements.

Yavapai County
Statement of Net Assets
Proprietary Funds
June 30, 2005

| | Business-type Activities- Enterprise Fund |
|---|---|
| | Long-term Care |
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 4,581,775 |
| Due from other governments | 2,071,809 |
| Total current assets | 6,653,584 |
| Noncurrent assets: | |
| Capital assets, net of accumulated depreciation | 159,457 |
| Total noncurrent assets | 159,457 |
| Total Assets | 6,813,041 |
| Liabilities | |
| Current liabilities : | |
| Accounts payable | 11,810 |
| Accrued payroll and employee benefits | 213,133 |
| Medical claims payable | 2,956,611 |
| Due to other funds | 160,193 |
| Due to other governments | 390,420 |
| Total current liabilities | 3,732,167 |
| Total Liabilities | 3,732,167 |
| Net Assets | |
| Invested in capital assets | 159,457 |
| Restricted - health and welfare | 2,921,417 |
| Total Net Assets | \$ 3,080,874 |

See accompanying notes to financial statements.

Yavapai County
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2005

| | Business-type Activities- Enterprise Fund |
|---------------------------|---|
| | Long-term Care |
| Operating revenues: | |
| AHCCCS revenues | \$ 34,931,830 |
| Miscellaneous | 129,455 |
| Total operating revenues | 35,061,285 |
| | |
| Operating Expenses: | |
| Medical costs | 31,781,491 |
| Administrative costs | 2,827,573 |
| Depreciation | 51,447 |
| Total operating expenses | 34,660,511 |
| | |
| Operating income | 400,774 |
| | |
| Nonoperating revenues: | |
| Interest income | 114,608 |
| Income before transfers | 515,382 |
| | |
| Transfers out | (297,046) |
| | |
| Increase in net assets | 218,336 |
| | |
| Net assets, July 1, 2004 | 2,862,538 |
| Net assets, June 30, 2005 | \$ 3,080,874 |

See accompanying notes to financial statements.

Yavapai County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2005

| | | Business-type Activities- Enterprise Fund <hr/> Long-term Care <hr/> |
|---|----|--|
| Cash flows from operating activities: | | |
| Cash received from AHCCCS | \$ | 34,850,794 |
| Cash payments for medical services | | (31,321,656) |
| Cash payments for personal services | | (1,654,499) |
| Cash payments to other County funds for goods and services | | (1,050,051) |
| Cash payments for operating activities | | <u>(1,502,846)</u> |
| Net cash used for operating activities | | <u>(678,258)</u> |
| Cash flows from noncapital financing activities: | | |
| Cash transferred to general fund | | <u>(297,046)</u> |
| Cash flows from capital and related financing activities: | | |
| Purchase of capital assets | | <u>(36,776)</u> |
| Cash flows from investing activities: | | |
| Interest on investments | | <u>114,608</u> |
| Net decrease in cash and cash equivalents | | (897,472) |
| Cash and cash equivalents, July 1, 2004 | | <u>5,479,247</u> |
| Cash and cash equivalents, June 30, 2005 | \$ | <u><u>4,581,775</u></u> |
| Reconciliation of net income to net cash used for operating activities: | | |
| Operating income | \$ | 400,774 |
| Adjustments to reconcile net income to net cash used for operating activities: | | |
| Depreciation | | 51,447 |
| Changes in assets and liabilities: | | |
| Decrease in due from other funds | | 52,530 |
| Increase in due from other governments | | (721,065) |
| Decrease in accounts payable | | (136,093) |
| Decrease in accrued payroll and employee benefits | | (3,782) |
| Decrease in medical claims payable | | (602,403) |
| Increase in due to other funds | | 67,624 |
| Increase in due to other governments | | <u>212,710</u> |
| Net cash used for operating activities | \$ | <u><u>(678,258)</u></u> |

See accompanying notes to financial statements.

Yavapai County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

| | Investment Trust Fund | Agency Fund |
|---|--------------------------|----------------|
| Assets | | |
| Cash and cash equivalents | \$ 62,635,727 | \$ 1,564,006 |
| Total Assets | 62,635,727 | \$ 1,564,006 |
| Liabilities | | |
| Due to other governments | - | \$ 1,564,006 |
| Total Liabilities | - | \$ 1,564,006 |
| Net Assets | | |
| Held in trust for investment trust participants | \$ 62,635,727 | |

See accompanying notes to financial statements.

Yavapai County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2005

| | Investment Trust Fund |
|---------------------------------|--------------------------|
| Additions: | |
| Contributions from participants | \$ 327,166,805 |
| Investment income | 1,018,855 |
| Total additions | 328,185,660 |
| | |
| Deductions: | |
| Distributions to participants | 307,013,649 |
| Total deductions | 307,013,649 |
| | |
| Changes in net assets | 21,172,011 |
| | |
| Net assets, July 1, 2004 | 41,463,716 |
| Net assets, June 30, 2005 | \$ 62,635,727 |

See accompanying notes to financial statements.

Yavapai County
Notes to Financial Statements
June 30, 2005

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).

During the year ended June 30, 2005, the County implemented the provisions of GASB Statement No. 40, Deposit and Investment Risk Disclosures. GASB Statement No. 40 establishes and modifies the risk disclosures about the County's deposits and investments. The implementation of GASB Statement No. 40 requires only additional disclosures, and had no effect on reported amounts for deposits, investments, net assets, or changes in net assets.

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 combined 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.

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; County board of supervisors serves as board of directors | Blended | Not available |
| Yavapai County Library District | Provides and maintains library services for County's residents; County board of supervisors serves as board of directors | Blended | Not available |

Yavapai County
Notes to Financial Statements
June 30, 2005

| | | | |
|---|--|---------|---------------|
| Yavapai County Special Assessment District | Constructs or improves sidewalks, curbs and gutters, irrigation systems, and street lighting within the County; County 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; county board of supervisors serves as governing board | Blended | Not available |

Related Organization - 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.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund-based financial statements. The government-wide statements focus on the County as a whole, while the fund-based 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

Yavapai County
Notes to Financial Statements
June 30, 2005

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 good, 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 subsidies and investment income, result from transactions in which the parties do not exchange equal values are reported as nonoperating revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets.

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 is used to account for County jail operations. Although the criteria for classification as a major fund was not met, the County has elected to disclose this fund as a major fund due to its importance to financial statement users.

The Jail District Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on the revenue bonds issued for the construction and remodel of the County jail.

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

Yavapai County
Notes to Financial Statements
June 30, 2005

The HURF Road Fund is used to account for road maintenance and construction of nonmajor roads, and is funded primarily by highway users revenue.

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

The County reports the following major proprietary fund:

The Long-term Care Fund is used to account for the activities of the Yavapai County Department of Medical Assistance Long-term Care Division. The Long-Term Care Division operates a prepaid health program for qualified persons of the County.

The County reports the following fund types:

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

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 in a fiduciary capacity.

C. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no 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-based 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 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. 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. Proceeds of long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Property taxes, sales taxes, vehicle license taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be

Yavapai County
Notes to Financial Statements
June 30, 2005

susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expense is 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 applied the option not to follow those FASB pronouncements issued after November 30, 1989.

D. Cash and Investments

For purposes of the 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 three 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 and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. 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.

Yavapai County
Notes to Financial Statements
June 30, 2005

G. Restricted Assets

Certain resources set aside for repayment of the jail construction revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. The “payment fund” account is used to segregate resources accumulated for debt service payments over the next twelve months. In addition, certain proceeds of a capital lease financing are maintained in a separate account for the acquisition of capital assets, and are classified as restricted.

H. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received. 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 | | |
| Buildings | \$10,000 | Straight-line | 20-40 years |
| Machinery and Equipment | \$5,000 | Straight-line | 5 -10 years |
| Infrastructure | \$10,000 | Straight-line | 12-40 years |

I. Investment Income

Investment income 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, at various accrual rates, depending on years of service. 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 financial statements.

Employees may also 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, and therefore are not accrued.

Yavapai County
Notes to Financial Statements
June 30, 2005

Note 2 - 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.

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 just have a maximum maturity of 180 days.

Foreign currency risk

Statutes do not allow foreign investments.

Deposits—At June 30, 2005, the carrying amount of the County's deposits was \$1,675,951, and the bank balance was \$5,582,945. The County requires collateral on all deposits not covered by federal depository insurance.

Yavapai County
Notes to Financial Statements
June 30, 2005

Investments—The County’s investments at June 30, 2005, were as follows:

| Investment Type | Amount |
|------------------------------------|-----------------------|
| U.S. Treasury securities | \$ 14,835,244 |
| U.S. agency securities | 25,583,398 |
| State Treasurer’s investment pools | <u>63,199,000</u> |
| Total | <u>\$ 103,617,642</u> |

The State Board of Investment provides oversight for the State Treasurer’s pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. 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, 2005, credit risk for the County’s investments was as follows:

| Investment Type | Rating | Rating Agency | Amount |
|------------------------------------|---------|----------------|----------------------|
| U.S. agency securities | AAA | Moody’s | \$ 25,583,398 |
| State Treasurer’s investment pools | Unrated | Not applicable | <u>63,199,000</u> |
| Total | | | <u>\$ 88,782,398</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. The County does not have a formal investment policy with respect to custodial credit risk.

Concentration of credit risk—More than 5 percent of the County’s investments as June 30, 2005, were in Federal National Mortgage Association and Federal Home Loan Bank. These investments were 5.7 percent and 18.1 percent, respectively, of the County’s total investments.

Interest rate risk—The County does not have a formal policy regarding interest rate risk. At June 30, 2005, the County had the following investments in debt securities:

| Investment Type | Amount | Weighted Average Maturity in Years |
|-------------------------------------|-----------------------|---------------------------------------|
| U.S. Treasury securities | \$ 14,835,244 | 1.20 |
| U.S. agency securities | 25,583,398 | 1.20 |
| State Treasurer’s investment pool 7 | <u>63,199,000</u> | 0.41 |
| Total | <u>\$ 103,617,642</u> | |

Yavapai County
Notes to Financial Statements
June 30, 2005

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

Cash, deposits, and investments:

| | |
|-----------------------|----------------|
| Cash on hand | \$ 1,146,443 |
| Amount of deposits | 1,675,951 |
| Amount of investments | 103,617,642 |
| Total | \$ 106,440,036 |

| Statement of Net Assets: | Governmental Activities | Business-Type Activities | Investment Trust Funds | Agency Funds | Total |
|--|----------------------------|-----------------------------|---------------------------|-----------------|----------------|
| Cash, cash equivalents and investments | \$ 37,658,528 | \$ 4,581,775 | \$ 62,635,727 | \$ 1,564,006 | \$ 106,440,036 |
| Total | \$ 37,658,528 | \$ 4,581,775 | \$ 62,635,727 | \$ 1,564,006 | \$ 106,440,036 |

Note 3 - Due From Other Governments

Amounts due from other governments at June 30, 2005, include \$1,703,063 in state-shared revenue from sales tax, \$449,310 in county excise tax distributions due from the State Treasurer, \$640,018 in state motor vehicle license taxes from the Arizona Department of Transportation and \$341,610 in other fees from federal, state, and local governments recorded in the General Fund; \$1,089,055 in state-shared revenue from highway user taxes, and \$377,580 in state motor vehicle license tax and \$169,897 in other fees from federal, state, and local governments recorded in the HURF Road Fund; \$1,440,313 in grants and other fees from federal, state grants and local governments recorded in the Other Governmental Funds; \$834,434 in county excise tax distributions due from the State Treasurer and \$135,800 in other fees from local governments recorded in the Regional Road Fund; \$641,326 in sales tax collections and \$51,069 in other fees from the federal, state and local governments recorded in the Jail District Fund.

Yavapai County
Notes to Financial Statements
June 30, 2005

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2005, was as follows:

| | Balance July 1 ,2004, as restated | Increases | Decreases | Balance June 30, 2005 |
|--|---|----------------------|-----------------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 11,705,056 | \$ 152,929 | \$ - | \$ 11,857,985 |
| Infrastructure | 265,870 | 19,657 | | 285,527 |
| Construction in progress (estimated cost to complete \$1,477,000) | 12,111,609 | 4,381,822 | (14,082,467) | 2,410,964 |
| Total capital assets not being Depreciated | <u>24,082,535</u> | <u>4,554,408</u> | <u>(14,082,467)</u> | <u>14,554,476</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 57,717,730 | 561,652 | - | 58,279,382 |
| Machinery and equipment | 26,158,522 | 2,417,176 | (723,209) | 27,852,489 |
| Infrastructure | 31,517,017 | 13,607,898 | - | 45,124,915 |
| Total | <u>115,393,269</u> | <u>16,586,726</u> | <u>(723,209)</u> | <u>131,256,786</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (10,530,205) | (1,518,287) | - | (12,048,492) |
| Machinery and equipment | (15,939,873) | (2,577,341) | 684,430 | (17,832,784) |
| Infrastructure | (2,375,749) | (1,302,084) | - | (3,677,833) |
| Total | <u>(28,845,827)</u> | <u>(5,397,712)</u> | <u>684,430</u> | <u>(33,559,109)</u> |
| Total capital assets, being depreciated, net | <u>86,547,442</u> | <u>11,189,014</u> | <u>(38,779)</u> | <u>97,697,677</u> |
| Governmental activities capital assets, net | <u>\$110,629,977</u> | <u>\$ 15,743,422</u> | <u>\$(14,121,246)</u> | <u>\$112,252,153</u> |
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Machinery and equipment | \$ 567,511 | \$ 36,776 | \$ - | \$ 604,287 |
| Total capital assets being depreciated | <u>567,511</u> | <u>36,776</u> | <u>-</u> | <u>604,287</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (393,383) | (51,447) | - | (444,830) |
| Total | <u>(393,383)</u> | <u>(51,447)</u> | <u>-</u> | <u>(444,830)</u> |
| Business-type activities capital Assets, net | <u>\$ 174,128</u> | <u>\$ (14,671)</u> | <u>\$ -</u> | <u>\$ 159,457</u> |

Yavapai County
Notes to Financial Statements
June 30, 2005

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Governmental Activities: | |
| General government | \$ 1,576,000 |
| Public safety | 1,216,460 |
| Highway and streets | 2,224,063 |
| Sanitation | 84,011 |
| Health | 145,632 |
| Welfare | 617 |
| Education | 18,089 |
| Culture and Recreation | 132,840 |
| Total governmental activities depreciation expense | <u>\$ 5,397,712</u> |
| Business-type activities: | |
| Long-term care | <u>\$ 51,447</u> |
| Total business-type activities depreciation expense | <u>\$ 51,447</u> |

Construction Commitments

The County has active construction projects as of June 30, 2005. At June 30, 2005 the County's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|--------------------------|----------------------|---------------------------------|
| Old Black Canyon Highway | \$ 893,795 | \$ 399,767 |
| Total | <u>\$ 893,795</u> | <u>\$ 399,767</u> |

The road improvement projects are being funded by sales taxes out of the regional road fund.

Restatement of Beginning Capital Assets

Governmental activities net capital assets of \$110,364,107 at June 30, 2004 have been restated for the recording of certain capital assets on hand as of that date. This adjustment results in an increase of \$265,870 in beginning net assets at July 1, 2004.

