Yavapai County, Arizona

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2004

Yavapai County, Arizona
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2004

Board of Supervisors

Lorna Street, District 2

A.G. "Chip" Davis, District 3

Gheral Brownlow, District 1

Prepared by Yavapai County
Finance Department

YAVAPAI COUNTY
Comprehensive Annual Financial Report
Year Ended June 30, 2004
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INTRODUCTORY SECTION

Yavapai County Finance Department

MICHAEL S. DANOWSKI, CPA FINANCE DIRECTOR

November 3, 2004

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, 2004.

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, 2004, 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, 2004, 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 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 and account groups 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 84.

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. Some of the original detention space in the Camp Verde Jail Facility has been converted into a remanded juvenile facility. This facility has a capacity of approximately 44 beds and is both sight and sound separate from the adult facility. Grants from the State of Arizona in excess of $1.4 million were used to finance the majority of design and construction costs.

Phase two of the construction program, which would begin within the next five 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 2004 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, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 30, 2003

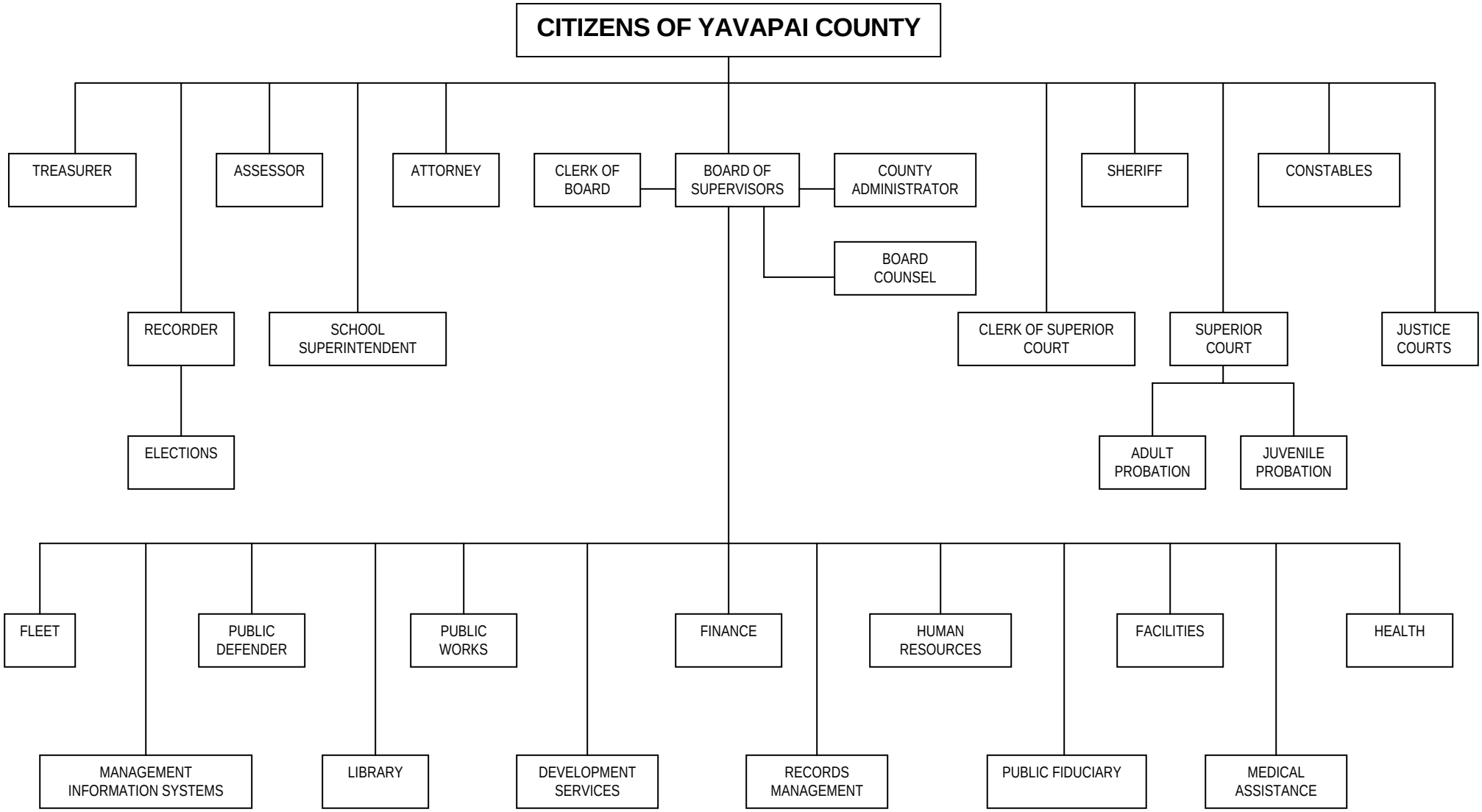
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

Executive Director

YAVAPAI COUNTY

Organizational Chart



Yavapai County Officials

BOARD OF SUPERVISORS

Gheral Brownlow, Member, District 1
Lorna Street, Member, District 2
A.G. “Chip” Davis, Chairman, District 3

♦ ♦ ♦

CLERK OF THE BOARD

Bev Staddon

♦ ♦ ♦

COUNTY ADMINISTRATOR

James M. Holst

♦ ♦ ♦

FINANCE DIRECTOR

Michael S. Danowski

FINANCIAL SECTION

WALKER &
ARMSTRONG LLP
Certified Public Accountants

4000 N. Central Ave., Suite 1100
Phoenix, Arizona 85012-1989
Telephone: (602) 230-1040
Facsimile: (602) 230-1065

Independent Auditors' Report

The Auditor General of the State of Arizona
Members of the Arizona State Legislature

The Board of Supervisors of
Yavapai County, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yavapai County, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Yavapai County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the long-term care fund, which represents 100% of the assets and revenues of the business-type activities and enterprise fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and enterprise fund, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Yavapai County as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis (MD&A) on pages 11 through 20, the Schedule of Agent Retirement Plans' Funding Progress on page 57, and the Budgetary Comparison Schedules on pages 58 through 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004, on our consideration of Yavapai County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Walker & Armstrong, LLP

Phoenix, Arizona
November 19, 2004

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, 2004. 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 $113,061,122 (net assets). Of this amount, $20,105,196 (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 $28,857,806 a decrease of $3,930,210 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $1,863,405 or 3% of total general fund expenditures.
- Yavapai County's total long-term liabilities decreased by $3,514,515 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 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.

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.

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 - 55 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 68 - 108 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 $113 million at the close of the most recent fiscal year.

Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2004	2003, as restated	2004	2003	2004	2003, as restated
Current and other assets	$ 40.0	$ 43.1	$ 6.9	$ 7.8	$ 46.9	$ 50.9
Restricted assets	1.9	1.4			1.9	1.4
Capital assets	110.4	95.5	.1	.1	110.5	95.6
Total assets	152.3	140.0	7.0	7.9	159.3	147.9
Long-term liabilities outstanding	30.0	33.6			30.0	33.6
Other liabilities	12.1	10.7	4.2	3.8	16.3	14.5
Total liabilities	42.1	44.3	4.2	3.8	46.3	48.1
Net assets:						
Invest in capital assets, net of related debt	89.6	70.8	.1	.1	89.7	70.9
Restricted	.5	.2	2.7	4.0	3.2	4.2
Unrestricted	20.1	24.7			20.1	24.7
Total net assets	$ 110.2	$ 95.7	$ 2.8	$ 4.1	$ 113.0	$ 99.8

By far the largest portion of Yavapai County's net assets (80%) 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

restrictions on how they may be used. The remaining balance of unrestricted net assets ($20 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 decreased by $1 million, primarily due to less than expected revenue increases in the business-type activities. This is not expected to continue or have any adverse affects on future operations. The decrease in unrestricted net assets of $4.6 million is due to the completion of a major road project in the governmental activities.

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 $13.1 million, all 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 45.

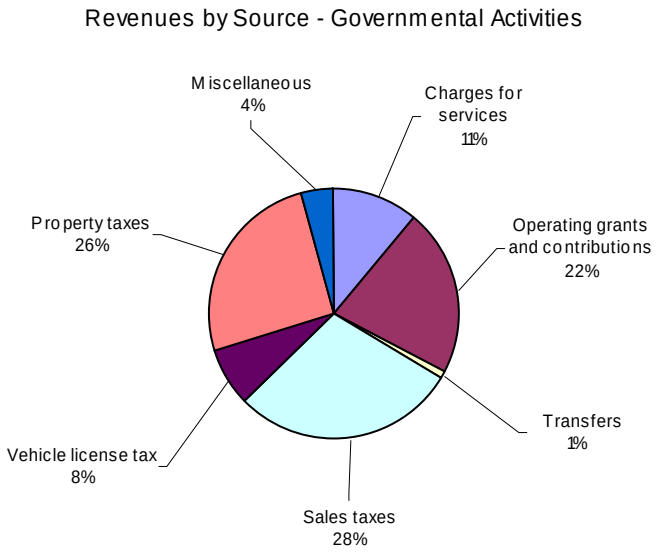
Changes in Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	$ 13.8	$ 13.0	$ 31.5	$ 30.4	$ 45.3	$ 43.4
Grants and contributions	26.8	24.5			26.8	24.5
General revenues:						
Property taxes	31.9	28.1			31.9	28.1
Sales taxes	35.7	32.8			35.7	32.8
Vehicle license tax	9.5	8.3			9.5	8.3
Miscellaneous	5.1	4.2			5.1	4.2
Total revenues	122.8	110.9	31.5	30.4	154.3	141.3
Expenses						
General government	38.0	42.2			38.0	42.2
Public safety	31.7	26.7			31.7	26.7
Highways and streets	18.4	11.0			18.4	11.0
Sanitation	1.6	1.6			1.6	1.6
Health	8.8	5.7			8.8	5.7
Welfare	7.8	8.3			7.8	8.3
Culture and recreation	.5	.6			.5	.6
Education	2.6	1.7			2.6	1.7
Long-term care			31.8	28.3	31.8	28.3
Total expenses	109.4	97.8	31.8	28.3	141.2	126.1
Increase (decrease) in net assets before transfers	13.4	13.1	(.3)	2.1	13.1	15.2
Transfers	1.0	2.0	(1.0)	(2.0)		
Increase (decrease) in net assets	14.4	15.1	(1.3)	.1	13.1	15.2
Net assets, beginning restated	95.8	80.7	4.1	4.0	99.9	84.7
Net assets, ending	$ 110.2	$ 95.8	$ 2.8	$ 4.1	113.0	$ 99.9

Governmental activities.

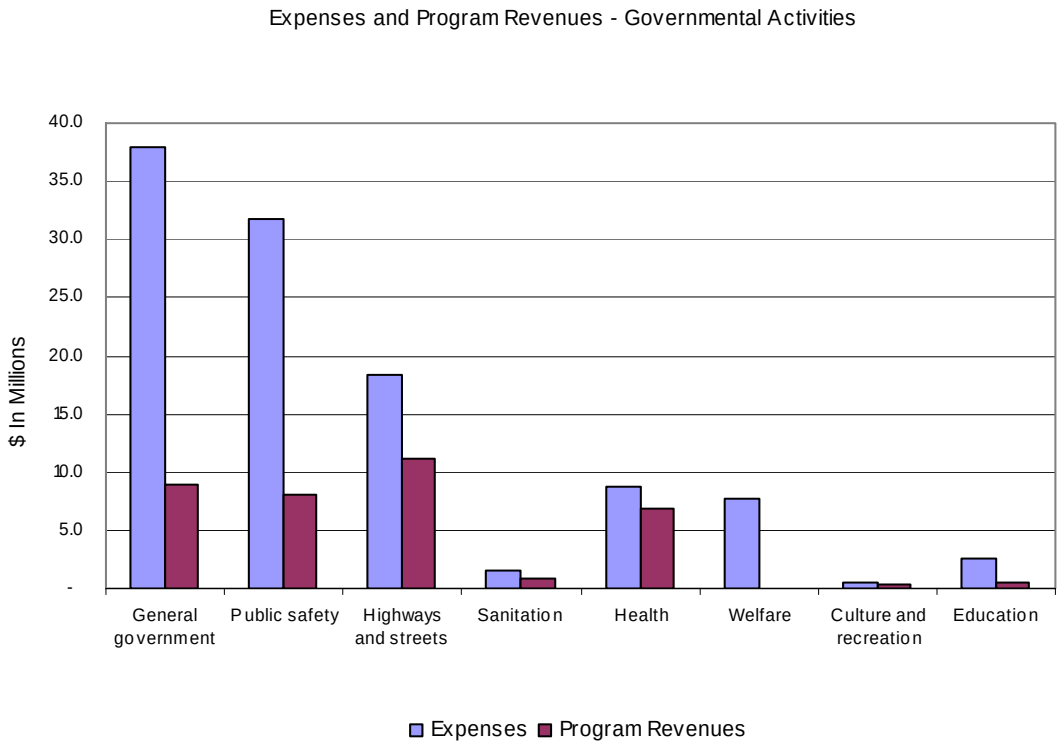
Governmental activities revenues totaled $122.8 million for fiscal year 2004. The following are highlights of County revenues:

- Sales taxes are comprised of state shared-sales tax, a 0.5% tax for highways and a 0.25% Jail District tax. Overall sales tax increased by $2.9 million approximately (9%) in the current fiscal year due to a general increase in sales activity, fueled by an improving local economy and continued population growth. In addition, the Jail District tax rate was increased from 0.020% to 0.025%, which resulted in increases of approximately 38% in the Jail District tax revenues. The highway sales tax increased by $1 million and the state-shared sales tax, the largest component of sales tax, remained the same at $16.9 million, although actual collections exceeded the prior year by $1 million, however Arizona law requires this to be recognized in fiscal year 2004/05. 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 2004/05.
- Property taxes increased by $3.8 million (13.7%) during the year. This increase is attributable to increased property values, new construction and a 4.5% increase in the property tax rate.
- Charges for services increased by $1.9 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.



Expenses

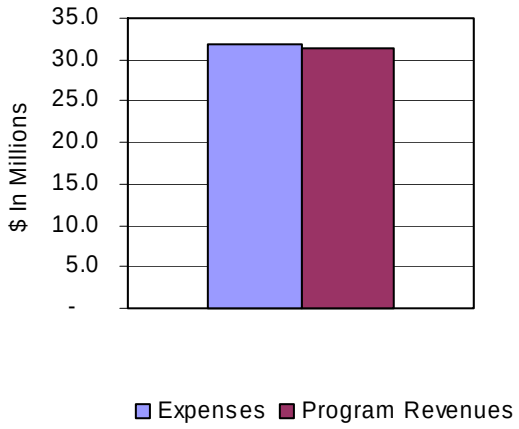
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The general government function experienced significant growth in the General Services, County Attorney, Superior Court, Public Defender and Facilities departments. Increases, over the prior year, in public safety are the result of increasing demands on law enforcement and detention within the Sheriff's office. The increase in highways and streets is the result of the completion of a major road project.



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.

Capitation revenues increased by $1.1 million, or 3.6%, for fiscal year 2004 over the prior fiscal year. Operating expenses increased $3.5 million representing a 12.4% 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 28,857,806, a decrease of $3,930,210 in comparison with the prior year. This change is primarily attributable to the decrease in the fund balance of the capital projects fund and the HURF road fund, as the county completed a new Health facility at a cost of $2 million in the capital projects fund and finished a significant number of projects in the road fund. The fund balance is unreserved other than the reserves for inventories of $266,377, debt service of $453,070 and capital acquisition of $308,643.

The general fund is the chief operating fund of Yavapai County. At the end of the current fiscal year, unreserved fund balance of the general fund was $1,863,405, which was $78,412 more than the previous fiscal year. Otherwise both revenues and expenditures for the current fiscal year closely followed estimates.

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 $2.8 million, a decrease of $1.3 million over the prior fiscal year. This decrease is primarily due to a fixed capitation amount received from the AHCCCS, which was less than what was necessary to keep pace with the rise in long-term care expenses. This situation is not expected to have a lasting effect. 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

The general fund expenditure budget of $57,224,517 was reduced by transfers of $165,862 to other funds. In addition, certain departments received supplemental appropriations as follows:

Public Defender	$ 362,918
Superior Courts	79,210
County Attorney	70,422
Records Management	62,720
Juvenile Probation	15,461
Voter Registration	12,435
Clerk of the Court	2,120

These increases in appropriations were transferred from other general fund departments with budget capacity. Actual general fund expenditures were under budget by $1,372,468.

During the year, actual revenue exceeded estimates by $1,165,568 or 1.9%.

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, 2004, amounts to $89.7 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, 2004, 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 23%, nearly all of which is attributed to governmental activities.

Major capital asset events during the current fiscal year included the following:

- Construction was completed on the Camp Verde Jail Facility. Total costs incurred to date are less than projected costs of $20 million, allowing for expansion of the sewage plant if necessary. Capacity of the facility has increased by 480 beds.

- Construction was completed on Health Building in Prescott. The new facility was opened in April 2004 and is nearly double the size of the old facility.

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	$ 11.7	$ 9.5	$	$	$ 11.7	$ 9.5
Buildings	47.2	26.5			47.2	26.5
Machinery and Equipment	10.2	9.1	.2	.1	10.4	9.2
Infrastructure	29.1	10.1			29.1	10.1
Construction in Progress	12.1	34.2			12.1	34.2
Total	$ 110.3	$ 89.4	$ .2	$ .1	110.5	$ 89.5

Additional information on Yavapai County's capital assets can be found in Note 4 on pages 44 - 45 of this report.

Long-term debt. At the end of the current fiscal year, Yavapai County had total bonded debt outstanding of $14,310,154. Of this amount, $12,595,000 represents pledged revenue obligations of the Yavapai County Jail District, which are secured by a dedicated excise tax of ¼ cent, and $1,715,154 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 $6,375,000 which are secured by the County's highway user revenue. The remainder of Yavapai County's debt is a long-term capital lease of $1,753,789 road equipment.

Yavapai County's Outstanding Debt
(in millions)

	2004	2003
Jail District Pledged Revenue Obligations	$ 12.6	$ 13.9
Special Assessment Debt Payable	1.7	1.8
Notes Payable	6.4	8.8
Capital Leases	1.7	1.5
Total	$ 22.4	$ 26.0

Yavapai County's debt decreased by a net $3,653,941 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 $100,561,772. 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 46-48 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 a slight decrease from a rate of 3.4 percent a year ago. This compares favorably to the state's average unemployment rate of 5.9 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing Yavapai County's budget for the 2004/05 fiscal year. The unreserved ending fund balance in the general fund of $1,863,405 was appropriated for spending in the 2004/05 fiscal year budget. The increased need for detention and court services necessitated a 1% increase in the general fund property tax rate for the 2004/05 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.

BASIC FINANCIAL STATEMENTS

Yavapai County
Statement of Net Assets
June 30, 2004

	Primary Government		
Assets	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and investments held by treasurer	$ 29,783,055	$ 5,479,247	$ 35,262,302
Receivables:			
Property taxes	1,501,158	-	1,501,158
Special assessments	1,043,471	-	1,043,471
Accounts	860,967	-	860,967
Due from other governments	6,415,187	1,403,274	7,818,461
Inventories	266,377	-	266,377
Prepaid items	48,364	-	48,364
Deferred charges	150,621	-	150,621
Cash equivalents - restricted	1,916,488	-	1,916,488
Capital assets, not being depreciated	23,816,665	-	23,816,665
Capital assets, being depreciated, net	86,547,442	174,128	86,721,570
Total assets	152,349,795	7,056,649	159,406,444
Liabilities			
Accounts payable	5,094,438	325,613	5,420,051
Accrued payroll and employee benefits	2,096,153	216,915	2,313,068
Matured bonds payable	1,350,000	-	1,350,000
Interest payable	257,845	-	257,845
Due to other governments	-	92,569	92,569
Medical claims payable	-	3,559,014	3,559,014
Deferred revenue	3,282,376	-	3,282,376
Noncurrent liabilities:			
Due within one year	11,059,747	-	11,059,747
Due in more than one year	19,010,652	-	19,010,652
Total liabilities	42,151,211	4,194,111	46,345,322
Net Assets			
Invested in capital assets, net of related debt	89,640,318	174,128	89,814,446
Restricted for:			
Health and welfare	-	2,688,410	2,688,410
Debt service	453,070	-	453,070
Unrestricted	20,105,196	-	20,105,196
Total net assets	$ 110,198,584	$ 2,862,538	$ 113,061,122

See accompanying notes to financial statements.