Yavapai County
Notes to Financial Statements
June 30, 2005

Note 5 - Long-term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2005.

| | Balance July 1, 2004 | Additions | Reductions | Balance June 30, 2005 | Due within 1 year |
|--|-------------------------|---------------------|------------------------|--------------------------|-------------------------|
| Governmental Activities: | | | | | |
| Special assessment debt payable | \$ 1,715,154 | \$ - | \$ (127,287) | \$ 1,587,867 | \$ 130,699 |
| Revenue bonds | 12,595,000 | - | (1,395,000) | 11,200,000 | 1,435,000 |
| Total special assessment debt payable and revenue bonds payable | <u>14,310,154</u> | <u>-</u> | <u>(1,522,287)</u> | <u>12,787,867</u> | <u>1,565,699</u> |
| Notes payable | 6,375,000 | - | (4,125,000) | 2,250,000 | 2,250,000 |
| Compensated absences payable | 5,975,682 | 4,823,394 | (4,322,185) | 6,476,891 | 4,788,148 |
| Obligations under capital leases | 1,753,789 | - | (962,422) | 791,367 | 716,742 |
| Landfill closure and postclosure care costs payable | 1,360,077 | 69,057 | (67,173) | 1,361,961 | - |
| Claims and judgments payable | 295,697 | 399,639 | (382,374) | 312,962 | 312,962 |
| Governmental activities long-term liabilities | <u>\$ 30,070,399</u> | <u>\$ 5,292,090</u> | <u>\$ (11,381,441)</u> | <u>\$ 23,981,048</u> | <u>\$ 9,633,551</u> |

Note 6 - Special Assessment Debt Payable

As described in the "Blended Component Units" section of Note 1, the Yavapai County Board of Supervisors acts as the Board of Directors of various special districts, therefore the bonded debt of these districts is included as part of the Yavapai County reporting entity.

Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The proceeds of the bond issues 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 following special assessment districts had debt outstanding at June 30, 2005.

| District | Interest Rates | Maturity Ranges | Outstanding Principal July 1, 2004 | Retirements | Outstanding Principal June 30, 2005 |
|------------------------------|-------------------|--------------------|--|---------------------|---|
| Bonds | | | | | |
| Granite Gardens 1989 | 6.13 % | 7/1/90-7/1/2007 | \$ 43,000 | \$ (13,000) | \$ 30,000 |
| Pine Valley Street Imp. | 6.45 % | 7/1/97-7/1/2007 | 30,000 | (10,000) | 20,000 |
| Coyote Springs Road Imp. | 6.40 % | 1/1/03-1/1/2022 | 1,405,000 | (75,000) | 1,330,000 |
| Note Payable | | | | | |
| Prescott East Sanitary Dist. | 4.82 % | 7/1/02-7/1/2010 | <u>237,154</u> | <u>(29,287)</u> | <u>207,867</u> |
| Total | | | <u>\$ 1,715,154</u> | <u>\$ (127,287)</u> | <u>\$ 1,587,867</u> |

Yavapai County
Notes to Financial Statements
June 30, 2005

Special assessment debt service requirements to maturity are as follows:

| | Principal | Interest |
|---------------------------|---------------------|-------------------|
| Year ending June 30, 2006 | \$ 130,699 | \$ 95,546 |
| 2007 | 132,179 | 87,702 |
| 2008 | 108,730 | 80,109 |
| 2009 | 110,355 | 73,683 |
| 2010 | 112,059 | 67,179 |
| 2011-2015 | 433,845 | 244,912 |
| 2016-2020 | 400,000 | 115,200 |
| 2021-2022 | 160,000 | 10,240 |
| Total | <u>\$ 1,587,867</u> | <u>\$ 774,571</u> |

Note 7 - Bonds

The County's bonded debt consists of \$15,260,000 revenue bonds issued by the Yavapai County Jail District on February 13, 2002. As described in the "Blended Component Units" section of Note 1, the Yavapai County Board of Supervisors acts as the Board of Directors of various special districts, therefore the bonded debt of these districts is included as part of the Yavapai County reporting entity.

The bond proceeds were used to construct a new jail and to remodel an existing jail. The bonds will be repaid from maintenance of effort payments from the County's general fund to the District and a voter approved excise tax. The total budgeted and actual maintenance of effort payments transferred to the District in the fiscal year ended June 30, 2005 was \$5,290,807. Excise taxes received for the same period were \$7,045,465, which was 6.7% greater than the budgeted amount of \$6,600,000.

Bonds outstanding at June 30, 2005, were as follows:

| Jail District | Interest Rates | Maturity Ranges | Outstanding Principal July 1, 2004 | Retirements | Outstanding Principal June 30, 2005 |
|---------------|----------------|-----------------------|---------------------------------------|-----------------------|--|
| Revenue bonds | 3-4.3 % | 7/1/2005- 7/1/2012 | \$ 12,595,000 | \$ (1,395,000) | \$11,200,000 |
| Total | | | <u>\$ 12,595,000</u> | <u>\$ (1,395,000)</u> | <u>\$11,200,000</u> |

The following schedule details debt service requirements to maturity for the County's revenue bonds payable at June 30, 2005.

| | Governmental Activities | |
|---------------------------|----------------------------|---------------------|
| | Principal | Interest |
| Year ending June 30, 2006 | \$ 1,435,000 | \$ 433,340 |
| 2007 | 1,480,000 | 387,420 |
| 2008 | 1,530,000 | 335,620 |
| 2009 | 1,590,000 | 279,010 |
| 2010 | 1,655,000 | 215,410 |
| 2011-2012 | 3,510,000 | 226,180 |
| Total | <u>\$ 11,200,000</u> | <u>\$ 1,876,980</u> |

Yavapai County
Notes to Financial Statements
June 30, 2005

Note 8 - Notes Payable

Yavapai County entered into two loan agreements with the Arizona State Department of Transportation, through its Highway Expansion and Extension Loan Program (HELP) for funds needed to complete the construction of a major road project. The County's notes payable at June 30, 2005 are as follows:

| | |
|--|---------------------|
| HELP loan dated July 15, 2002, principal amount of \$4,500,000, payable monthly over 24 months beginning July 15, 2004, interest rate of 2.25%, secured by the County's highway user revenues. | <u>\$ 2,250,000</u> |
| Total Notes Payable | 2,250,000 |
| Less Current Maturities | <u>(2,250,000)</u> |
| Long-term portion of Notes Payable | <u>\$ 0</u> |

The following schedule details debt service requirements to maturity for the County's notes payable at June 30, 2005.

| | Governmental Activities | |
|---------------------------|----------------------------|-----------|
| | Principal | Interest |
| Year ending June 30, 2006 | \$ 2,250,000 | \$ 27,422 |
| Total | \$ 2,250,000 | \$ 27,422 |

Note 9 - 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 2005, the County paid for compensated absences as follows: 55 percent from the General Fund, 26 percent from other major funds, and 19 percent from other funds. The County paid for claims and judgments from the General Fund.

Note 10 - Capital Leases

The County has acquired equipment items under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

| | Governmental Activities |
|--------------------------------|----------------------------|
| Machinery and equipment | \$ 3,534,942 |
| Less: accumulated depreciation | (1,260,572) |
| Carrying value | \$ 2,274,370 |

Yavapai County
Notes to Financial Statements
June 30, 2005

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2005.

| | Governmental Activities |
|--|----------------------------|
| Year ending June 30, 2006 | \$ 726,630 |
| 2007 | 74,842 |
| Total minimum lease payments | 801,472 |
| Less amount representing interest | 10,105 |
| Present value of net minimum capital lease payments | \$ 791,367 |

Note 11 - 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 operating period even though actual payouts will not occur until the landfills are closed. 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, 2005. As of June 30, 2005, the landfill closure and postclosure care liability of \$1,361,961 represents the cumulative amount of cost remaining on these closed landfills, which is net of expenditures incurred to date. These cumulative amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2005 and have 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 assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Yavapai County
Notes to Financial Statements
June 30, 2005

Note 12 - Insurance Claims

The County provides health benefits to its employees and their dependents through the Yavapai Combined Trust, currently composed of three members. The Trust provides benefits up to \$100,000 per individual per calendar year through a self-funding agreement with its participants and purchases commercial insurance to cover claims in excess of this limit. 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 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.

Note 13 - 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 deductibles 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 \$10 million per occurrence for liability claims. 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.

Yavapai County
Notes to Financial Statements
June 30, 2005

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 triennially. 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 14 - 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, 2006, and is collateralized by U.S. Government-backed securities. At June 30, 2005, no portion of this amount was utilized.

Note 15 - Retirement Plans

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, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension 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) is an agent multiple-employer defined benefit pension 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) is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona, Departments of Corrections and 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.

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

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

Yavapai County
Notes to Financial Statements
June 30, 2005

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

Cost-sharing plan - For the year ended June 30, 2005, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.20 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2005, 2004, and 2003 were \$2,496,445, \$2,266,529 and \$960,807 respectively, which were equal to the required contributions for the year.

Agent plans - For the year ended June 30, 2005, 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 at the actuarially determined rate of 13.04 percent. Active CORP members were required by statute to contribute 8.5 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 5.38 percent.

Annual Pension Cost - The County's pension cost for the two agent plans for the year ended June 30, 2005, and related information follow.

| | <u>PSPRS</u> | <u>CORP</u> |
|---------------------|--------------|-------------|
| Contribution rates: | | |
| County | 13.04% | 5.38% |
| Plan members | 7.65% | 8.50% |
| Annual pension cost | \$730,814 | \$333,401 |
| Contributions made | \$730,814 | \$333,401 |

The current-year annual required contributions for both the PSPRS and the CORP were determined as part of their June 30, 2003, actuarial valuations using the individual entry-age actuarial cost method. The actuarial assumptions included (a) 9 percent investment rate of return and (b) projected salary increases ranging from 6.5 percent to 9.5 percent per year. Both (a) and (b) included an inflation component of 5.5 percent. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over time. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2003, was 20 years.

Yavapai County
Notes to Financial Statements
June 30, 2005

Trend Information - Annual pension cost information for the current and two preceding years follows for each of the agent plans.

Contributions Required and Contributions Made

| Plan | Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------|-----------------------|------------------------------|-------------------------------------|---------------------------|
| PSPRS | 2005 | \$730,814 | 100% | \$ -0- |
| | 2004 | 648,780 | 100% | -0- |
| | 2003 | 465,783 | 100% | -0- |
| CORP | 2005 | 333,401 | 100% | -0- |
| | 2004 | 288,947 | 100% | -0- |
| | 2003 | 126,031 | 100% | -0- |

Note 16 - Interfund Balances and Activity

Interfund receivables and payables-interfund balances at June 30, 2005, were as follows:

| | Payable To | | | | Total |
|---------------------------|---------------------|------------------|------------------|-------------------|---------------------|
| | General Fund | Jail District | HURF Road | Nonmajor Funds | |
| Payable from | | | | | |
| General Fund | \$ - | \$ - | \$ 145 | \$ 629 | \$ 774 |
| Regional Road | - | - | 1,365 | - | 1,365 |
| HURF Road | 889,954 | - | - | 94 | 890,048 |
| Nonmajor Funds | 462,746 | 1,976 | 33,894 | 287,238 | 785,854 |
| Enterprise Fund | - | - | - | 160,193 | 160,193 |
| Total governmental | \$ 1,352,700 | \$ 1,976 | \$ 35,404 | \$ 448,154 | \$ 1,838,234 |

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.

Yavapai County
Notes to Financial Statements
June 30, 2005

Interfund transfers-interfund transfers for the year ended June 30, 2005, were as follows:

| | Transfer To | | | | | | Total |
|--------------------------|--------------------|---------------------|----------------------------|------------------|--------------------|---------------------|---------------------|
| | General Fund | Jail District | Jail District Debt Service | HURF Road | Capital Projects | Nonmajor Funds | |
| Transfer from | | | | | | | |
| General Fund | \$ - | \$ 5,290,807 | \$ - | \$ - | \$2,100,000 | \$ 1,980,693 | \$ 9,371,500 |
| Jail District | - | - | 1,872,119 | - | - | 232,207 | 2,104,326 |
| Regional Road | - | - | - | - | - | 4,203,045 | 4,203,045 |
| HURF Road | 600,000 | - | - | - | - | - | 600,000 |
| Capital Projects | 13,242 | - | - | - | - | - | 13,242 |
| Nonmajor funds | 745,329 | - | - | 10,000 | - | 285,248 | 1,040,577 |
| Long-term Care | 297,046 | - | - | - | - | - | 297,046 |
| Total primary government | <u>\$1,655,617</u> | <u>\$ 5,290,807</u> | <u>\$1,872,119</u> | <u>\$ 10,000</u> | <u>\$2,100,000</u> | <u>\$ 6,701,193</u> | <u>\$17,629,736</u> |

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 17 - Condensed Financial Statements of the 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 monies under his 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.

Yavapai County
Notes to Financial Statements
June 30, 2005

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 \$17,107 of interest earned in certain other funds to be transferred to the General Fund.

Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool; 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 2 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. government securities | \$39,000,000 | 2.75-5.0% | 8/13/04-10/29/07 | \$38,786,045 |
| Investment in State Treasurer's investment pool | 63,199,000 | 2.7222% | None stated | 63,199,000 |

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

Statement of Net Assets

| | |
|--------------------------------|-----------------------|
| Assets | \$ 102,738,053 |
| Liabilities | - |
| Net assets | <u>\$ 102,738,053</u> |
| Net assets held in trust for: | |
| Internal participants | \$ 40,102,326 |
| External participants | 62,635,727 |
| Total net assets held in trust | <u>\$ 102,738,053</u> |

Statement of Changes in Net Assets

| | |
|---------------------------|-----------------------|
| Total additions | \$ 466,075,588 |
| Total deductions | <u>(439,647,427)</u> |
| Net decrease | 26,428,161 |
| Net assets held in trust: | |
| July 1, 2004 | 76,309,892 |
| June 30, 2005 | <u>\$ 102,738,053</u> |

REQUIRED SUPPLEMENTARY INFORMATION

Yavapai County
 Required Supplementary Information
 Schedule of Agent Retirement Plans' Funding Progress
 June 30, 2005

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) |
|--------------------------|------------------------------------|---------------------------------|----------------------------------|--------------------|----------------------------|---|
| 6/30/05 | \$14,211,964 | \$22,316,937 | \$ (8,104,973) | 63.7% | \$5,393,063 | 150.3% |
| 6/30/04 | 13,692,093 | 18,169,579 | (4,477,486) | 75.4% | 5,153,004 | 86.9% |
| 6/30/03 | 13,059,119 | 15,833,057 | (2,773,938) | 82.5% | 4,419,330 | 62.8% |

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) |
|--------------------------|------------------------------------|---------------------------------|----------------------------------|--------------------|----------------------------|---|
| 6/30/05 | \$7,472,922 | \$8,305,724 | \$(832,802) | 90.0% | \$6,519,542 | 12.8% |
| 6/30/04 | 6,696,956 | 6,813,658 | (116,702) | 98.3% | 6,030,637 | 1.9% |
| 6/30/03 | 6,286,600 | 5,835,586 | 451,014 | 107.7% | 4,073,025 | - |