Yavapai County
Statement of Activities
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenue & Changes in Net Assets – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary Government:							
Governmental activities:							
General government	$ 37,084,422	$ 6,123,424	$ 4,288,044	$ -	$ (26,672,954)	$ -	$ (26,672,954)
Public safety	31,704,296	3,104,336	5,090,701	-	(23,509,259)	-	(23,509,259)
Highways and streets	18,457,819	1,500,511	10,448,393	138,290	(6,370,625)	-	(6,370,625)
Sanitation	1,645,392	447,163	880,410	-	(317,819)	-	(317,819)
Health	8,757,816	2,339,512	4,905,502	-	(1,512,802)	-	(1,512,802)
Welfare	7,844,530	-	-	-	(7,844,530)	-	(7,844,530)
Culture and recreation	556,472	-	192,878	-	(363,594)	-	(363,594)
Education	2,546,712	263,752	855,140	-	(1,427,820)	-	(1,427,820)
Aid to other governments	146,641	-	25,724	-	(120,917)	-	(120,917)
Interest on long-term debt	923,764	-	-	-	(923,764)	-	(923,764)
Total governmental activities	109,667,864	13,778,698	26,686,792	138,290	(69,064,084)	-	(69,064,084)
Business-type activities:							
Long term care	31,832,400	31,465,598	-	-	-	(366,802)	(366,802)
Total business-type activities	31,832,400	31,465,598	-	-	-	(366,802)	(366,802)
Total primary government	$ 141,500,264	$ 45,244,296	$ 26,686,792	$ 138,290	(69,064,084)	(366,802)	(69,430,886)
General revenues:							
Property taxes					31,940,611	-	31,940,611
Sales taxes					35,700,324	-	35,700,324
Vehicle license tax					9,495,550	-	9,495,550
Franchise taxes					498,553	-	498,553
State shared lottery					550,035	-	550,035
Interest on investments					252,347	124,413	376,760
Miscellaneous					4,037,390	54,043	4,091,433
Transfers					1,000,000	(1,000,000)	-
Total general revenues and transfers					83,474,810	(821,544)	82,653,266
Changes in net assets					14,410,726	(1,188,346)	13,222,380
Net assets – beginning, as restated					95,787,858	4,050,884	99,838,742
Net assets - ending					$ 110,198,584	$ 2,862,538	$ 113,061,122

See accompanying notes to financial statements.

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Yavapai County
Balance Sheet
Governmental Funds
June 30, 2004

Assets	General	Jail District	Jail Construction	Jail District Debt Service
Cash and cash equivalents	$ 2,341,315	$ 4,156,181	$ -	$ 257,845
Receivables:				
Property taxes	1,248,875	-	-	-
Special assessments	-	-	-	-
Accounts	272,137	20,207	-	-
Due from:				
Other funds	373,975	259,839	725	-
Other governments	2,774,795	701,786	-	-
Inventories	91,724	-	-	-
Prepaid items	42,340	-	-	-
Cash equivalents - restricted	-	-	-	1,607,845
Total assets	$ 7,145,161	$ 5,138,013	$ 725	$ 1,865,690
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 995,354	$ 476,187	$ 50,438	$ -
Accrued payroll and employee benefits	1,156,624	254,398	-	-
Due to other funds	51,357	438	-	257,845
Interest payable	-	-	-	257,845
Principal payable	-	-	-	1,350,000
Deferred revenue	2,986,697	-	-	-
Total liabilities	5,190,032	731,023	50,438	1,865,690
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Capital acquisition	-	-	-	-
Inventory	91,724	-	-	-
Unreserved, reported in				
General fund	1,863,405	-	-	-
Special revenue funds	-	4,406,990	-	-
Capital project funds	-	-	(49,713)	-
Total fund balances	1,955,129	4,406,990	(49,713)	-
Total liabilities and fund balances	$ 7,145,161	$ 5,138,013	$ 725	$ 1,865,690

See accompanying notes to financial statements.

Regional Road	HURF Road	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 7,165,036	$ 708,537	$ 4,778,349	$ 10,375,792	$ 29,783,055
-	-	-	252,283	1,501,158
-	-	-	1,043,471	1,043,471
44,767	31,284	4,281	363,111	735,787
1,116	31,371	-	370,452	1,037,478
824,599	1,237,029	-	876,978	6,415,187
-	174,653	-	-	266,377
-	-	-	6,024	48,364
-	308,643	-	-	1,916,488
$ 8,035,518	$ 2,491,517	$ 4,782,630	$ 13,288,111	$ 42,747,365
$ 568,689	$ 1,696,416	$ 35,115	$ 1,272,239	$ 5,094,438
5,189	188,634	-	491,308	2,096,153
-	36,554	39,851	526,253	912,298
-	-	-	-	257,845
-	-	-	-	1,350,000
-	-	-	1,192,128	4,178,825
573,878	1,921,604	74,966	3,481,928	13,889,559
-	-	-	453,070	453,070
-	308,643	-	-	308,643
-	174,653	-	-	266,377
-	-	-	-	1,863,405
7,461,640	86,617	-	9,333,136	21,288,382
-	-	4,707,664	19,978	4,677,929
7,461,640	569,913	4,707,664	9,806,184	28,857,806
$ 8,035,518	$ 2,491,517	$ 4,782,630	$ 13,288,111	$ 42,747,365

Yavapai County
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2004

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

Total fund balances - governmental funds	$ 28,857,806
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	110,364,107
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	896,449
Bond issuance costs are recorded as deferred charges, and are not reported in the funds.	150,621
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(30,070,399)
Net assets of governmental activities	$ 110,198,584

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, 2004

	General	Jail District	Jail Construction	Jail District Debt Service
Revenues:				
Taxes	$ 29,895,412	$ 6,201,641	$ -	$ -
Special assessments	-	-	-	-
Licenses and permits	2,730,437	-	-	-
Intergovernmental	25,260,228	-	-	-
Charges for services	1,570,577	220,425	-	-
Fines and forfeits	1,978,124	-	-	-
Investment income	31,743	55,536	840	-
Miscellaneous	1,428,749	300,014	-	-
Total Revenues	62,895,270	6,777,616	840	-
Expenditures:				
Current:				
General government	35,290,224	-	-	-
Public safety	11,921,571	10,416,842	-	-
Highways and streets	-	-	-	-
Sanitation	-	-	-	-
Health	-	-	-	-
Welfare	7,950,410	-	-	-
Education	523,982	-	-	-
Culture and recreation	-	-	-	-
Capital expenditures	-	-	3,671,859	-
Debt service:				
Principal retirement	-	-	-	1,350,000
Interest and fiscal charges	-	-	-	517,322
Total Expenditures	55,686,187	10,416,842	3,671,859	1,867,322
Excess (deficiency) of revenues over (under) expenditures	7,209,083	(3,639,226)	(3,671,019)	(1,867,322)
Other financing sources (uses):				
Transfers in	2,399,846	7,407,000	2,709,737	1,811,465
Transfers out	(9,530,517)	(4,521,202)	-	-
Capital leases	-	-	-	-
Total other financing sources (uses)	(7,130,671)	2,885,798	2,709,737	1,811,465
Net changes in fund balances	78,412	(753,428)	(961,282)	(55,857)
Fund Balances, July 1, 2003	1,784,993	5,160,418	911,569	55,857
Increase in reserve for inventories	91,724	-	-	-
Fund Balances, June 30, 2004	$ 1,955,129	$ 4,406,990	$ (49,713)	$ -

See accompanying notes to financial statements.

Regional Road	HURF Road	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 9,447,139	$ -	$ -	$ 5,582,205	$ 51,126,397
-	-	-	515,278	515,278
1,500,511	-	-	335,566	4,566,514
-	13,816,633	-	14,227,759	53,304,620
-	-	-	4,631,830	6,422,832
-	-	-	340,962	2,319,086
43,602	4,215	36,403	80,008	252,347
7,906	433,860	-	2,290,390	4,460,919
10,999,158	14,254,708	36,403	28,003,998	122,967,993
-	-	-	6,553,650	41,843,874
-	-	-	8,358,741	30,697,154
9,029,219	15,853,530	-	126,559	25,009,308
-	-	-	1,514,713	1,514,713
-	-	-	8,617,007	8,617,007
-	-	-	-	7,950,410
-	-	-	1,843,871	2,367,853
-	-	-	444,617	444,617
-	-	1,941,642	486,906	6,100,407
-	-	-	2,560,440	3,910,440
-	-	-	387,615	904,937
9,029,219	15,853,530	1,941,642	30,894,119	129,360,720
1,969,939	(1,598,822)	(1,905,239)	(2,890,121)	(6,392,727)
-	-	274,750	5,063,662	19,666,460
(2,701,735)	(600,000)	-	(1,313,006)	(18,666,460)
-	1,300,000	-	-	1,300,000
(2,701,735)	700,000	274,750	3,750,656	2,300,000
(731,796)	(898,822)	(1,630,489)	860,535	(4,092,727)
8,193,436	1,397,942	6,338,153	8,945,648	32,788,016
-	70,793	-	-	162,517
$ 7,461,640	$ 569,913	$ 4,707,664	$ 9,806,183	$ 28,857,806

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, 2004

Net change in fund balances - total governmental funds		$ (4,092,727)
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	19,790,584	
Depreciation	(4,825,105)	14,965,479
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Debt issued or incurred	(1,300,000)	
Long-term lease principal payments	1,043,501	
Principal repaid on bonds and notes	3,910,440	3,653,941
Deferred tax revenues are recognized in the governmental funds only when available, but are recognized in the Statement of Activities when earned.		110,594
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(158,252)
Purchases of inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities they are reported as an expense when consumed.		162,517
In the Statement of Activities, only the gain/loss on the sale or disposal 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 or disposed of.		(230,826)
Changes in net assets of governmental activities		$ 14,410,726

See accompanying notes to financial statements.

Yavapai County
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities- Enterprise Fund Long-term Care
Assets	
Current assets:	
Cash and cash equivalents	$ 5,479,247
Due from other governments	1,350,744
Due from other funds	52,530
Total current assets	6,882,521
Noncurrent assets:	
Capital assets, net of accumulated depreciation	174,128
Total noncurrent assets	174,128
Total Assets	7,056,649
Liabilities	
Current liabilities :	
Accounts payable	147,903
Accrued payroll and employee benefits	216,915
Medical claims payable	3,559,014
Due to other governments	92,569
Due to other funds	177,710
Total current liabilities	4,194,111
Total Liabilities	4,194,111
Net Assets	
Invested in capital assets	174,128
Restricted - health and welfare	2,688,410
Total Net Assets	$ 2,862,538

See accompanying notes to financial statements.

Yavapai County
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2004

	Business-type Activities- Enterprise Fund Long-term Care
Operating revenues:	
AHCCCS revenues	$ 31,465,598
Miscellaneous	54,043
Total operating revenues	31,519,641
Operating Expenses:	
Medical costs	27,778,406
Administrative costs	3,990,613
Depreciation	63,381
Total operating expenses	31,832,400
Operating loss	(312,759)
Nonoperating revenues:	
Interest income	124,413
Loss before transfers	(188,346)
Transfers out	(1,000,000)
Decrease in net assets	(1,188,346)
Net assets, July 1, 2003	4,050,884
Net assets, June 30, 2004	$ 2,862,538

See accompanying notes to financial statements.

Yavapai County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2004

	Business-type Activities- Enterprise Fund Long-term Care
Cash flows from operating activities:	
Cash received from AHCCCS	$ 31,480,110
Cash payments for medical services	(26,593,925)
Cash payments for personal services	(2,441,386)
Cash payments to other County funds for goods and services	(1,151,595)
Cash payments for operating activities	(1,329,457)
Net cash used for operating activities	(36,253)
Cash flows from noncapital activities:	
Cash transferred to general fund	(1,000,000)
Cash flows from capital and related financing activities:	
Purchase of capital assets	(19,426)
Cash flows from investing activities:	
Interest on investments	124,413
Net decrease in cash and cash equivalents	(931,266)
Cash and cash equivalents, July 1, 2003	6,410,513
Cash and cash equivalents, June 30, 2004	$ 5,479,247
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (312,759)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	63,381
Changes in assets and liabilities:	
Increase in due from other governments	(39,530)
Increase in accounts payable	186,800
Increase in accrued payroll and employee benefits	32,970
Increase in medical claims payable	32,885
Net cash used for operating activities	$ (36,253)

See accompanying notes to financial statements.

Yavapai County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Investment Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	$ 41,463,716	$ 2,186,697
Total Assets	41,463,716	$ 2,186,697
Liabilities		
Deposits held for others	-	$ 2,186,697
Total Liabilities	-	$ 2,186,697
Net Assets		
Held in trust for investment trust participants	$ 41,463,716	

See accompanying notes to financial statements.

Yavapai County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2004

	Investment Trust Fund
Additions:	
Contributions from participants	$ 300,815,940
Investment income	617,931
Total additions	301,433,871
Deductions:	
Distributions to participants	304,083,272
Total deductions	304,083,272
Change in net assets	(2,649,401)
Net assets, July 1, 2003	44,113,117
Net assets, June 30, 2004	$ 41,463,716

See accompanying notes to financial statements.

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).

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:

Component Unit	Description: Criteria for Inclusion	Reporting Method	For Separate Financial Statements
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 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 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 user charges and net patient 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. Revenues generated by ancillary activities are also 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.

The Jail Construction Fund is used to account for the construction of the new County jail and the remodel of the existing facility. 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.

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 in a fiduciary capacity for others.

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. 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.

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 and 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

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.

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		
Land	$10,000		
		Depreciation Method	**Estimated Useful Life**
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.

Note 2 - Deposits and Investments

Arizona Revised Statutes authorize the County to invest public monies in the State Treasurer's investment pool; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. The statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

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 (see Note 17). Those monies are pooled with County monies for investment purposes.

Deposits - The investment pool's deposits at June 30, 2004, were entirely covered by federal depository insurance or by collateral held by the County's custodial bank in the County's name.