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 34,273,000 | \$ 34,273,000 | \$ 34,689,252 | \$ 416,252 |
| Licenses and Permits | 2,850,000 | 2,850,000 | 4,006,141 | 1,156,141 |
| Intergovernmental | 28,812,942 | 28,812,942 | 28,548,998 | (263,944) |
| Charges For Services | 1,784,000 | 1,784,000 | 1,634,201 | (149,799) |
| Fines and Forfeits | 1,950,000 | 1,950,000 | 2,159,669 | 209,669 |
| Investment Income | 150,000 | 150,000 | 52,821 | (97,179) |
| Miscellaneous | 732,675 | 732,675 | 721,790 | (10,885) |
| Total Revenues | 70,552,617 | 70,552,617 | 71,812,872 | 1,260,255 |
| Expenditures: | | | | |
| General Government: | | | | |
| Board of Supervisors | 665,510 | 665,510 | 635,485 | 30,025 |
| Human Resources | 618,455 | 623,832 | 611,575 | 12,257 |
| General Services | 5,608,609 | 5,429,206 | 4,253,149 | 1,176,057 |
| Emergency Management | 105,808 | 105,808 | 97,086 | 8,722 |
| Elections | 751,909 | 751,909 | 602,925 | 148,984 |
| Facilities | 3,791,172 | 3,791,172 | 3,608,950 | 182,222 |
| Development Services | 3,567,164 | 3,573,199 | 3,476,455 | 96,744 |
| Fleet | 1,900,151 | 1,900,151 | 1,866,009 | 34,142 |
| Finance | 563,592 | 563,592 | 559,061 | 4,531 |
| Assessor | 3,068,816 | 3,068,816 | 2,961,615 | 107,201 |
| Attorney | 4,073,423 | 4,079,623 | 4,079,597 | 26 |
| Voter Registration | 321,536 | 336,536 | 334,075 | 2,461 |
| Recorder | 720,435 | 613,320 | 596,838 | 16,482 |
| Management Information System | 4,567,383 | 4,579,587 | 4,448,465 | 131,122 |
| Clerk of the Court | 1,989,628 | 1,989,628 | 1,951,710 | 37,918 |
| Treasurer | 673,431 | 694,347 | 667,000 | 27,347 |
| Records Management | 246,409 | 338,524 | 332,722 | 5,802 |
| Superior Courts | 3,102,458 | 3,102,458 | 3,086,231 | 16,227 |
| Public Defender | 3,255,718 | 3,359,202 | 3,359,199 | 3 |
| Prescott Justice of the Peace | 486,457 | 486,457 | 441,505 | 44,952 |
| Prescott Constable | 62,113 | 62,113 | 61,325 | 788 |
| Bagdad/Yarnell Justice of the Peace | 253,982 | 256,415 | 256,415 | - |
| Verde Valley justice of the Peace | 408,107 | 408,107 | 407,792 | 315 |
| Mayer Justice of the Peace | 331,403 | 331,403 | 292,314 | 39,089 |
| Verde Constable | 61,593 | 61,593 | 56,300 | 5,293 |
| Seligman Justice of the Peace | 242,834 | 242,834 | 233,552 | 9,282 |
| Total General Government | 41,438,096 | 41,415,342 | 39,277,350 | 2,137,992 |

(Continued)

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Public Safety: | | | | |
| Sheriff | 9,787,792 | 9,787,792 | 9,773,780 | 14,012 |
| Adult Probation | 1,829,172 | 1,829,172 | 1,749,000 | 80,172 |
| Juvenile Probation | 2,090,259 | 2,090,259 | 2,053,496 | 36,762 |
| Total Public Safety | <u>13,707,223</u> | <u>13,707,223</u> | <u>13,576,276</u> | <u>130,947</u> |
| Welfare: | | | | |
| Medical Assistance | 8,625,772 | 8,643,754 | 8,643,753 | 1 |
| Public Fiduciary | 360,257 | 360,257 | 332,147 | 28,110 |
| Total Welfare | <u>8,986,029</u> | <u>9,004,011</u> | <u>8,975,900</u> | <u>28,111</u> |
| Education: | | | | |
| School Superintendent | 557,301 | 560,564 | 560,563 | 1 |
| Total Education | <u>557,301</u> | <u>560,564</u> | <u>560,563</u> | <u>1</u> |
| Total Expenditures | <u>64,688,649</u> | <u>64,687,140</u> | <u>62,390,089</u> | <u>2,297,051</u> |
| Excess of Revenues Over (Under) Expenditures | <u>5,863,968</u> | <u>5,865,477</u> | <u>9,422,783</u> | <u>3,557,306</u> |
| Other Financing Sources (Uses): | | | | |
| Transfer In | 1,685,000 | 1,685,000 | 1,655,617 | (29,383) |
| Transfer Out | (9,371,500) | (9,371,500) | (9,371,500) | - |
| Loan Proceeds | - | - | - | - |
| Sale of General Fixed Assets | - | - | 25,483 | 25,483 |
| Total Other Financing Source (Use) | <u>(7,686,500)</u> | <u>(7,686,500)</u> | <u>(7,690,400)</u> | <u>(3,900)</u> |
| Net change in fund balances | <u>(1,822,532)</u> | <u>(1,821,023)</u> | <u>1,732,383</u> | <u>3,553,406</u> |
| Fund Balance, July 1, 2004 | 1,822,532 | 1,821,023 | 1,955,129 | 134,106 |
| Increase in reserve for inventories | - | - | 8,024 | 8,024 |
| Fund Balance, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,695,536</u> | <u>\$ 3,695,536</u> |

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 6,600,000 | \$ 6,600,000 | \$ 7,045,465 | \$ 445,465 |
| Charges for services | - | - | 382,936 | 382,936 |
| Investment income | - | - | 75,353 | 75,353 |
| Miscellaneous | 369,791 | 369,791 | 46,813 | (322,978) |
| Total revenues | <u>6,969,791</u> | <u>6,969,791</u> | <u>7,550,567</u> | <u>580,776</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Sheriff | <u>12,549,057</u> | <u>12,549,057</u> | <u>12,001,473</u> | <u>547,584</u> |
| Total expenditures | <u>12,549,057</u> | <u>12,549,057</u> | <u>12,001,473</u> | <u>547,584</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,579,266)</u> | <u>(5,579,266)</u> | <u>(4,450,906)</u> | <u>1,128,360</u> |
| Other financing sources (uses): | | | | |
| Transfer in | 5,290,807 | 5,290,807 | 5,290,807 | - |
| Transfer out | <u>(1,865,000)</u> | <u>(1,865,000)</u> | <u>(2,104,326)</u> | <u>(239,326)</u> |
| Total other financing sources (uses) | <u>3,425,807</u> | <u>3,425,807</u> | <u>3,186,481</u> | <u>(239,326)</u> |
| Net changes in fund balances | (2,153,459) | (2,153,459) | (1,264,425) | 889,034 |
| Fund balances, July 1, 2004 | <u>2,153,459</u> | <u>2,153,459</u> | <u>4,406,990</u> | <u>2,253,531</u> |
| Fund balances, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,142,565</u> | <u>\$ 3,142,565</u> |

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
Regional Road Fund
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|--------------------|--------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 8,666,666 | \$ 8,666,666 | \$ 9,166,581 | \$ 499,915 |
| Licenses and permits | 1,500,000 | 1,500,000 | 2,056,735 | 556,735 |
| Investment income | 97,424 | 97,424 | 139,515 | 42,091 |
| Miscellaneous | - | - | 21,993 | 21,993 |
| Total revenues | <u>10,264,090</u> | <u>10,264,090</u> | <u>11,384,824</u> | <u>1,120,734</u> |
| Expenditures: | | | | |
| Highways and streets: | | | | |
| Public works | <u>12,213,139</u> | <u>12,213,139</u> | <u>3,973,203</u> | <u>8,239,936</u> |
| Total expenditures | <u>12,213,139</u> | <u>12,213,139</u> | <u>3,973,203</u> | <u>8,239,936</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,949,049)</u> | <u>(1,949,049)</u> | <u>7,411,621</u> | <u>9,360,670</u> |
| Other financing sources (uses): | | | | |
| Transfer out | (4,214,000) | (4,214,000) | (4,203,045) | 10,955 |
| Sale of fixed assets | - | - | 1,367,270 | 1,367,270 |
| Total other financing sources (uses) | <u>(4,214,000)</u> | <u>(4,214,000)</u> | <u>(2,835,775)</u> | <u>1,378,225</u> |
| Net changes in fund balances | (6,163,049) | (6,163,049) | 4,575,846 | 10,738,895 |
| Fund balances, July 1, 2004 | <u>6,163,049</u> | <u>6,163,049</u> | <u>7,461,640</u> | <u>1,298,591</u> |
| Fund balances, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,037,486</u> | <u>\$ 12,037,486</u> |

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
HURF Road Fund
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 14,700,000 | \$ 14,700,000 | \$ 14,945,143 | \$ 245,143 |
| Investment income | - | - | 2,111 | 2,111 |
| Miscellaneous | 480,020 | 480,020 | 331,532 | (148,488) |
| Total revenues | <u>15,180,020</u> | <u>15,180,020</u> | <u>15,278,786</u> | <u>98,766</u> |
| Expenditures | | | | |
| Highways and streets: | | | | |
| Public works | 15,086,118 | 15,087,627 | 15,174,025 | (86,398) |
| Total expenditures | <u>15,086,118</u> | <u>15,087,627</u> | <u>15,174,025</u> | <u>(86,398)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>93,902</u> | <u>92,393</u> | <u>104,761</u> | <u>12,368</u> |
| Other financing sources (uses): | | | | |
| Transfer in | - | - | 10,000 | 10,000 |
| Transfer out | (600,000) | (600,000) | (600,000) | - |
| Total other financing sources (uses) | <u>(600,000)</u> | <u>(600,000)</u> | <u>(590,000)</u> | <u>10,000</u> |
| Net changes in fund balances | (506,098) | (507,607) | (485,239) | 22,368 |
| Fund balances, July 1, 2004 | 506,098 | 507,607 | 569,913 | 62,306 |
| Decrease in reserve for inventories | - | - | (16,678) | (16,678) |
| Fund balances, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 67,996</u> | <u>\$ 67,996</u> |

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
Year Ended June 30, 2005

Note 1 – Budgeting and Budgetary Control

Arizona Revised Statutes (ARS) requires the County to prepare and adopt a balanced budget annually for each governmental fund. 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 level 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 maybe made upon the Board of Supervisors' approval.

Nonmajor Governmental Funds

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. |
| Public Library | Provides and maintains library services for the residents of Yavapai County. Operations are funded by a secondary tax levy. |
| School | Educational services and programs 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. |
| C.D.B.G. | Community Development Block Grant is a federal grant for construction of facilities and acquisition of equipment for local non-profit and public entities. |
| 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. |
| 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. |

CAPITAL PROJECTS FUNDS

| | |
|----------------------------------|---|
| Juvenile Jail Improvement | Accounts for state funded improvements for a new remanded juvenile jail facility. |
| Jail Construction | Accounts for the construction costs for the Verde Valley jail facility. |

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 HELP loan and 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, 2005

| Assets | Special Revenue | | | |
|---------------------------------------|---------------------|-------------------------|-------------------------|-------------------|
| | Health Care | Recorder's Surcharge | Assessor's Surcharge | Public Library |
| Cash and cash equivalents | \$ 2,136,615 | \$ 848,162 | \$ 521,038 | \$ 328,326 |
| Receivables: | | | | |
| Property taxes | - | - | - | 81,352 |
| Special assessments | - | - | - | - |
| Accounts | 104,491 | 6,916 | 6,376 | 786 |
| Due from: | | | | |
| Other funds | 160,543 | 57 | - | 3 |
| Other governments | 525,487 | - | - | - |
| Prepaid items | 3,174 | 2,820 | - | - |
| Total assets | <u>\$ 2,930,310</u> | <u>\$ 857,955</u> | <u>\$ 527,414</u> | <u>\$ 410,467</u> |
| | | | | |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 115,925 | \$ 6,307 | \$ - | \$ 3,070 |
| Accrued payroll and employee benefits | 224,599 | 3,490 | 11,701 | 25,619 |
| Due to other funds | 2,079 | - | - | 14,628 |
| Unearned revenue | - | - | - | 45,587 |
| Total liabilities | <u>342,603</u> | <u>9,797</u> | <u>11,701</u> | <u>88,904</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Debt service | - | - | - | - |
| Unreserved, reported in | | | | |
| Special revenue funds | 2,587,707 | 848,158 | 515,713 | 321,563 |
| Capital project funds | - | - | - | - |
| Total fund balances | <u>2,587,707</u> | <u>848,158</u> | <u>515,713</u> | <u>321,563</u> |
| Total liabilities and fund balances | <u>\$ 2,930,310</u> | <u>\$ 857,955</u> | <u>\$ 527,414</u> | <u>\$ 410,467</u> |

| School | Parks & Recreation | Water Advisory Committee | Landfill / Environment | Public Works | CDBG |
|-------------------|--------------------|--------------------------|------------------------|-------------------|-------------------|
| \$ 474,055 | \$ 817,739 | \$ 162,112 | \$ 408,778 | \$ 228,817 | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 37,092 | 75,791 | 304 | 53,175 | 376 | - |
| - | 9,446 | - | 18,276 | - | - |
| 15,504 | - | - | 93,342 | - | 147,645 |
| 55 | - | - | - | - | - |
| <u>\$ 526,706</u> | <u>\$ 902,976</u> | <u>\$ 162,416</u> | <u>\$ 573,571</u> | <u>\$ 229,193</u> | <u>\$ 147,645</u> |

| | | | | | |
|---------------|---------------|---------------|----------------|----------|----------------|
| \$ 25,280 | \$ 16,745 | \$ 18,086 | \$ 77,608 | \$ - | \$ 25,583 |
| 18,198 | - | - | 18,418 | - | - |
| 760 | 48,593 | - | 12,353 | - | 122,014 |
| - | - | - | - | - | - |
| <u>44,238</u> | <u>65,338</u> | <u>18,086</u> | <u>108,379</u> | <u>-</u> | <u>147,597</u> |

| | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| - | - | - | - | - | - |
| 482,468 | 837,638 | 144,330 | 465,192 | 229,193 | 48 |
| - | - | - | - | - | - |
| <u>482,468</u> | <u>837,638</u> | <u>144,330</u> | <u>465,192</u> | <u>229,193</u> | <u>48</u> |
| <u>\$ 526,706</u> | <u>\$ 902,976</u> | <u>\$ 162,416</u> | <u>\$ 573,571</u> | <u>\$ 229,193</u> | <u>\$ 147,645</u> |

Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005
(Continued)

| | Special Revenue | | | |
|---------------------------------------|--------------------------|----------------------------|--------------------|--------------------|
| | Improvement Districts | Clerk of Superior Court | County Attorney | Law Enforcement |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,381,074 | \$ 328,892 | \$ 619,386 | \$ 524,684 |
| Receivables: | | | | |
| Property taxes | 146,171 | - | - | - |
| Special assessments | - | - | - | - |
| Accounts | 4,683 | 31,277 | 4,555 | 30,161 |
| Due from: | | | | |
| Other funds | 132 | - | 77 | - |
| Other governments | 71,507 | - | 95,515 | 148,832 |
| Prepaid items | 126 | - | - | - |
| Total assets | <u>\$ 2,603,693</u> | <u>\$ 360,169</u> | <u>\$ 719,533</u> | <u>\$ 703,677</u> |
| | | | | |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 289,653 | \$ - | \$ 71,689 | \$ 1,900 |
| Accrued payroll and employee benefits | 23,054 | 1,156 | 36,399 | 19,957 |
| Due to other funds | 4,935 | 769 | 235 | 4,963 |
| Unearned revenue | 83,392 | - | - | - |
| Total liabilities | <u>401,034</u> | <u>1,925</u> | <u>108,323</u> | <u>26,820</u> |
| | | | | |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Debt service | - | - | - | - |
| Unreserved, reported in | | | | |
| Special revenue funds | 2,202,659 | 358,244 | 611,210 | 676,857 |
| Capital project funds | - | - | - | - |
| Total fund balances | <u>2,202,659</u> | <u>358,244</u> | <u>611,210</u> | <u>676,857</u> |
| Total liabilities and fund balances | <u>\$ 2,603,693</u> | <u>\$ 360,169</u> | <u>\$ 719,533</u> | <u>\$ 703,677</u> |

| Emergency Management | Probation | Courts | Public Defender | Airport Development |
|----------------------|-------------------|-------------------|------------------|---------------------|
| \$ - | \$ 565,993 | \$ 793,634 | \$ 75,270 | \$ 29,052 |
| - | - | - | - | - |
| - | - | - | - | - |
| 23,494 | 67,670 | 35,123 | 987 | 781 |
| - | 258,524 | 1,096 | - | - |
| 16,628 | 48,163 | 9,993 | 10,407 | 257,290 |
| - | 20 | 1,874 | - | - |
| <u>\$ 40,122</u> | <u>\$ 940,370</u> | <u>\$ 841,720</u> | <u>\$ 86,664</u> | <u>\$ 287,123</u> |

| | | | | |
|----------------|----------------|----------------|---------------|----------------|
| \$ - | \$ 120,470 | \$ 127,360 | \$ - | \$ 324,571 |
| 1,623 | 148,447 | 41,356 | 3,898 | - |
| 283,232 | 259,554 | 246 | 31,478 | - |
| - | - | - | - | - |
| <u>284,855</u> | <u>528,471</u> | <u>168,962</u> | <u>35,376</u> | <u>324,571</u> |

| | | | | |
|------------------|-------------------|-------------------|------------------|-------------------|
| - | - | - | - | - |
| (244,733) | 411,899 | 672,758 | 51,288 | - |
| - | - | - | - | (37,448) |
| <u>(244,733)</u> | <u>411,899</u> | <u>672,758</u> | <u>51,288</u> | <u>(37,448)</u> |
| <u>\$ 40,122</u> | <u>\$ 940,370</u> | <u>\$ 841,720</u> | <u>\$ 86,664</u> | <u>\$ 287,123</u> |

Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005
(Continued)

| Assets | Capital Projects | |
|--|------------------------------|-------------------|
| | Juvenile Jail Improvement | Jail Construction |
| Cash and cash equivalents | \$ 1,012 | \$ 27,927 |
| Receivables: | | |
| Property taxes | - | - |
| Special assessments | - | - |
| Accounts | 2 | - |
| Due from: | | |
| Other funds | - | - |
| Other governments | - | - |
| Prepaid items | - | - |
| Total assets | \$ 1,014 | \$ 27,927 |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ - |
| Accrued payroll and employee benefits | - | - |
| Due to other funds | - | - |
| Unearned revenue | - | - |
| Total liabilities | - | - |
| Fund balances: | | |
| Reserved for: | | |
| Debt service | - | - |
| Unreserved, reported in | | |
| Special revenue funds | - | - |
| Capital project funds | 1,014 | 27,927 |
| Total fund balances | 1,014 | 27,927 |
| Total liabilities and fund balances | \$ 1,014 | \$ 27,927 |

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Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005
(Continued)

| Assets | Debt Service | | | |
|---------------------------------------|---------------------|-------------------|--------------------|------------------|
| | Coyote Springs | Prescott East | Granite Gardens | Pine Valley |
| Cash and cash equivalents | \$ 396,199 | \$ 90,214 | \$ 32,273 | \$ 27,255 |
| Receivables: | | | | |
| Property taxes | - | - | - | - |
| Special assessments | 1,184,178 | 256,282 | - | 8,471 |
| Accounts | - | 169 | - | - |
| Due from: | | | | |
| Other funds | - | - | - | - |
| Other governments | - | - | - | - |
| Prepaid items | - | - | - | - |
| Total assets | <u>\$ 1,580,377</u> | <u>\$ 346,665</u> | <u>\$ 32,273</u> | <u>\$ 35,726</u> |
| | | | | |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 43 | \$ - | \$ - |
| Accrued payroll and employee benefits | - | - | - | - |
| Due to other funds | - | 15 | - | - |
| Unearned revenue | 1,184,178 | 256,282 | - | 8,471 |
| Total liabilities | <u>1,184,178</u> | <u>256,340</u> | <u>-</u> | <u>8,471</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Debt service | 396,199 | 90,325 | 32,273 | 27,255 |
| Unreserved, reported in | | | | |
| Special revenue funds | - | - | - | - |
| Capital project funds | - | - | - | - |
| Total fund balances | <u>396,199</u> | <u>90,325</u> | <u>32,273</u> | <u>27,255</u> |
| Total liabilities and fund balances | <u>\$ 1,580,377</u> | <u>\$ 346,665</u> | <u>\$ 32,273</u> | <u>\$ 35,726</u> |

| <u>HELP</u> | <u>Total Nonmajor Governmental Funds</u> |
|---------------|--|
| \$ 456 | \$ 11,818,963 |
| - | 227,523 |
| - | 1,448,931 |
| 272 | 484,481 |
| - | 448,154 |
| - | 1,440,313 |
| - | 8,069 |
| <u>\$ 728</u> | <u>\$ 15,876,434</u> |

| | |
|----------|------------------|
| \$ - | \$ 1,224,290 |
| - | 577,915 |
| - | 785,854 |
| - | 1,577,910 |
| <u>-</u> | <u>4,165,969</u> |

| | |
|---------------|----------------------|
| 728 | 546,780 |
| - | 11,172,192 |
| - | (8,507) |
| <u>728</u> | <u>11,710,465</u> |
| <u>\$ 728</u> | <u>\$ 15,876,434</u> |

Yavapai County
Combining Statement of
Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005

| | Special Revenue | | | |
|--|---------------------|-------------------------|-------------------------|-------------------|
| | Health Care | Recorder's Surcharge | Assessor's Surcharge | Public Library |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,940,347 |
| Special assessments | - | - | - | - |
| Licenses and permits | 399,261 | - | - | - |
| Intergovernmental | 4,922,475 | - | 20,000 | 23,000 |
| Charges for services | 2,400,158 | 470,320 | 469,780 | - |
| Fines and forfeits | - | - | - | - |
| Investment income | 34,095 | 13,094 | 7,527 | 7,106 |
| Miscellaneous | 1,262,583 | 1,447 | 54 | 65,722 |
| Total Revenues | <u>9,018,572</u> | <u>484,861</u> | <u>497,361</u> | <u>2,036,175</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 241,280 | 336,595 | 1,909,434 |
| Public safety | - | - | - | - |
| Highways and streets | - | - | - | - |
| Sanitation | - | - | - | - |
| Health | 8,833,788 | - | - | - |
| Education | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital expenditures | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | <u>8,833,788</u> | <u>241,280</u> | <u>336,595</u> | <u>1,909,434</u> |
| Excess (deficiency) of revenues over (under) expenditures | 184,784 | 243,581 | 160,766 | 126,741 |
| Other financing sources (uses): | | | | |
| Transfers in | 958,650 | - | - | - |
| Transfers out | - | (186,000) | (20,000) | (38,000) |
| Total other financing sources (uses) | <u>958,650</u> | <u>(186,000)</u> | <u>(20,000)</u> | <u>(38,000)</u> |
| Net changes in fund balances | 1,143,434 | 57,581 | 140,766 | 88,741 |
| Fund Balances, July 1, 2004 | <u>1,444,273</u> | <u>790,577</u> | <u>374,947</u> | <u>232,822</u> |
| Fund Balances, June 30, 2005 | <u>\$ 2,587,707</u> | <u>\$ 848,158</u> | <u>\$ 515,713</u> | <u>\$ 321,563</u> |

| School | Parks & Recreation | Water Advisory Committee | Landfill / Environment | Public Works | CDBG |
|-------------------|--------------------|--------------------------|------------------------|-------------------|----------------|
| \$ 325,116 | \$ 322,313 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 880,483 | 223,317 | 226,000 | 386,285 | 193,273 | 385,946 |
| 346,196 | - | - | 470,118 | - | - |
| - | - | - | - | - | - |
| 8,911 | 15,687 | 3,303 | 5,690 | 1,904 | 25 |
| 437,303 | 62,524 | 1,080 | 115,602 | 166 | - |
| <u>1,998,009</u> | <u>623,841</u> | <u>230,383</u> | <u>977,695</u> | <u>195,343</u> | <u>385,971</u> |
| - | 62,403 | 271,240 | - | - | 385,946 |
| - | - | - | - | - | - |
| - | 75,024 | - | - | 85,384 | - |
| - | - | - | 1,479,802 | - | - |
| - | - | - | - | - | - |
| 1,859,931 | - | - | - | - | - |
| - | 561,582 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,859,931</u> | <u>699,009</u> | <u>271,240</u> | <u>1,479,802</u> | <u>85,384</u> | <u>385,946</u> |
| 138,078 | (75,168) | (40,857) | (502,107) | 109,959 | 25 |
| - | - | - | 575,349 | - | - |
| - | (37,000) | - | - | - | - |
| - | (37,000) | - | 575,349 | - | - |
| 138,078 | (112,168) | (40,857) | 73,242 | 109,959 | 25 |
| 344,390 | 949,806 | 185,187 | 391,950 | 119,234 | 23 |
| <u>\$ 482,468</u> | <u>\$ 837,638</u> | <u>\$ 144,330</u> | <u>\$ 465,192</u> | <u>\$ 229,193</u> | <u>\$ 48</u> |

Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005
(Continued)

| | Special Revenue | | | |
|--|--------------------------|----------------------------|--------------------|--------------------|
| | Improvement Districts | Clerk of Superior Court | County Attorney | Law Enforcement |
| Revenues: | | | | |
| Taxes | \$ 3,196,488 | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 6,723 | 62,172 | 755,312 | 776,911 |
| Charges for services | - | 61,440 | 99,743 | 50,417 |
| Fines and forfeits | - | 264,401 | - | - |
| Investment income | 35,787 | 2,844 | 13,376 | 12,078 |
| Miscellaneous | 491,900 | 193 | 434,528 | 438,308 |
| Total Revenues | <u>3,730,898</u> | <u>391,050</u> | <u>1,302,959</u> | <u>1,277,714</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 196,309 | 139,505 | 1,576,601 | - |
| Public safety | 2,272,834 | - | - | 1,246,381 |
| Highways and streets | 47,009 | - | - | - |
| Sanitation | 12,775 | - | - | - |
| Health | - | - | - | - |
| Education | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital expenditures | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | <u>2,528,927</u> | <u>139,505</u> | <u>1,576,601</u> | <u>1,246,381</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,201,971 | 251,545 | (273,642) | 31,333 |
| Other financing sources (uses): | | | | |
| Transfers in | 27,000 | - | 56,082 | - |
| Transfers out | (492,363) | (258,248) | - | - |
| Total other financing sources (uses) | <u>(465,363)</u> | <u>(258,248)</u> | <u>56,082</u> | <u>-</u> |
| Net changes in fund balances | 736,608 | (6,703) | (217,560) | 31,333 |
| Fund Balances, July 1, 2004 | <u>1,466,051</u> | <u>364,947</u> | <u>828,770</u> | <u>645,524</u> |
| Fund Balances, June 30, 2005 | <u>\$ 2,202,659</u> | <u>\$ 358,244</u> | <u>\$ 611,210</u> | <u>\$ 676,857</u> |

| Emergency Management | Probation | Courts | Public Defender | Airport Development |
|----------------------|-------------------|-------------------|------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| 207,567 | 4,005,745 | 551,944 | 144,051 | 2,582,589 |
| - | 648,018 | 269,213 | 13,381 | - |
| - | - | 86,705 | - | - |
| 2,156 | 7,017 | 14,778 | 1,745 | 1,825 |
| 49 | 6,531 | 53,456 | 32,967 | 54,720 |
| <u>209,772</u> | <u>4,667,311</u> | <u>976,096</u> | <u>192,144</u> | <u>2,639,134</u> |
| 685,310 | 149 | 1,573,973 | 135,478 | - |
| - | 4,437,357 | 65,644 | 96,657 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 2,690,577 |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>685,310</u> | <u>4,437,506</u> | <u>1,639,617</u> | <u>232,135</u> | <u>2,690,577</u> |
| (475,538) | 229,805 | (663,521) | (39,991) | (51,443) |
| - | - | 595,580 | 53,279 | - |
| - | (8,966) | - | - | - |
| - | (8,966) | 595,580 | 53,279 | - |
| (475,538) | 220,839 | (67,941) | 13,288 | (51,443) |
| 230,805 | 191,060 | 740,699 | 38,000 | 13,995 |
| <u>\$ (244,733)</u> | <u>\$ 411,899</u> | <u>\$ 672,758</u> | <u>\$ 51,288</u> | <u>\$ (37,448)</u> |

Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005
(Continued)

| | Capital Projects | |
|--|------------------------------|-------------------|
| | Juvenile Jail Improvement | Jail Construction |
| Revenues: | | |
| Taxes | \$ - | \$ - |
| Special assessments | - | - |
| Licenses and permits | - | - |
| Intergovernmental | - | - |
| Charges for services | - | - |
| Fines and forfeits | - | - |
| Investment income | 8 | 11 |
| Miscellaneous | 1,043 | 30,099 |
| Total Revenues | 1,051 | 30,110 |
| Expenditures: | | |
| Current: | | |
| General government | - | - |
| Public safety | - | - |
| Highways and streets | - | - |
| Sanitation | - | - |
| Health | - | - |
| Education | - | - |
| Culture and recreation | - | - |
| Capital expenditures | - | 184,769 |
| Debt service: | | |
| Principal retirement | - | - |
| Interest and fiscal charges | - | - |
| Total Expenditures | - | 184,769 |
| Excess (deficiency) of revenues over (under) expenditures | 1,051 | (154,659) |
| Other financing sources (uses): | | |
| Transfers in | - | 232,208 |
| Transfers out | - | - |
| Total other financing sources (uses) | - | 232,208 |
| Net changes in fund balances | 1,051 | 77,549 |
| Fund Balances, July 1, 2004 | (37) | (49,622) |
| Fund Balances, June 30, 2005 | \$ 1,014 | \$ 27,927 |

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Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005
(Continued)

| | Debt Service | | | |
|--|-------------------|------------------|--------------------|----------------|
| | Coyote Springs | Prescott East | Granite Gardens | Pine Valley |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ 13,837 | \$ - |
| Special assessments | 258,025 | 42,800 | - | 7,707 |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeits | - | - | - | - |
| Investment income | 5,979 | 1,652 | 788 | 426 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 264,004 | 44,452 | 14,625 | 8,133 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Highways and streets | - | - | - | - |
| Sanitation | - | - | - | - |
| Health | - | - | - | - |
| Education | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital expenditures | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 75,000 | 29,287 | 13,000 | 10,000 |
| Interest and fiscal charges | 87,952 | 15,006 | 3,011 | 2,013 |
| Total Expenditures | 162,952 | 44,293 | 16,011 | 12,013 |
| Excess (deficiency) of revenues over (under) expenditures | 101,052 | 159 | (1,386) | (3,880) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net changes in fund balances | 101,052 | 159 | (1,386) | (3,880) |
| Fund Balances, July 1, 2004 | 295,147 | 90,166 | 33,659 | 31,135 |
| Fund Balances, June 30, 2005 | \$ 396,199 | \$ 90,325 | \$ 32,273 | \$ 27,255 |

| HELP | Total Nonmajor Governmental Funds |
|------------------|--|
| \$ - | \$ 5,798,101 |
| - | 308,532 |
| - | 399,261 |
| - | 16,353,793 |
| - | 5,298,784 |
| - | 351,106 |
| 8,201 | 206,013 |
| - | 3,490,275 |
| <u>8,201</u> | <u>32,205,865</u> |
| - | 7,514,223 |
| - | 8,118,873 |
| - | 207,417 |
| - | 1,492,577 |
| - | 8,833,788 |
| - | 1,859,931 |
| - | 561,582 |
| - | 2,875,346 |
| 4,125,000 | 4,252,287 |
| 88,481 | 196,463 |
| <u>4,213,481</u> | <u>35,912,487</u> |
| (4,205,280) | (3,706,622) |
| 4,203,045 | 6,701,193 |
| - | (1,040,577) |
| <u>4,203,045</u> | <u>5,660,616</u> |
| (2,235) | 1,953,994 |
| 2,963 | 9,756,471 |
| <u>\$ 728</u> | <u>\$ 11,710,465</u> |