Investments - At June 30, 2004, the investments in the County Treasurer's investment pool consisted of the following.

	Fair Value
Investment in State Treasurer's investment pool	$ 41,342,972
U.S. government securities	35,161,163
Total	$ 76,504,135

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.

The investment pool's investments at June 30, 2004, are categorized below to give an indication of the level of risk assumed by the County at year-end.

Category 1 - insured or registered in the County's name, or securities held by the County or its agent in the County's name.
Category 2 - uninsured and unregistered with securities held by the counterparty's trust department or agent in the County's name.
Category 3 - uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the County's name.

	Category 1	Category 2	Category 3	Fair Value
U.S. government securities	-	$ 35,161,163	-	$ 35,161,163
	-	$ 35,161,163	-	35,161,163
Investments not subject to categorization:				
Investment in State Treasurer's investment pool				41,342,972
Total				$ 76,504,135

Other Deposits – The County's nonpooled deposits at June 30, 2004, were entirely covered by federal depository insurance or by collateral held by the County's custodial banks in the County's name.

Other Investments – At June 30, 2004, the County's nonpooled investments consisted of the following:

	Fair Value
Money market funds-U.S. government securities	$ 1,916,488
Total cash and cash equivalents	$ 1,916,488

The fair value of the investments approximates the reported value. These investments are categorized as Category 3.

A reconciliation of cash and investments to amounts shown on the Statement of Net Assets as follows.

Cash and investments:

	County Treasurer's Investment Pool	Other	Total
Cash on hand	$ 903,539	$ 6,780	$ 910,319
Carrying amount of deposits	965,113	2,596,043	3,561,156
Oustanding warrants	(2,062,895)	-	(2,062,895)
Reported amount of investments	76,504,135	1,916,488	78,420,623
Total cash and cash equivalents	$ 76,309,892	$ 4,519,311	$ 80,829,203

Statement of Net Assets:

	Total Primary Government	Total Fiduciary Funds	Total
Cash and cash equivalents	$ 35,262,302	$ 43,650,413	$ 78,912,715
Cash and equivalents - restricted	1,916,488	-	1,916,488
Total cash and cash equivalents	$ 37,178,790	$ 43,650,413	$ 80,829,203

Note 3 - Due From Other Governments

Amounts due from other governments at June 30, 2004, include $1,569,903 in state-shared revenue from sales tax, $254,133 in county excise tax distributions due from the State Treasurer, $529,392 in state motor vehicle license taxes from the Arizona Department of Transportation, $248,148 in excess contributions due from the Arizona Health Care Cost Containment System and $173,219 in other fees from federal, state, and local governments recorded in the General Fund; $894,261 in state-shared revenue from highway user taxes, and $333,381 in state motor vehicle license tax and $9,387 in other fees from federal, state, and local governments recorded in the HURF Road Fund; $876,978 in grants and other fees from federal, state grants and local governments recorded in the Other Governmental Funds; $762,399 in county excise tax distributions due from the State Treasurer and $62,200 in other fees from local governments recorded in the Regional Road Fund; $544,906 in sales tax collections and $156,880 in other fees from the federal, state and local governments recorded in the Jail District Fund.

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2004, was as follows:

	Balance July 1 ,2003, as restated	Increases	Decreases	Balance June 30, 2004
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 11,816,159	$ 7,398	(118,501)	$ 11,705,056
Construction in progress (estimated cost to complete $3,555,801)	34,262,961	14,271,577	(36,422,929)	12,111,609
Total capital assets not being Depreciated	46,079,120	14,278,975	(36,541,430)	23,816,665
Capital assets being depreciated:				
Buildings	35,827,129	22,026,683	(136,082)	57,717,730
Machinery and equipment	25,712,759	2,839,281	(2,393,518)	26,158,522
Infrastructure	14,448,443	17,068,574	-	31,517,017
Total	75,988,331	41,934,538	(2,529,600)	115,393,269
Less accumulated depreciation for:				
Buildings	(9,351,619)	(1,255,132)	76,546	(10,530,205)
Machinery and equipment	(15,640,915)	(2,639,687)	2,340,729	(15,939,873)
Infrastructure	(1,445,463)	(930,286)	-	(2,375,749)
Total	(26,437,997)	(4,825,105)	2,417,275	(28,845,827)
Total capital assets, being depreciated, net	49,550,334	37,109,433	(112,325)	86,547,442
Governmental activities capital assets, net	$95,629,454	$ 51,388,408	$(36,653,755)	$110,364,107
Business-type activities:				
Capital assets being depreciated:				
Machinery and equipment	$ 443,518	$ 123,993	$ -	$ 567,511
Total capital assets being depreciated	443,518	123,993	-	567,511
Less accumulated depreciation for:				
Machinery and equipment	(330,002)	(63,381)	-	(393,383)
Total	(330,002)	(63,381)	-	(393,383)
Business-type activities capital Assets, net	$ 113,516	$ 60,612	$ -	$ 174,128

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	$ 1,667,123
Public safety	966,217
Highway and streets	1,866,848
Sanitation	86,131
Health	106,126
Welfare	1,482
Education	19,323
Culture and Recreation	111,855
Total governmental activities depreciation expense	$ 4,825,105
Business-type activities:	
Long-term care	$ 63,381
Total business-type activities depreciation expense	$ 63,381

Construction Commitments

The County has active construction projects as of June 30, 2004. At June 30, 2004 the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Mingus Avenue	$ 8,879,307	$ 1,421,610
Old Black Canyon Highway	304,035	200,942
Dry Creek Crossing	141,205	281,363
Total	$ 9,324,547	$ 1,903,915

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 $89,446,116 at June 30, 2003 have been restated for the recording of certain capital assets on hand as of that date. This adjustment results in an increase of $6,183,338 in beginning net assets at July 1, 2003.

Note 5 - Long-term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2004.

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due within 1 year
Governmental Activities:					
Special assessment debt payable	$ 1,838,094	$ -	$ (122,940)	$ 1,715,154	$ 127,287
Revenue bonds	13,945,000	-	(1,350,000)	12,595,000	1,395,000
Total special assessment debt payable and revenue bonds payable	15,783,094	-	(1,472,940)	14,310,154	1,522,287
Notes payable	8,812,500	-	(2,437,500)	6,375,000	4,312,500
Compensated absences payable	5,782,861	4,477,920	(4,285,099)	5,975,682	4,427,979
Obligations under capital leases	1,497,290	1,300,000	(1,043,501)	1,753,789	723,057
Landfill closure and postclosure care costs payable	1,339,575	43,483	(22,981)	1,360,077	-
Claims and judgments payable	369,594	69,832	(143,729)	295,697	73,924
Governmental activities long-term liabilities	$ 33,584,914	$ 5,891,235	$ (9,405,750)	$ 30,070,399	$11,059,747

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, 2004.

District	Interest Rates	Maturity Ranges	Outstanding Principal July 1, 2003	Retirements	Outstanding Principal June 30, 2004
Bonds					
Granite Gardens 1989	6.13 %	7/1/90-7/1/2007	$ 53,000	$ (10,000)	43,000
Pine Valley Street Imp.	6.45 %	7/1/97-7/1/2007	40,000	(10,000)	30,000
Coyote Springs Road Imp.	6.40 %	1/1/03-1/1/2022	1,480,000	(75,000)	1,405,000
Note Payable					
Prescott East Sanitary Dist.	4.82 %	7/1/02-7/1/2010	265,094	(27,940)	237,154
Total			$ 1,838,094	$ (122,940)	1,715,154

Special assessment debt service requirements to maturity are as follows:

	Principal	Interest
Year ending June 30, 2005	127,287	103,199
2006	130,699	95,546
2007	132,178	87,702
2008	108,730	80,109
2009	110,355	73,683
2010-2014	465,905	273,691
2015-2019	400,000	140,800
2020-2022	240,000	23,040
Total	$ 1,715,154	$ 877,770

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 are being 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, 2004 was $7,407,000. Excise taxes received for the same period were $6,201,641, which was 7.3% greater than the budgeted amount of $5,776,000.

Bonds outstanding at June 30, 2004, were as follows:

Jail District	Interest Rates	Maturity Ranges	Outstanding Principal July 1, 2003	Retirements	Outstanding Principal June 30, 2004
Revenue bonds	3-4.3 %	7/1/2004-7/1/2012	$ 13,945,000	$ (1,350,000)	$12,595,000
Total			$ 13,945,000	$ (1,350,000)	$12,595,000

The following schedule details debt service requirements to maturity for the County's revenue bonds payable at June 30, 2004.

	Governmental Activities	
	Principal	Interest
Year ending June 30, 2005	$ 1,395,000	$475,190
2006	1,435,000	433,340
2007	1,480,000	387,420
2008	1,530,000	335,620
2009	1,590,000	279,010
2010-2012	5,165,000	441,590
Total	$ 12,595,000	$ 2,352,170

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, 2004 are as follows:

HELP loan dated July 1, 2002, principal amount of $4,500,000, payable monthly over 24 months beginning July 15, 2003, interest rate of 1.83%, secured by the County's highway user revenues.	$2,062,500
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.	4,312,500
Total Notes Payable	6,375,000
Less Current Maturities	(4,312,500)
Long-term portion of Notes Payable	$2,062,500

The following schedule details debt service requirements to maturity for the County's notes payable at June 30, 2004.

	Governmental Activities	
	Principal	Interest
Year ending June 30, 2005	$4,312,500	$ 92,700
2006	2,062,500	23,203
Total	$6,375,000	$115,903

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 2004, the County paid for compensated absences as follows: 54 percent from the General Fund, 24 percent from other major funds, and 22 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	$ 3,224,462
Less: accumulated depreciation	(774,061)
Carrying value	$ 2,450,401

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2004.

	Governmental Activities
Year ending June 30, 2005	$ 993,207
2006	726,630
2007	74,842
Total minimum lease payments	1,794,679
Less amount representing interest	40,890
Present value of net minimum capital lease payments	$ 1,753,789

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, 2004. As of June 30, 2004, the landfill closure and postclosure care liability of $1,360,377 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 2004 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.

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.

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, 2005, and is collateralized by U.S. Government-backed securities. At June 30, 2004, 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 general employees of the County. 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 one of its 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	PSPRS and CORP
3300 N. Central Ave.	1020 E. Missouri Ave.
P.O. Box 33910	Phoenix, AZ 85014
Phoenix, AZ 85067-3910	
(602) 240-2000 or (800) 621-3778	(602) 255-5575

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, 2004, 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, 2004, 2003, and 2002 were $2,266,529, $960,807 and $857,912 respectively, which were equal to the required contributions for the year.

Agent plans - For the year ended June 30, 2004, 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, 2004, and related information follow.

	PSPRS	CORP
Contribution rates:		
County	13.04%	5.38%
Plan members	7.65%	8.50%
Annual pension cost	$648,780	$288,947
Contributions made	$648,780	$288,947

The current-year annual required contributions for both the PSPRS and the CORP were determined as part of their June 30, 2002, 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, 2002, was 20 years.

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	2004	$648,780	100%	$ -0-
	2003	465,783	100%	-0-
	2002	547,661	100%	-0-
CORP	2004	288,947	100%	-0-
	2003	126,031	100%	-0-
	2002	87,233	100%	-0-

Note 16 - Interfund Balances and Activity

Interfund receivables and payables-interfund balances at June 30, 2004, were as follows:

	Payable To			
	General Fund	Jail District	Jail Construction	Regional Road
Payable from				
General Fund	$ -	$ -	$ 15	$ -
Jail District	-	-	438	-
Jail District Debt Service	-	257,845	-	-
HURF Road	36,518	-	-	-
Capital Projects	-	-	272	-
Nonmajor Governmental Funds	337,457	1,994	-	1,116
Long-term Care	-	-	-	-
Total	$ 373,975	$ 259,839	$ 725	$ 1,116

	Payable To			
	HURF Road	Nonmajor Governmental Funds	Long-term care	Total
Payable from				
General Fund	$ 9,488	$ 41,854	$ -	$ 51,357
Jail District	-	-	-	438
Jail District Debt Service	-	-	-	257,845
HURF Road	-	36	-	36,554
Capital Projects	2,849	-	36,730	39,851
Nonmajor Governmental Funds	19,034	150,852	15,800	526,253
Long-term Care	-	177,710	-	177,710
Total	$ 31,371	$ 370,452	$ 52,530	$ 1,090,008

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.

Interfund transfers-interfund transfers for the year ended June 30, 2004, were as follows:

	Transfer To			
	General Fund	Jail District	Jail Construction	Jail Debt Service
Transfer from				
General Fund	$ -	$ 7,407,000	$ -	$ -
Jail District	-	-	2,709,737	1,811,465
HURF Road	600,000	-	-	-
Regional Road	-	-	-	-
Nonmajor Governmental Funds	799,846	-	-	-
Long-term Care	1,000,000	-	-	-
Total	$ 2,399,846	$ 7,407,000	$ 2,709,737	$ 1,811,465

	Transfer To		
	Capital Projects	Nonmajor Governmental Funds	Total
Transfer from			
General Fund	$ 274,750	$ 1,848,767	$ 9,530,517
Jail District	-	-	4,521,202
HURF Road	-	-	600,000
Regional Road	-	2,701,735	2,701,735
Nonmajor Governmental Funds	-	513,160	1,313,006
Long-term Care	-	-	1,000,000
Total	$ 274,750	$ 5,063,662	$ 19,666,460

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.

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.

Details of each major investment classification follow.