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Jail Construction
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Investment income | - | - | 11 | 11 |
| Miscellaneous | - | - | 30,099 | 30,099 |
| Total revenues | - | - | 30,110 | 30,110 |
| Capital Expenditures: | | | | |
| Board of supervisors | 1,400,000 | 1,400,000 | 184,769 | 1,215,231 |
| Total expenditures | 1,400,000 | 1,400,000 | 184,769 | 1,215,231 |
| Excess (deficiency) of revenues Over (under) expenditures | | | | |
| | (1,400,000) | (1,400,000) | (154,659) | 1,245,341 |
| Other financing sources (uses): | | | | |
| Transfer in | - | - | 232,208 | 232,208 |
| Transfer out | - | - | - | - |
| Total other financing sources (uses) | - | - | 232,208 | 232,208 |
| Net changes in fund balances | (1,400,000) | (1,400,000) | 77,549 | 1,477,549 |
| Fund balances, July 1, 2004 | 1,400,000 | 1,400,000 | (49,622) | (1,449,622) |
| Fund balances, June 30, 2005 | \$ - | \$ - | \$ 27,927 | \$ 27,927 |

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Capital Projects
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment income | \$ - | \$ - | \$ 79,074 | \$ 79,074 |
| Miscellaneous | - | - | 1,348 | 1,348 |
| Total revenues | - | - | 80,422 | 80,422 |
| Capital Expenditures: | | | | |
| Board of supervisors | 6,810,660 | 4,246,650 | 599,753 | 3,646,897 |
| Total expenditures | 6,810,660 | 4,246,650 | 599,753 | 3,646,897 |
| Excess (deficiency) of revenues over (under) expenditures | (6,810,660) | (4,246,650) | (519,331) | 3,727,319 |
| Other financing sources (uses): | | | | |
| Transfer in | 2,100,000 | 2,100,000 | 2,100,000 | - |
| Transfer out | - | - | (13,242) | (13,242) |
| Total other financing sources (uses) | 2,100,000 | 2,100,000 | 2,086,758 | (13,242) |
| Net changes in fund balances | (4,710,660) | (2,146,650) | 1,567,427 | 3,714,077 |
| Fund balances, July 1, 2004 | 4,710,660 | 2,146,650 | 4,707,664 | 2,561,014 |
| Fund balances, June 30, 2005 | \$ - | \$ - | \$ 6,275,091 | \$ 6,275,091 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Health Care
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Licenses and permits | \$ 630,000 | \$ 630,000 | \$ 399,261 | \$ (230,739) |
| Intergovernmental | 6,245,281 | 6,245,281 | 4,922,475 | (1,322,806) |
| Charges for services | - | - | 2,400,158 | 2,400,158 |
| Investment income | - | - | 34,095 | 34,095 |
| Miscellaneous | - | - | 1,262,583 | 1,262,583 |
| Total Revenues | 6,875,281 | 6,875,281 | 9,018,572 | 2,143,291 |
| Expenditures: | | | | |
| Health: | | | | |
| Health | 8,246,562 | 8,809,213 | 8,833,788 | (24,575) |
| Total health | 8,246,562 | 8,809,213 | 8,833,788 | (24,575) |
| Total Expenditures | 8,246,562 | 8,809,213 | 8,833,788 | (24,575) |
| Excess of Revenues Over (Under) Expenditures | (1,371,281) | (1,933,932) | 184,784 | 2,118,716 |
| Other Financing Sources (Uses): | | | | |
| Transfer in | 958,650 | 958,650 | 958,650 | - |
| Total Other Financing Source (Use) | 958,650 | 958,650 | 958,650 | - |
| Net changes in fund balances | (412,631) | (975,282) | 1,143,434 | 2,118,716 |
| Fund Balance, July 1, 2004 | 412,631 | 975,282 | 1,444,273 | 468,991 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 2,587,707 | \$ 2,587,707 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Recorder's Surcharge
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 620,500 | \$ 620,500 | \$ 470,320 | \$ (150,180) |
| Investment income | - | - | 13,094 | 13,094 |
| Miscellaneous | - | - | 1,447 | 1,447 |
| Total Revenues | 620,500 | 620,500 | 484,861 | (135,639) |
| Expenditures: | | | | |
| General Government: | | | | |
| Recorder | 434,500 | 434,500 | 241,280 | 193,220 |
| Total General Government | 434,500 | 434,500 | 241,280 | 193,220 |
| Total Expenditures | 434,500 | 434,500 | 241,280 | 193,220 |
| Excess of Revenues Over (Under) Expenditures | 186,000 | 186,000 | 243,581 | 57,581 |
| Other Financing Sources (Uses): | | | | |
| Transfer out | (186,000) | (186,000) | (186,000) | - |
| Total Other Financing Source (Use) | (186,000) | (186,000) | (186,000) | - |
| Net changes in fund balances | - | - | 57,581 | 57,581 |
| Fund Balance, July 1, 2004 | - | - | 790,577 | 790,577 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 848,158 | \$ 848,158 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Assessor's Surcharge
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 371,324 | \$ 371,324 | \$ 20,000 | \$ (351,324) |
| Charges for services | - | - | 469,780 | 469,780 |
| Investment income | - | - | 7,527 | 7,527 |
| Miscellaneous income | - | - | 54 | 54 |
| Total Revenues | 371,324 | 371,324 | 497,361 | 126,037 |
| Expenditures: | | | | |
| General Government: | | | | |
| Assessor | 351,324 | 364,850 | 336,595 | 28,255 |
| Total General Government | 351,324 | 364,850 | 336,595 | 28,255 |
| Total Expenditures | 351,324 | 364,850 | 336,595 | 28,255 |
| Excess of Revenues Over (Under) Expenditures | 20,000 | 6,474 | 160,766 | 154,292 |
| Other Financing Sources (Uses): | | | | |
| Transfer out | (20,000) | (20,000) | (20,000) | - |
| Total Other Financing Source (Use) | (20,000) | (20,000) | (20,000) | - |
| Net changes in fund balances | - | (13,526) | 140,766 | 154,292 |
| Fund Balance, July 1, 2004 | - | 13,526 | 374,947 | 361,421 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 515,713 | \$ 515,713 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Public Library
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 1,938,000 | \$ 1,938,000 | \$ 1,940,347 | \$ 2,347 |
| Intergovernmental | 307,170 | 307,170 | 23,000 | (284,170) |
| Investment income | - | - | 7,106 | 7,106 |
| Miscellaneous | - | - | 65,722 | 65,722 |
| Total Revenues | <u>2,245,170</u> | <u>2,245,170</u> | <u>2,036,175</u> | <u>(208,995)</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Library | <u>2,207,171</u> | <u>2,207,171</u> | <u>1,909,434</u> | <u>297,737</u> |
| Total General Government | <u>2,207,171</u> | <u>2,207,171</u> | <u>1,909,434</u> | <u>297,737</u> |
| Total Expenditures | <u>2,207,171</u> | <u>2,207,171</u> | <u>1,909,434</u> | <u>297,737</u> |
| Excess of Revenues Over (Under) Expenditures | <u>37,999</u> | <u>37,999</u> | <u>126,741</u> | <u>88,742</u> |
| Other Financing Sources (Uses): | | | | |
| Transfer out | <u>(38,000)</u> | <u>(38,000)</u> | <u>(38,000)</u> | <u>-</u> |
| Total Other Financing Source (Use) | <u>(38,000)</u> | <u>(38,000)</u> | <u>(38,000)</u> | <u>-</u> |
| Net changes in fund balances | (1) | (1) | 88,741 | 88,742 |
| Fund Balance, July 1, 2004 | <u>1</u> | <u>1</u> | <u>232,822</u> | <u>232,821</u> |
| Fund Balance, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 321,563</u> | <u>\$ 321,563</u> |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
School
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ 325,116 | \$ 325,116 |
| Intergovernmental | 1,582,755 | 1,582,755 | 880,483 | (702,272) |
| Charges for services | - | - | 346,196 | 346,196 |
| Investment income | - | - | 8,911 | 8,911 |
| Miscellaneous | - | - | 437,303 | 437,303 |
| Total Revenues | 1,582,755 | 1,582,755 | 1,998,009 | 415,254 |
| Expenditures: | | | | |
| Education: | | | | |
| School superintendent | 1,582,755 | 1,806,798 | 1,859,931 | (53,133) |
| Total Education | 1,582,755 | 1,806,798 | 1,859,931 | (53,133) |
| Total Expenditures | 1,582,755 | 1,806,798 | 1,859,931 | (53,133) |
| Excess of Revenues Over (Under) Expenditures | - | (224,043) | 138,078 | 362,121 |
| Net changes in fund balances | - | (224,043) | 138,078 | 362,121 |
| Fund Balance, July 1, 2004 | - | 224,043 | 344,390 | 120,347 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 482,468 | \$ 482,468 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Parks & Recreation
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ 322,313 | \$ 322,313 |
| Intergovernmental | 269,179 | 269,179 | 223,317 | (45,862) |
| Investment income | - | - | 15,687 | 15,687 |
| Miscellaneous | - | - | 62,524 | 62,524 |
| Total Revenues | 269,179 | 269,179 | 623,841 | 354,662 |
| Expenditures: | | | | |
| General Government: | | | | |
| Board of supervisors | - | - | 62,403 | (62,403) |
| Total General Government | - | - | 62,403 | (62,403) |
| Highways and Streets: | | | | |
| Public works | - | 75,025 | 75,024 | 1 |
| Total Highways and Streets | - | 75,025 | 75,024 | 1 |
| Culture & Recreation: | | | | |
| Parks & Recreation | 947,179 | 981,872 | 561,582 | 420,290 |
| Total Culture & Recreation | 947,179 | 981,872 | 561,582 | 420,290 |
| Total Expenditures | 947,179 | 1,056,897 | 699,009 | 357,888 |
| Excess of Revenues Over (Under) Expenditures | (678,000) | (787,718) | (75,168) | 712,550 |
| Other Financing Sources (Uses): | | | | |
| Transfer out | - | - | (37,000) | (37,000) |
| Total Other Financing Source (Use) | - | - | (37,000) | (37,000) |
| Net changes in fund balances | (678,000) | (787,718) | (112,168) | 675,550 |
| Fund Balance, July 1, 2004 | 678,000 | 787,718 | 949,806 | 162,088 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 837,638 | \$ 837,638 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Water Advisory Committee
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 350,000 | \$ 350,000 | \$ 226,000 | \$ (124,000) |
| Investment Income | - | - | 3,303 | 3,303 |
| Miscellaneous | - | - | 1,080 | 1,080 |
| Total Revenues | 350,000 | 350,000 | 230,383 | (119,617) |
| Expenditures: | | | | |
| General Government: | | | | |
| Board of Supervisors | 350,000 | 350,000 | 271,240 | 78,760 |
| Total General Government | 350,000 | 350,000 | 271,240 | 78,760 |
| Total Expenditures | 350,000 | 350,000 | 271,240 | 78,760 |
| Excess of Revenues Over (Under) Expenditures | - | - | (40,857) | (40,857) |
| Net changes in fund balances | - | - | (40,857) | (40,857) |
| Fund Balance, July 1, 2004 | - | - | 185,187 | 185,187 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 144,330 | \$ 144,330 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Landfill / Environment
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 284,178 | \$ 284,178 | \$ 386,285 | \$ 102,107 |
| Charges For Services | 530,000 | 530,000 | 470,118 | (59,882) |
| Investment Income | - | - | 5,690 | 5,690 |
| Miscellaneous | - | - | 115,602 | 115,602 |
| Total Revenues | 814,178 | 814,178 | 977,695 | 163,517 |
| Sanitation: | | | | |
| Landfill | 1,554,560 | 1,554,560 | 1,479,802 | 74,758 |
| Total Sanitation | 1,554,560 | 1,554,560 | 1,479,802 | 74,758 |
| Total Expenditures | 1,554,560 | 1,554,560 | 1,479,802 | 74,758 |
| Excess of Revenues Over (Under) Expenditures | (740,382) | (740,382) | (502,107) | 238,275 |
| Other Financing Sources (Uses): | | | | |
| Transfer in | 575,349 | 575,349 | 575,349 | - |
| Total Other Financing Source (Use) | 575,349 | 575,349 | 575,349 | - |
| Net changes in fund balances | (165,033) | (165,033) | 73,242 | 238,275 |
| Fund Balance, July 1, 2004 | 165,033 | 165,033 | 391,950 | 226,917 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 465,192 | \$ 465,192 |

Yavapai County
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Public Works
Year Ended June 30, 2005

| | Original Budget | Final Budget | Actual | Variance Final Budget |
|---|--------------------|---------------|-------------------|--------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 20,000 | \$ 20,000 | \$ 193,273 | \$ 173,273 |
| Investment Income | - | - | 1,904 | 1,904 |
| Miscellaneous | - | - | 166 | 166 |
| Total Revenues | <u>20,000</u> | <u>20,000</u> | <u>195,343</u> | <u>175,343</u> |
| Sanitation: | | | | |
| Public Works | <u>20,000</u> | <u>20,000</u> | <u>85,384</u> | <u>(65,384)</u> |
| Total Sanitation | <u>20,000</u> | <u>20,000</u> | <u>85,384</u> | <u>(65,384)</u> |
| Total Expenditures | <u>20,000</u> | <u>20,000</u> | <u>85,384</u> | <u>(65,384)</u> |
| Excess of Revenues & Other Sources Over (Under) Expenditures & Other | <u>-</u> | <u>-</u> | <u>109,959</u> | <u>109,959</u> |
| Fund Balance, July 1, 2004 | - | - | 119,234 | 119,234 |
| Fund Balance, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 229,193</u> | <u>\$ 229,193</u> |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
CDBG
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 50,000 | \$ 50,000 | \$ 385,946 | \$ 335,946 |
| Miscellaneous | - | - | 25 | 25 |
| Total Revenues | 50,000 | 50,000 | 385,971 | 335,971 |
| Expenditures: | | | | |
| General Government: | | | | |
| Board of supervisors | 50,000 | 50,000 | 385,946 | (335,946) |
| Total General Government | 50,000 | 50,000 | 385,946 | (335,946) |
| Total Expenditures | 50,000 | 50,000 | 385,946 | (335,946) |
| Excess of Revenues Over (Under) Expenditures | - | - | 25 | 25 |
| Net changes in fund balances | - | - | 25 | 25 |
| Fund Balance, July 1, 2004 | - | - | 23 | 23 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 48 | \$ 48 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Improvement Districts
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 3,239,192 | \$ 3,239,192 | \$ 3,196,488 | \$ (42,704) |
| Intergovernmental | - | - | 6,723 | 6,723 |
| Investment income | 40,000 | 40,000 | 35,787 | (4,213) |
| Miscellaneous | - | - | 491,900 | 491,900 |
| Total Revenues | <u>3,279,192</u> | <u>3,279,192</u> | <u>3,730,898</u> | <u>451,706</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Board of supervisors | - | 171,048 | 196,309 | (25,261) |
| Total General Government | <u>-</u> | <u>171,048</u> | <u>196,309</u> | <u>(25,261)</u> |
| Public Safety: | | | | |
| Flood control | <u>4,198,422</u> | <u>4,198,422</u> | <u>2,272,834</u> | <u>1,925,588</u> |
| Total Public Safety | <u>4,198,422</u> | <u>4,198,422</u> | <u>2,272,834</u> | <u>1,925,588</u> |
| Highways and Streets: | | | | |
| Board of supervisors | <u>154,371</u> | <u>154,371</u> | <u>47,009</u> | <u>107,362</u> |
| Total Highways and Streets | <u>154,371</u> | <u>154,371</u> | <u>47,009</u> | <u>107,362</u> |
| Sanitation: | | | | |
| Special districts | <u>27,712</u> | <u>27,712</u> | <u>12,775</u> | <u>14,937</u> |
| Total Sanitation | <u>27,712</u> | <u>27,712</u> | <u>12,775</u> | <u>14,937</u> |
| Total Expenditures | <u>4,380,505</u> | <u>4,551,553</u> | <u>2,528,927</u> | <u>2,022,626</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(1,101,313)</u> | <u>(1,272,361)</u> | <u>1,201,971</u> | <u>2,474,332</u> |
| Other Financing Sources (Uses): | | | | |
| Transfer in | - | - | 27,000 | 27,000 |
| Transfer out | <u>(491,000)</u> | <u>(491,000)</u> | <u>(492,363)</u> | <u>(1,363)</u> |
| Total Other Financing Source (Use) | <u>(491,000)</u> | <u>(491,000)</u> | <u>(465,363)</u> | <u>25,637</u> |
| Net changes in fund balances | (1,592,313) | (1,763,361) | 736,608 | 2,499,969 |
| Fund Balance, July 1, 2004 | <u>1,592,313</u> | <u>1,763,361</u> | <u>1,466,051</u> | <u>(297,310)</u> |
| Fund Balance, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,202,659</u> | <u>\$ 2,202,659</u> |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Clerk of Superior Court
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 356,940 | \$ 356,940 | \$ 62,172 | \$ (294,768) |
| Charges for services | 14,459 | 14,459 | 61,440 | 46,981 |
| Fines and forfeits | - | - | 264,401 | 264,401 |
| Investment income | - | - | 2,844 | 2,844 |
| Miscellaneous | - | - | 193 | 193 |
| Total Revenues | 371,399 | 371,399 | 391,050 | 19,651 |
| Expenditures: | | | | |
| General Government: | | | | |
| Board of supervisors | - | 33,851 | 1,272 | 32,579 |
| Clerk of the court | 145,730 | 145,730 | 138,233 | 7,497 |
| Superior Court | 225,669 | 225,669 | - | 225,669 |
| Total General Government | 371,399 | 405,250 | 139,505 | 265,745 |
| Total Expenditures | 371,399 | 405,250 | 139,505 | 265,745 |
| Excess of Revenues Over (Under) Expenditures | - | (33,851) | 251,545 | 285,396 |
| Other Financing Sources (Uses): | | | | |
| Transfer out | - | - | (258,248) | (258,248) |
| Total Other Financing Source (Use) | - | - | (258,248) | (258,248) |
| Net changes in fund balances | - | (33,851) | (6,703) | 27,148 |
| Fund Balance, July 1, 2004 | - | 33,851 | 364,947 | 331,096 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 358,244 | \$ 358,244 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
County Attorney
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,047,573 | \$ 1,047,573 | \$ 755,312 | \$ (292,261) |
| Charges for services | - | - | 99,743 | 99,743 |
| Investment income | - | - | 13,376 | 13,376 |
| Miscellaneous | - | - | 434,528 | 434,528 |
| Total Revenues | 1,047,573 | 1,047,573 | 1,302,959 | 255,386 |
| Expenditures: | | | | |
| General Government: | | | | |
| Attorney | 1,047,573 | 1,434,381 | 1,576,601 | (142,220) |
| Total General Government | 1,047,573 | 1,434,381 | 1,576,601 | (142,220) |
| Total Expenditures | 1,047,573 | 1,434,381 | 1,576,601 | (142,220) |
| Excess of Revenues Over (Under) Expenditures | - | (386,808) | (273,642) | 113,166 |
| Other Financing Sources (Uses): | | | | |
| Transfer in | - | - | 56,082 | 56,082 |
| Total Other Financing Source (Use) | - | - | 56,082 | 56,082 |
| Net changes in fund balances | - | (386,808) | (217,560) | 169,248 |
| Fund Balance, July 1, 2004 | - | 386,808 | 828,770 | 441,962 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 611,210 | \$ 611,210 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Law Enforcement
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 799,686 | \$ 799,686 | \$ 776,911 | \$ (22,775) |
| Charges for services | - | - | 50,417 | 50,417 |
| Investment income | - | - | 12,078 | 12,078 |
| Miscellaneous | - | - | 438,308 | 438,308 |
| Total Revenues | 799,686 | 799,686 | 1,277,714 | 478,028 |
| Public Safety: | | | | |
| Sheriff | 799,686 | 918,707 | 1,246,381 | (327,674) |
| Total Public Safety | 799,686 | 918,707 | 1,246,381 | (327,674) |
| Total Expenditures | 799,686 | 918,707 | 1,246,381 | (327,674) |
| Excess of Revenues Over (Under) Expenditures | - | (119,021) | 31,333 | 150,354 |
| Net changes in fund balances | - | (119,021) | 31,333 | 150,354 |
| Fund Balance, July 1, 2004 | - | 119,021 | 645,524 | 526,503 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 676,857 | \$ 676,857 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Emergency Management
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 28,000 | \$ 28,000 | \$ 207,567 | \$ 179,567 |
| Investment income | - | - | 2,156 | 2,156 |
| Miscellaneous | - | - | 49 | 49 |
| Total Revenues | 28,000 | 28,000 | 209,772 | 181,772 |
| Expenditures: | | | | |
| General government | | | | |
| Emergency management | 28,000 | 28,000 | 685,310 | (657,310) |
| Total General government | 28,000 | 28,000 | 685,310 | (657,310) |
| Total Expenditures | 28,000 | 28,000 | 685,310 | (657,310) |
| Excess of Revenues Over (Under) Expenditures | - | - | (475,538) | (475,538) |
| Net changes in fund balances | - | - | (475,538) | (475,538) |
| Fund Balance, July 1, 2004 | - | - | 230,805 | 230,805 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ (244,733) | \$ (244,733) |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Probation
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 4,495,818 | \$ 4,495,818 | \$ 4,005,745 | \$ (490,073) |
| Charges for services | 42,708 | 42,708 | 648,018 | 605,310 |
| Investment income | - | - | 7,017 | 7,017 |
| Miscellaneous | - | - | 6,531 | 6,531 |
| Total Revenues | 4,538,526 | 4,538,526 | 4,667,311 | 128,785 |
| Expenditures: | | | | |
| General government | | | | |
| Clerk of court | - | - | 149 | (149) |
| Total General government | - | - | 149 | (149) |
| Public Safety: | | | | |
| Adult probation | 2,495,063 | 2,497,611 | 2,775,543 | (277,932) |
| Juvenile probation | 2,054,463 | 2,054,463 | 1,661,814 | 392,649 |
| Total Public Safety | 4,549,526 | 4,552,074 | 4,437,357 | 114,717 |
| Total Expenditures | 4,549,526 | 4,552,074 | 4,437,506 | 114,568 |
| Excess of Revenues Over (Under) Expenditures | | | | |
| | (11,000) | (13,548) | 229,805 | 243,353 |
| Other Financing Sources (Uses): | | | | |
| Transfer out | - | - | (8,966) | (8,966) |
| Total Other Financing Source (Use) | - | - | (8,966) | (8,966) |
| Net changes in fund balances | (11,000) | (13,548) | 220,839 | 234,387 |
| Fund Balance, July 1, 2004 | 11,000 | 13,548 | 191,060 | 177,512 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 411,899 | \$ 411,899 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Courts
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,401,495 | \$ 1,401,495 | \$ 551,944 | \$ (849,551) |
| Charges for services | - | - | 269,213 | 269,213 |
| Fines and forfeits | - | - | 86,705 | 86,705 |
| Investment income | - | - | 14,778 | 14,778 |
| Miscellaneous | - | - | 53,456 | 53,456 |
| Total Revenues | 1,401,495 | 1,401,495 | 976,096 | (425,399) |
| Expenditures: | | | | |
| General Government: | | | | |
| Superior courts | 1,610,689 | 1,711,359 | 1,541,671 | 169,688 |
| Prescott justice of the peace | 14,000 | 14,000 | 10,000 | 4,000 |
| Bagdad/Yarnell justice of the peace | - | - | 7,113 | (7,113) |
| Verde Valley justice of the peace | 23,500 | 23,500 | 12,894 | 10,606 |
| Mayer justice of the peace | - | - | 1,574 | (1,574) |
| Seligman justice of the peace | - | - | 721 | (721) |
| Total General Government | 1,648,189 | 1,748,859 | 1,573,973 | 174,886 |
| Public Safety: | | | | |
| Adult probation | 200,000 | 200,000 | 65,644 | 134,356 |
| Total Public Safety | 200,000 | 200,000 | 65,644 | 134,356 |
| Total Expenditures | 1,848,189 | 1,948,859 | 1,639,617 | 309,242 |
| Excess of Revenues Over (Under) Expenditures | | | | |
| | (446,694) | (547,364) | (663,521) | (116,157) |
| Other Financing Sources (Uses): | | | | |
| Transfer in | 446,694 | 446,694 | 595,580 | 148,886 |
| Total Other Financing Source (Use) | 446,694 | 446,694 | 595,580 | 148,886 |
| Net changes in fund balances | - | (100,670) | (67,941) | 32,729 |
| Fund Balance, July 1, 2004 | - | 100,670 | 740,699 | 640,029 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 672,758 | \$ 672,758 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Public Defender
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 185,000 | \$ 185,000 | \$ 144,051 | \$ (40,949) |
| Charges for services | - | - | 13,381 | 13,381 |
| Investment income | - | - | 1,745 | 1,745 |
| Miscellaneous | - | - | 32,967 | 32,967 |
| Total Revenues | 185,000 | 185,000 | 192,144 | 7,144 |
| Expenditures: | | | | |
| General Government: | | | | |
| Public defender | 150,000 | 193,057 | 135,478 | 57,579 |
| Total General Government | 150,000 | 193,057 | 135,478 | 57,579 |
| Public Safety: | | | | |
| Adult probation | 35,000 | 35,000 | 96,657 | (61,657) |
| Total Public Safety | 35,000 | 35,000 | 96,657 | (61,657) |
| Total Expenditures | 185,000 | 228,057 | 232,135 | (4,078) |
| Excess of Revenues Over (Under) Expenditures | | | | |
| | - | (43,057) | (39,991) | 3,066 |
| Other Financing Sources (Uses): | | | | |
| Transfer in | - | - | 53,279 | 53,279 |
| Total Other Financing Source (Use) | - | - | 53,279 | 53,279 |
| Net changes in fund balances | - | (43,057) | 13,288 | 56,345 |
| Fund Balance, July 1, 2004 | - | 43,057 | 38,000 | (5,057) |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 51,288 | \$ 51,288 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Jail District Debt Service
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment income | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | - | - | - | - |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal retirement | 1,395,000 | 1,395,000 | 1,395,000 | - |
| Interest and fiscal charges | 470,000 | 470,000 | 477,093 | (7,093) |
| Total Expenditures | 1,865,000 | 1,865,000 | 1,872,093 | (7,093) |
| Excess of Revenues Over (Under) Expenditures | (1,865,000) | (1,865,000) | (1,872,093) | (7,093) |
| Other Financing Sources (Uses): | | | | |
| Transfer in | 1,865,000 | 1,865,000 | 1,872,119 | 7,119 |
| Total Other Financing Source (Use) | 1,865,000 | 1,865,000 | 1,872,119 | 7,119 |
| Net changes in fund balances | - | - | 26 | 26 |
| Fund Balance, July 1, 2004 | - | - | - | - |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 26 | \$ 26 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Coyote Springs
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|------------------------------|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Special assessments | \$ 164,920 | \$ 164,920 | \$ 258,025 | \$ 93,105 |
| Investment income | - | - | 5,979 | 5,979 |
| Total Revenues | 164,920 | 164,920 | 264,004 | 99,084 |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal retirement | 75,000 | 75,000 | 75,000 | - |
| Interest and fiscal charges | 89,920 | 89,920 | 87,952 | 1,968 |
| Total Expenditures | 164,920 | 164,920 | 162,952 | 1,968 |
| Net changes in fund balances | - | - | 101,052 | 101,052 |
| Fund Balance, July 1, 2004 | - | - | 295,147 | 295,147 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 396,199 | \$ 396,199 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Prescott East
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|------------------------------|------------------|---------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Special assessments | \$ 41,650 | \$ 41,650 | \$ 42,800 | \$ 1,150 |
| Investment income | - | - | 1,652 | 1,652 |
| Total Revenues | <u>41,650</u> | <u>41,650</u> | <u>44,452</u> | <u>2,802</u> |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal retirement | 29,287 | 29,287 | 29,287 | - |
| Interest and fiscal charges | 11,431 | 11,431 | 15,006 | (3,575) |
| Total Expenditures | <u>40,718</u> | <u>40,718</u> | <u>44,293</u> | <u>(3,575)</u> |
| Net changes in fund balances | 932 | 932 | 159 | (773) |
| Fund Balance, July 1, 2004 | <u>(932)</u> | <u>(932)</u> | 90,166 | 91,098 |
| Fund Balance, June 30, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 90,325</u> | <u>\$ 90,325</u> |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Granite Gardens
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|------------------------------|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 15,636 | \$ 15,636 | \$ 13,837 | \$ (1,799) |
| Investment income | - | - | 788 | 788 |
| Total Revenues | 15,636 | 15,636 | 14,625 | (1,011) |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal retirement | 13,000 | 13,000 | 13,000 | - |
| Interest and fiscal charges | 2,636 | 2,636 | 3,011 | (375) |
| Total Expenditures | 15,636 | 15,636 | 16,011 | (375) |
| Net changes in fund balances | - | - | (1,386) | (1,386) |
| Fund Balance, July 1, 2004 | - | - | 33,659 | 33,659 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 32,273 | \$ 32,273 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Pine Valley
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|------------------------------|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Special assessments | \$ 11,935 | \$ 11,935 | \$ 7,707 | \$ (4,228) |
| Investment income | - | - | 426 | 426 |
| Total Revenues | 11,935 | 11,935 | 8,133 | (3,802) |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal retirement | 10,000 | 10,000 | 10,000 | - |
| Interest and fiscal charges | 1,935 | 1,935 | 2,013 | (78) |
| Total Expenditures | 11,935 | 11,935 | 12,013 | (78) |
| Net changes in fund balances | - | - | (3,880) | (3,880) |
| Fund Balance, July 1, 2004 | - | - | 31,135 | 31,135 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 27,255 | \$ 27,255 |

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
HELP
Year Ended June 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|------------------------------------|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - |
| Investment income | - | - | 8,201 | 8,201 |
| Total Revenues | - | - | 8,201 | 8,201 |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal retirement | 4,125,000 | 4,125,000 | 4,125,000 | - |
| Interest and fiscal charges | 89,000 | 89,000 | 88,481 | 519 |
| Total Expenditures | 4,214,000 | 4,214,000 | 4,213,481 | 519 |
| Other Financing Sources (Uses): | | | | |
| Transfer in | 4,214,000 | 4,214,000 | 4,203,045 | (10,955) |
| Total Other Financing Source (Use) | 4,214,000 | 4,214,000 | 4,203,045 | (10,955) |
| Net changes in fund balances | - | - | (2,235) | (2,235) |
| Fund Balance, July 1, 2004 | - | - | 2,963 | 2,963 |
| Fund Balance, June 30, 2005 | \$ - | \$ - | \$ 728 | \$ 728 |

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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, 2004 and 2005

| | <u>2005</u> | <u>2004</u> |
|---|---------------------------|---------------------------|
| Government funds capital assets: | | |
| Land | \$ 11,857,985 | \$ 11,705,056 |
| Buildings | 58,279,382 | 57,717,730 |
| Machinery and equipment | 27,852,489 | 26,158,522 |
| Infrastructure | 45,410,442 | 31,517,017 |
| Construction in progress | <u>2,410,964</u> | <u>12,111,609</u> |
| Total governmental funds capital assets | <u>\$ 145,811,262</u> | <u>\$ 139,209,934</u> |
| Investments in governmental funds capital assets by source: | | |
| General fund | \$ 55,851,654 | \$ 55,337,022 |
| Special revenue funds | 89,868,420 | 82,567,733 |
| Capital projects funds | <u>91,188</u> | <u>1,305,179</u> |
| Total governmental funds capital assets | <u>\$ 145,811,262</u> | <u>\$ 139,209,934</u> |

Yavapai County
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 As of June 30, 2005

| Function | Land | Buildings | Machinery and Equipment | Infrastructure | Construction in Progress | Total |
|--|----------------------|----------------------|-------------------------------|----------------------|--------------------------------|-----------------------|
| General government | \$ 6,065,340 | \$ 17,553,923 | \$ 9,984,990 | \$ - | \$ 91,188 | \$ 33,695,441 |
| Public safety | 982,121 | 33,749,928 | 2,595,953 | 4,197,981 | - | 41,525,983 |
| Highways and streets | 2,613,202 | 2,509,269 | 12,485,160 | 41,212,461 | 2,300,249 | 61,120,341 |
| Health | - | 4,466,262 | 377,429 | - | - | 4,843,691 |
| Welfare | - | - | 24,898 | - | - | 24,898 |
| Sanitation | 203,164 | - | 896,648 | - | - | 1,099,812 |
| Culture and recreation | 1,994,158 | - | 1,331,566 | - | 19,527 | 3,345,251 |
| Education | - | - | 155,845 | - | - | 155,845 |
| Total governmental funds capital assets | <u>\$ 11,857,985</u> | <u>\$ 58,279,382</u> | <u>\$ 27,852,489</u> | <u>\$ 45,410,442</u> | <u>\$ 2,410,964</u> | <u>\$ 145,811,262</u> |

Yavapai County
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 Year Ended June 30, 2005

| Function | Governmental Funds Capital Assets July 1, 2004 | Increases | Decreases | Governmental Funds Capital Assets June 30, 2005 |
|--|---|-----------------------------|-----------------------------|--|
| General government | \$ 34,165,524 | \$ 1,382,655 | \$ 1,852,738 | \$ 33,695,441 |
| Public safety | 40,796,379 | 938,923 | 209,319 | 41,525,983 |
| Highways and streets | 55,074,871 | 18,762,519 | 12,717,049 | 61,120,341 |
| Health | 4,819,503 | 29,921 | 5,733 | 4,843,691 |
| Welfare | 24,898 | - | - | 24,898 |
| Sanitation | 1,111,812 | - | 12,000 | 1,099,812 |
| Culture and recreation | 3,318,135 | 27,116 | - | 3,345,251 |
| Education | <u>164,682</u> | <u>-</u> | <u>8,837</u> | <u>155,845</u> |
| Total governmental funds capital assets | <u><u>\$ 139,475,804</u></u> | <u><u>\$ 21,141,134</u></u> | <u><u>\$ 14,805,676</u></u> | <u><u>\$ 145,811,262</u></u> |

Yavapai County
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2005

| Assets | Balance July 1, 2004 | Additions | Deductions | Balance June 30, 2005 |
|---------------------------------------|-------------------------|----------------------|----------------------|--------------------------|
| Equity in pooled cash and investments | \$ 2,186,697 | \$ 10,541,813 | \$ 11,164,504 | \$ 1,564,006 |
| Total assets | <u>\$ 2,186,697</u> | <u>\$ 10,541,813</u> | <u>\$ 11,164,504</u> | <u>\$ 1,564,006</u> |
| Liabilities | | | | |
| Deposits held for others | \$ 2,186,697 | \$ 10,541,813 | \$ 11,164,504 | \$ 1,564,006 |
| Total liabilities | <u>\$ 2,186,697</u> | <u>\$ 10,541,813</u> | <u>\$ 11,164,504</u> | <u>\$ 1,564,006</u> |

STATISTICAL SECTION

Yavapai County
General Government Expenditures by Function (1)
Last Ten Fiscal Years

| Fiscal Year | General Government (2) | Public Safety | Highways and Streets | Sanitation | Health | Welfare | Education | Culture and Recreation | Capital | Debt Service | Total |
|-------------|------------------------|---------------|----------------------|-------------|-------------|--------------|------------|------------------------|-------------|--------------|--------------|
| 1996 | \$ 21,533,973 | \$ 12,831,802 | \$13,168,697 | \$1,921,389 | \$2,730,444 | \$19,455,715 | \$ 862,963 | \$ 99,441 | \$8,858,234 | \$394,058 | \$81,856,716 |
| 1997 | 22,624,732 | 14,822,379 | 14,232,814 | 2,687,678 | 3,031,384 | 20,916,414 | 905,312 | 97,518 | 5,964,359 | 382,961 | 85,665,551 |
| 1998 | 23,215,641 | 17,074,810 | 14,078,472 | 4,447,085 | 4,167,271 | 23,134,222 | 900,815 | 30,865 | 5,147,498 | 40,364 | 92,237,043 |
| 1999 | 28,001,920 | 19,363,526 | 18,813,683 | 2,168,874 | 5,065,742 | 24,365,900 | 986,090 | 69,506 | 2,535,988 | 44,281 | 101,415,510 |
| 2000 | 30,096,416 | 20,774,122 | 15,918,379 | 2,306,549 | 5,457,544 | 27,177,914 | 1,174,055 | 189,640 | 4,067,435 | 44,366 | 107,206,420 |
| 2001 | 33,059,247 | 23,172,460 | 24,018,331 | 2,243,074 | 6,028,077 | 30,792,000 | 1,404,241 | 495,677 | 10,524,290 | 34,764 | 131,772,161 |
| 2002 | 36,034,824 | 24,498,056 | 21,928,139 | 1,645,147 | 6,965,668 | 34,543,318 | 1,511,673 | 493,513 | 7,560,513 | 640,638 | 135,821,489 |
| 2003 | 39,111,791 | 26,503,683 | 25,704,354 | 2,066,464 | 7,875,991 | 36,546,180 | 1,741,436 | 599,275 | 12,044,577 | 2,379,700 | 154,573,451 |
| 2004 | 41,843,874 | 30,697,154 | 25,009,308 | 1,514,713 | 8,617,007 | 39,782,810 | 2,367,853 | 444,617 | 6,100,407 | 4,815,377 | 161,193,120 |
| 2005 | 46,791,573 | 33,696,623 | 19,354,645 | 1,492,577 | 8,833,788 | 8,975,900 | 2,420,494 | 561,581 | 3,475,099 | 6,320,843 | 131,923,123 |

(1) Includes General, Special Revenue, Debt Service, Capital Project and Enterprise Funds.

(2) General government amount for fiscal year 2002, 2003, 2004 and 2005 includes aid to other governments.

Yavapai County
General Government Revenues by Source (1)
Last Ten Fiscal Years

| Fiscal Year | Taxes and Special Assessments | Licenses and Permits | Intergovernmental Revenue | Charges for Services | Fines and Forfeits | Investment Income | Miscellaneous/Contributions | Total |
|-------------|-------------------------------|----------------------|---------------------------|----------------------|--------------------|-------------------|-----------------------------|---------------|
| 1996 | \$ 27,187,800 | \$ 2,398,840 | \$ 44,189,879 | \$2,587,924 | \$1,405,702 | \$1,423,703 | \$ 3,585,416 | \$ 82,779,264 |
| 1997 | 28,037,560 | 2,374,766 | 47,172,192 | 2,315,358 | 1,417,656 | 1,303,339 | 3,857,571 | 86,478,442 |
| 1998 | 32,637,294 | 2,893,784 | 47,182,740 | 4,455,427 | 3,165,288 | 1,604,118 | 1,832,093 | 93,770,744 |
| 1999 | 31,203,695 | 2,705,714 | 57,376,889 | 4,655,375 | 1,494,097 | 1,448,635 | 3,013,734 | 101,898,139 |
| 2000 | 33,770,631 | 2,930,789 | 62,280,143 | 5,229,472 | 1,773,761 | 1,591,186 | 2,273,212 | 109,849,194 |
| 2001 | 39,506,946 | 3,103,494 | 70,109,766 | 4,928,766 | 2,120,826 | 1,756,935 | 2,561,008 | 124,087,741 |
| 2002 | 41,694,553 | 3,140,455 | 75,823,324 | 5,578,511 | 2,208,732 | 1,046,454 | 3,394,544 | 132,886,573 |
| 2003 | 44,641,537 | 4,117,310 | 80,376,389 | 6,406,303 | 2,082,004 | 48,864 | 3,346,771 | 141,019,178 |
| 2004 | 51,641,675 | 4,566,514 | 84,770,218 | 6,422,832 | 2,319,086 | 376,760 | 4,514,962 | 154,612,047 |
| 2005 | 57,007,931 | 6,462,137 | 59,847,934 | 7,315,921 | 2,510,775 | 554,887 | 4,613,751 | 138,313,336 |

(1) Includes General, Special Revenue, Debt Service, Capital Project and Enterprise Funds.

Yavapai County
Assessed and Estimated Actual Value of Taxable Property (1)
Last Ten Years

| Fiscal Year | Real Property (2) | | Personal Property (2) | | Total | | Ratio of Total Assessed to Total Estimated Actual Value |
|-------------|---------------------|-----------------------------|-----------------------|-----------------------------|---------------------|-----------------------------|---|
| | Assessed Value (\$) | Estimated Actual Value (\$) | Assessed Value (\$) | Estimated Actual Value (\$) | Assessed Value (\$) | Estimated Actual Value (\$) | |
| 1996 | | | | | | | |
| Primary | \$ 743,241,536 | \$ 5,906,775,766 | \$ 172,968,577 | \$ 757,704,556 | \$ 916,210,113 | \$ 6,664,480,322 | 13.75% |
| Secondary | 763,352,452 | 6,044,728,839 | 177,012,935 | 773,951,186 | 940,365,387 | 6,818,680,025 | 13.79% |
| 1997 | | | | | | | |
| Primary | 818,648,806 | 6,593,090,518 | 196,466,771 | 785,862,336 | 1,015,115,577 | 7,378,952,854 | 13.76% |
| Secondary | 858,001,585 | 6,880,833,714 | 206,527,971 | 826,107,267 | 1,064,529,556 | 7,706,940,981 | 13.81% |
| 1998 | | | | | | | |
| Primary | 989,196,986 | 7,629,444,545 | 34,575,220 | 225,945,044 | 1,023,772,206 | 7,855,389,589 | 13.03% |
| Secondary | 1,013,774,754 | 7,802,689,465 | 34,575,812 | 225,945,044 | 1,048,350,566 | 8,028,634,509 | 13.06% |
| 1999 | | | | | | | |
| Primary | 1,059,358,444 | 8,296,621,775 | 37,772,625 | 255,778,262 | 1,097,131,069 | 8,552,400,037 | 12.83% |
| Secondary | 1,149,003,339 | 9,024,978,457 | 37,771,686 | 255,778,262 | 1,186,775,025 | 9,280,756,719 | 12.79% |
| 2000 | | | | | | | |
| Primary | 1,137,195,123 | 9,003,069,326 | 44,105,956 | 309,039,868 | 1,181,301,079 | 9,312,109,194 | 12.69% |
| Secondary | 1,203,529,661 | 9,540,656,982 | 44,106,251 | 309,039,868 | 1,247,635,912 | 9,849,696,850 | 12.67% |
| 2001 | | | | | | | |
| Primary | 1,237,213,069 | 9,847,596,289 | 43,737,336 | 282,453,191 | 1,280,950,405 | 10,130,049,480 | 12.65% |
| Secondary | 1,300,875,126 | 10,341,372,719 | 43,741,696 | 282,453,191 | 1,344,616,822 | 10,623,825,910 | 12.66% |
| 2002 | | | | | | | |
| Primary | 1,344,463,630 | 10,773,725,814 | 43,628,890 | 258,829,253 | 1,388,092,520 | 11,032,555,067 | 12.58% |
| Secondary | 1,406,443,744 | 11,250,833,325 | 44,053,836 | 263,057,420 | 1,450,497,580 | 11,513,890,745 | 12.60% |
| 2003 | | | | | | | |
| Primary | 1,471,014,420 | 11,797,772,883 | 45,792,997 | 273,981,588 | 1,516,807,417 | 12,071,754,471 | 12.56% |
| Secondary | 1,556,684,202 | 12,394,583,401 | 45,795,927 | 273,981,588 | 1,602,480,129 | 12,668,564,989 | 12.65% |
| 2004 | | | | | | | |
| Primary | 1,631,457,762 | 13,147,502,847 | 44,571,778 | 268,903,234 | 1,676,029,540 | 13,416,406,081 | 12.49% |
| Secondary | 1,740,576,255 | 13,924,941,002 | 44,598,429 | 269,120,199 | 1,785,174,684 | 14,194,061,201 | 12.58% |
| 2005 | | | | | | | |
| Primary | 1,665,794,802 | 14,090,139,230 | 49,368,952 | 291,655,204 | 1,715,163,754 | 14,381,794,434 | 11.93% |
| Secondary | 1,807,696,243 | 15,224,229,595 | 49,373,265 | 291,674,798 | 1,857,069,508 | 15,515,904,393 | 11.97% |

(1) Fiscal years 1996 and 1997 reflect assessed values without any reduction in value for exemptions. Fiscal years 1998 through 2005 reflect net assessed values.

(2) Real property includes locally assessed real and centrally assessed real and certain secured personal property through 1997. Personal property through 1997 includes both secured and unsecured property. For fiscal years 1998 through 2005 all secured personal property is reflected in real property.

Source: Abstract by tax authority and legal class, Arizona Department of Revenue.

Yavapai County
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

| Fiscal Year | General Tax Levy (\$) | Current Tax Collections (\$) | Percent of Levy Collected | Delinquent Tax Collections (\$) | Total Tax Collections (\$) | Percent of Total Tax Collected to Tax Levy | Outstanding Delinquent Taxes (\$) | Percent of Delinquent Taxes to Tax Levy |
|-------------|-----------------------|------------------------------|---------------------------|---------------------------------|----------------------------|--|-----------------------------------|---|
| 1996 | \$ 16,100,000 | \$ 15,185,278 | 94.32% | \$ 366,925 | \$ 15,552,203 | 96.60% | \$ 1,003,844 | 6.24% |
| 1997 | 16,650,000 | 15,620,420 | 93.82% | 456,717 | 16,077,137 | 96.56% | 1,069,752 | 6.42% |
| 1998 | 17,370,000 | 16,410,585 | 94.48% | 500,311 | 16,910,896 | 97.36% | 1,005,498 | 5.79% |
| 1999 | 17,883,500 | 16,783,531 | 93.85% | 401,523 | 17,185,054 | 96.09% | 1,088,132 | 6.08% |
| 2000 | 18,824,000 | 17,720,659 | 94.14% | 436,581 | 18,157,240 | 96.46% | 1,091,182 | 5.80% |
| 2001 | 19,090,000 | 17,955,221 | 94.06% | 357,829 | 18,313,050 | 95.93% | 1,122,224 | 5.88% |
| 2002 | 20,602,000 | 19,422,071 | 94.27% | 406,753 | 19,828,824 | 96.25% | 1,006,729 | 4.89% |
| 2003 | 22,310,000 | 21,116,484 | 94.65% | 434,373 | 21,550,857 | 96.60% | 1,014,182 | 4.55% |
| 2004 | 25,495,000 | 24,380,161 | 95.63% | 409,335 | 24,789,496 | 97.23% | 1,093,784 | 4.29% |
| 2005 | 28,506,000 | 27,281,472 | 95.70% | 421,665 | 27,703,137 | 97.18% | 1,115,806 | 3.91% |

(1) General Fund levies and collections only.

Yavapai County
Property Tax Rates - All Direct and Overlapping Governments
Last Ten Years

| Fiscal Year | | County | State | School Equalization | School Districts | Cities | Other Special Districts | Community College District |
|-------------|-----------|--------|--------|---------------------|------------------|-----------------|-------------------------|----------------------------|
| 1996 | Primary | 1.9413 | 0.4700 | 0.5300 | 2.5252-7.7420 | .5107 - 1.7683 | -- | 1.5448 |
| | Secondary | 0.4784 | -- | -- | 0.2244-2.5378 | .1648 - .5184 | .6180-7.9919 | 0.1223 |
| 1997 | Primary | 1.9808 | -- | 0.5300 | 2.2973-6.8876 | 0.4614 - 1.7382 | -- | 1.5237 |
| | Secondary | 0.4278 | -- | -- | 0.2114-2.4839 | 0.1666 - 0.3692 | 0.5424-7.5351 | 0.1223 |
| 1998 | Primary | 1.8063 | -- | 0.5300 | 2.1269-8.7736 | 0.4152 - 1.5951 | -- | 1.4589 |
| | Secondary | 0.4097 | -- | -- | 0.1857-2.1236 | 0.1285 - 0.3133 | 0.5816-9.5182 | 0.1055 |
| 1999 | Primary | 1.7468 | -- | 0.5300 | 1.8412-8.2203 | 0.3822 - 1.4973 | -- | 1.4631 |
| | Secondary | 0.4354 | -- | -- | 0.2062-2.1147 | 0.1447 - 0.2784 | 0.5859-8.4556 | 0.1058 |
| 2000 | Primary | 1.7157 | -- | 0.5217 | 2.3038-7.3817 | 0.3169 - 1.5382 | -- | 1.5294 |
| | Secondary | 0.4452 | -- | -- | 0.1853-2.1853 | 0.1273 - 0.5067 | 0.4456-5.0680 | 0.0956 |
| 2001 | Primary | 1.6160 | -- | 0.5123 | 1.2996-7.6734 | 0.2906 - 1.6280 | -- | 1.5330 |
| | Secondary | 0.4354 | -- | -- | 0.5595-2.1201 | 0.1475 - 0.5592 | 0.4752-4.0624 | 0.0875 |
| 2002 | Primary | 1.6083 | -- | 0.4974 | 0.9900-7.8089 | 0.2627 - 1.5235 | -- | 1.5325 |
| | Secondary | 0.4286 | -- | -- | 0.0500-2.0652 | 0.1482 - 0.5121 | 0.4721-3.8269 | 0.4163 |
| 2003 | Primary | 1.6072 | -- | 0.4889 | 1.8248-7.3939 | 0.2522 - 1.3382 | -- | 1.5835 |
| | Secondary | 0.4297 | -- | -- | 0.3084-2.0799 | 0.4707 - 0.4707 | 0.0438-5.6002 | 0.3954 |
| 2004 | Primary | 1.6808 | -- | 0.4717 | 0.4839-8.2795 | 0.2415 - 1.2461 | -- | 1.5672 |
| | Secondary | 0.4307 | -- | -- | 0.2935-2.5992 | 0.4072 - 0.4072 | 0.3235-3.3000 | 0.3106 |
| 2005 | Primary | 1.7008 | -- | 0.4560 | 1.2362-8.2761 | 0.2383 - 1.1904 | -- | 1.5626 |
| | Secondary | 0.4069 | -- | -- | 0.2755-2.3333 | 0.3763 - 0.3763 | 0.3057-3.3000 | 0.2888 |

Source: Yavapai County Board of Supervisors Adopted Budget Reports.

Yavapai County
Special Assessment Billings and Collections
Last Ten Years

| Fiscal Year | Current Assessments Billings (\$) | Assessments Collected (\$) | |
|----------------|---|-------------------------------|---|
| 1996 | \$277,515.48 | \$282,241.20 | * |
| 1997 | 474,836.21 | 476,299.38 | * |
| 1998 | 133,601.34 | 137,520.26 | * |
| 1999 | 100,081.89 | 110,384.61 | * |
| 2000 | 123,108.52 | 123,332.79 | * |
| 2001 | 94,806.59 | 101,302.35 | * |
| 2002 | 54,280.00 | 114,146.00 | * |
| 2003 | 209,753.10 | 269,572.83 | * |
| 2004 | 197,794.73 | 389,136.73 | * |
| 2005 | 185,626.63 | 310,753.90 | * |

* Assessment collections exceeded total billings due to early pay off and proceeds from land auctions for delinquent assessments.

Yavapai County
Computation of Legal Debt Margin
June 30, 2005

| | |
|--|-----------------------|
| Assessed value of real and personal property | \$ 1,877,847,425 |
| Debt limit, 6 percent of assessed value (constitutional limit) | 112,670,846 |
| Debt subject to debt limitation | 0 |
| Available debt limit | <u>\$ 112,670,846</u> |

Yavapai County
Computation of Direct and Overlapping Debt
June 30, 2005

| | | |
|--|-----------|--------------------|
| Direct debt: | | |
| Yavapai County general obligation debt | \$ | 0 |
| Overlapping debt: | | |
| School Districts | | 50,565,000 |
| Community College | | 61,725,000 |
| Jail District - Part of Reporting Entity | | 11,200,000 |
| Special Districts - Part of Reporting Entity | | 3,650,367 |
| Special Districts - Not Part of Reporting Entity | | 11,393,000 |
| | | |
| Total direct general obligation and overlapping debt | <u>\$</u> | <u>138,533,367</u> |

Yavapai County
Principal Taxpayers
Fiscal Year 2004/2005

| Taxpayer | Primary Assessed Value | Percentage of Primary Assessed Value to Total Primary Assessed Value | Tax Collected |
|---|------------------------------|--|---------------------|
| 1 Arizona Public Service | \$59,285,991 | 3.16% | \$5,734,590 |
| 2 Phelps Dodge Bagdad | 26,681,234 | 1.42% | 2,373,154 |
| 3 Qwest Corporation | 21,841,674 | 1.16% | 2,153,071 |
| 4 Salt River Pima - Maricopa Indian Community | 21,617,377 | 1.15% | 1,732,970 |
| 5 El Paso Natural Gas Company | 9,593,756 | 0.51% | 1,178,605 |
| 6 Unisource Energy Corporation | 11,589,889 | 0.62% | 1,110,767 |
| 7 Burlington Northern Santa Fe Railway Company | 10,378,881 | 0.55% | 1,028,610 |
| 8 Transwestern Pipeline Company | 6,460,392 | 0.34% | 765,927 |
| 9 TWC II-Prescott Mall LLC | 8,210,401 | 0.44% | 667,140 |
| 10 New Enchantment LP | 6,022,671 | 0.32% | 523,482 |
| Totals | <u>\$181,682,266</u> | <u>9.67%</u> | <u>\$17,268,316</u> |

Source: Assessor and Treasurer of Yavapai County.

Yavapai County
Salaries of Elected County Officials
June 30, 2005

| Title of Official | Annual Salary |
|-----------------------------|---------------|
| Board of Supervisors | \$56,500 |
| Assessor | 56,500 |
| County Attorney | 109,450 |
| Recorder | 56,500 |
| School Superintendent | 56,500 |
| Clerk of the Superior Court | 56,500 |
| Sheriff | 89,225 |
| Treasurer | 56,500 |
| Superior Court Judges* | 60,375 |
| Justices of the Peace | |
| Prescott | 84,525 |
| Verde Valley | 84,525 |
| Bagdad / Yarnell | 78,488 |
| Mayer | 78,488 |
| Seligman | 66,413 |
| Constables | |
| Prescott | 48,294 |
| Verde Valley | 48,294 |

*Yavapai County's portion only (50%).

Yavapai County
Schedule of Insurance in Force
July 1, 2004 – June 30, 2005

| Type of Policy and Type of Coverage | Details of Coverage | | Agency | Expiration Date | Annual Premium |
|---|--|---|---------------------------------|-----------------|--|
| Primary Liability, including Auto, and Police Professional | \$10,000,000 50,000 | Limit Deductible per occurrence | Arizona Counties Insurance Pool | 7/1/2005 | \$709,067 |
| Property | 100,000,000 25,000 | Limit Deductible per occurrence | Arizona Counties Insurance Pool | 7/1/2005 | Included in Primary Liability |
| Airport Liability | 2,000,000 2,000,000 2,000,000 250,000 50,000 | Bodily / Property Damage Products/Completed Ops Personal Injury / Medical Malpractice Hangarkeepers Fire damage | ACE USA | 2/5/2006 | \$6,342 |
| Aircraft | 2,000,000 100,000 12,000 | Liability Hangar Medical Expense | ACE USA | 2/5/2006 | \$5,840 |
| Managed Care Liability | 1,000,000 3,000,000 50,000 | Liability Aggregate Deductible per claim | Marsh | 7/1/2005 | \$62,113 |
| Medical Malpractice | 3,000,000 10,000,000 | Each Claim Aggregate | Wexford Health Sources, Inc. | 7/1/2005 | Included in contract with Wexford Health Sources, Inc. |
| Boiler & Machinery | 30,000,000 | Limit each accident | Arizona Counties Insurance Pool | 7/1/2005 | Included in Primary Liability |
| Public Officials Errors & Omissions | 2,000,000 3,000,000 10,000,000 | Limit One Entity Annual Aggregate Policy Annual Aggregate | Arizona Counties Insurance Pool | 7/1/2005 | Included in Primary Liability |
| Public Employees Dishonesty/Crime | 150,000 | | Arizona Counties Insurance Pool | 7/1/2005 | Included in Primary Liability |
| Commutation Insurance | Five times employee base annual salary | | Transamerica Occidental Life | 3/1/2006 | Included in Primary Liability |

Yavapai County
Demographic and Other Statistical Data
June 30, 2005

| | | | |
|-----------------------------------|---|--|--|
| Geographical location | Yavapai County is located in the West Central portion of the State of Arizona, coverage 8,125 square miles. | | |
| Date formed | November 9, 1864 | | |
| Registered voters | 98,091 per Yavapai County voter registration, October 2004 | | |
| Number voting | 88,083 in the November 2004 general election (Presidential) | | |
| Percent voting | 88.22% in the November 2004 general election (Presidential) | | |
| Number of judicial courts: | | | |
| Superior courts | 6 | | |
| Justice of Peace courts | 5 | | |
| Miles of County maintained roads: | | | |
| Miles of roads | 1,675 | | |
| Miles of paved roads | 665 | | |
| Miles of native surface roads | 1,010 | | |
| Number of parks: | | | |
| Regional County parks | 1 | | |
| Community parks | 13 | | |
| Acres | 483 | | |
| Age Distribution | | | |
| 0 - 14 | 17.2% | | |
| 15 - 24 | 11.0% | | |
| 25 - 44 | 22.4% | | |
| 45 - 64 | 27.4% | | |
| 65 + | 22.0% | | |

| Population | 1990 | 2000 | 2003 |
|--------------------------|-----------|-----------|-----------|
| Arizona | 3,665,228 | 5,130,632 | 5,629,870 |
| Yavapai County | 68,145 | 167,517 | 186,885 |
| Major Cities/Communities | | | |
| Bagdad | 1,858 | 1,578 | 1,760 * |
| Camp Verde | 6,243 | 9,451 | 10,095 |
| Chino Valley | 4,837 | 7,835 | 9,015 |
| Clarkdale | 2,144 | 3,422 | 3,595 |
| Cottonwood | 5,918 | 9,179 | 10,240 |
| Jerome | 403 | 329 | 330 |
| Prescott | 26,592 | 33,938 | 38,180 |
| Prescott Valley | 8,858 | 23,535 | 27,255 |
| Sedona | 7,720 | 10,192 | 10,700 |
| Verde Village | 7,000 | 10,610 | 11,837 * |

* Based on county growth rate.

(Continued)

Yavapai County
Demographic and Other Statistical Data
June 30, 2005
(Concluded)

| <u>Civilian Labor Force</u> | <u>Labor Force</u> | <u>Unemployment Rate</u> |
|-----------------------------|--------------------|------------------------------|
| Arizona | 2,690,294 | 5.6% |
| Yavapai County | 81,770 | 3.3% |
| Major Cities/Communities | | |
| Ash Fork | N/A | N/A |
| Bagdad | 1,700 | 2.2% |
| Camp Verde | 4,071 | 2.9% |
| Chino Valley | 3,416 | 4.8% |
| Clarkdale | 1,601 | 4.4% |
| Cottonwood | 4,064 | 4.3% |
| Jerome | 427 | 2.8% |
| Prescott | 20,589 | 3.7% |
| Prescott Valley | 11,618 | 2.9% |
| Sedona | 6,063 | 1.7% |
| Verde Village | 5,027 | 3.5% |
| Yarnell/Peebles Valley | N/A | N/A |
| Yavapai-Prescott Indian | 135 | 9.6% |

Arizona Dept. of Economic Security, 2003 Special Unemployment Report.

Employment by Sector

| | | | |
|-----------------------------------|--------|------------------------------------|--------|
| Manufacturing | 6.18% | Education & Health Services | 15.91% |
| Mining & Quarrying | 1.85% | Finance, Insurance and Real Estate | 11.53% |
| Construction | 10.56% | Services and Miscellaneous | 13.53% |
| Trade, Transportation & Utilities | 19.51% | Government | 20.92% |

Major Employers

| | |
|---------------------------------------|--|
| Ace Hardware | City of Prescott |
| Arizona Public Service | Prescott Resort |
| The Arbors | Prescott Unified School District |
| Atria & Kachina Point Assisted Living | Price Costco Store |
| Camp Verde Public Schools | Ruger Investment Castings |
| Caradon Better Bilt | Safeway |
| Chino Valley Unified School District | Sedona / Oak Creek Unified School District |
| Cliff Castle Casino | Sturm Ruger & Co. |
| City of Cottonwood | Target Store |
| Cottonwood / Oak Creek Schools | Town of Prescott |
| Cyprus Bagdad Copper Corporation | U.S. Forest Service |
| Double Tree Sedona Resort | Veterans Administration Medical Center |
| Embry-Riddle Aeronautical University | Verde Valley Medical Center |
| Enchantment Resort | Wal-Mart |
| Humboldt Unified School District | West Yavapai Guidance Clinic |
| Exsil, Inc. | Wulfsberg Electronics |
| Los Abrigados Resort | Yavapai Community College |
| Mingus Union High School District | Yavapai County |
| Phelps & Sons Trusses | Yavapai Gaming Agency |
| Phoenix Cement Co. | Yavapai Regional Medical Center |

Sources: Arizona Department of Commerce and Yavapai County.

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