Investment Type	Principal	Interest Rates	Maturities	Fair Value
U.S. government securities	$35,000,000	2.0-5.0%	8/13/04-10/29/07	$35,161,163
Investment in State Treasurer's investment pool	41,342,972	1.0588%	None stated	41,342,972

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

Statement of Net Assets	
Assets	$ 76,309,892
Liabilities	-
Net assets	$ 76,309,892
Net assets held in trust for:	
Internal participants	$ 34,846,176
External participants	41,463,716
Total net assets held in trust	$ 76,309,892
Statement of Changes in Net Assets	
Total additions	$ 417,977,263
Total deductions	(423,618,858)
Net decrease	(5,641,595)
Net assets held in trust:	
July 1, 2003	81,951,487
June 30, 2004	$ 76,309,892

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REQUIRED SUPPLEMENTARY INFORMATION

Yavapai County
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2004

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)
6/30/04	$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%
6/30/02	12,560,975	14,232,671	(1,671,696)	88.3%	4,318,078	38.7%

Corrections Officer Retirement Plan

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage Of Covered Payroll ([a-b]/c)
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	-
6/30/02	6,022,539	5,274,883	747,656	114.2%	3,954,989	-

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 29,582,903	$ 29,582,903	$ 29,895,412	$ 312,509
Licenses and Permits	2,440,000	2,440,000	2,730,437	290,437
Intergovernmental	25,414,124	25,414,124	25,260,228	(153,896)
Charges For Services	1,460,000	1,460,000	1,570,577	110,577
Fines and Forfeits	1,775,000	1,775,000	1,978,124	203,124
Investment Income	200,000	200,000	31,743	(168,257)
Miscellaneous	857,675	857,675	1,428,749	571,074
Total Revenues	61,729,702	61,729,702	62,895,270	1,165,568
Expenditures:				
Board of Supervisors	618,029	619,051	583,509	35,542
Human Resources	594,969	594,969	554,740	40,229
General Services	5,236,807	4,382,597	4,031,450	351,147
Emergency Management	100,080	100,080	99,986	94
Elections	410,047	410,047	230,751	179,296
Facilities	3,460,413	3,460,413	3,427,778	32,635
Development Services	3,145,045	3,182,585	3,052,021	130,564
Fleet	1,714,883	1,714,883	1,632,776	82,107
Finance	537,775	537,775	534,127	3,648
Assessor	2,916,642	2,916,642	2,831,985	84,657
Attorney	3,217,547	3,332,469	3,332,469	-
Voter Registration	291,356	303,791	303,790	1
Recorder	668,082	668,082	637,495	30,587
Management Information System	4,273,711	4,273,711	3,981,354	292,357
Clerk of the Court	1,678,687	1,680,807	1,680,806	1
Treasurer	629,886	629,886	626,802	3,084
Records Management	267,260	329,980	329,979	1
Superior Courts	2,772,058	2,851,268	2,851,267	1
Public Defender	2,449,452	2,812,370	2,812,367	3
Prescott Justice of the Peace	480,697	480,697	438,805	41,892
Prescott Constable	61,377	61,377	60,678	699
Bagdad/Yarnell Justice of the Peace	250,432	250,432	249,871	561
Verde Valley justice of the Peace	395,093	395,093	390,758	4,335
Mayer Justice of the Peace	321,145	321,145	319,928	1,217
Verde Constable	60,717	60,717	56,240	4,477
Seligman Justice of the Peace	241,824	241,824	238,492	3,332
Total General Government	36,794,014	36,612,691	35,290,224	1,322,467

(Continued)

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Public Safety:				
Sheriff	8,936,560	8,936,560	8,936,560	-
Adult Probation	1,286,807	1,286,807	1,249,245	37,562
Juvenile Probation	1,720,306	1,735,767	1,735,766	1
Total Public Safety	11,943,673	11,959,134	11,921,571	37,563
Welfare:				
Medical Assistance	7,613,404	7,613,404	7,623,810	(10,406)
Public Fiduciary	349,432	349,432	326,600	22,832
Total Welfare	7,962,836	7,962,836	7,950,410	12,426
Education:				
School Superintendent	523,994	523,994	523,982	12
Total Education	523,994	523,994	523,982	12
Total Expenditures	57,224,517	57,058,655	55,686,187	1,372,468
Excess of Revenues Over (Under) Expenditures	4,505,185	4,671,047	7,209,083	2,538,036
Other Financing Sources (Uses):				
Transfer In	3,290,000	3,290,000	2,399,846	(890,154)
Transfer Out	(9,367,528)	(9,367,528)	(9,530,517)	(162,989)
Loan Proceeds	-	-	-	-
Sale of General Fixed Assets	-	-	-	-
Total Other Financing Source (Use)	(6,077,528)	(6,077,528)	(7,130,671)	(1,053,143)
Net change in fund balances	(1,572,343)	(1,406,481)	78,412	1,484,893
Fund Balance, July 1, 2003	1,572,343	1,406,481	1,784,993	378,512
Increase in reserve for inventories	-	-	91,724	91,724
Fund Balance, June 30, 2004	$ -	$ -	$ 1,955,129	$ 1,955,129

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 5,776,000	$ 5,776,000	$ 6,201,641	$ 425,641
Charges for services	-	-	220,425	220,425
Investment income	-	-	55,536	55,536
Miscellaneous	252,000	252,000	300,014	48,014
Total revenues	6,028,000	6,028,000	6,777,616	749,616
Expenditures:				
Public safety:				
Sheriff	11,374,098	11,374,098	10,416,842	957,256
Total expenditures	11,374,098	11,374,098	10,416,842	957,256
Excess (deficiency) of revenues over (under) expenditures	(5,346,098)	(5,346,098)	(3,639,226)	1,706,872
Other financing sources (uses):				
Transfer in	7,407,000	7,407,000	7,407,000	-
Transfer out	(6,865,690)	(6,865,690)	(4,521,203)	2,344,487
Total other financing sources (uses)	541,310	541,310	2,885,797	2,344,487
Net changes in fund balances	(4,804,788)	(4,804,788)	(753,429)	4,051,359
Fund balances, July 1, 2003	4,804,788	4,804,788	5,160,418	355,630
Fund balances, June 30, 2004	$ -	$ -	$ 4,406,989	$ 4,406,989

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
Regional Road Fund
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 9,000,000	$ 9,000,000	$ 9,447,139	$ 447,139
Licenses and permits	1,400,000	1,400,000	1,500,511	100,511
Investment income	120,000	120,000	43,602	(76,398)
Miscellaneous	-	-	7,906	7,906
Total revenues	10,520,000	10,520,000	10,999,158	479,158
Expenditures:				
Highways and streets:				
Public works	15,751,909	15,751,909	9,029,219	6,722,690
Total expenditures	15,751,909	15,751,909	9,029,219	6,722,690
Excess (deficiency) of revenues over (under) expenditures	(5,231,909)	(5,231,909)	1,969,939	7,201,848
Other financing sources (uses):				
Transfer out	(2,764,983)	(2,764,983)	(2,701,735)	63,248
Total other financing sources (uses)	(2,764,983)	(2,764,983)	(2,701,735)	63,248
Net changes in fund balances	(7,996,892)	(7,996,892)	(731,796)	7,265,096
Fund balances, July 1, 2003	7,996,892	7,996,892	8,193,436	196,544
Fund balances, June 30, 2004	$ -	$ -	$ 7,461,640	$ 7,461,640

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Budgetary Comparison Schedule
HURF Road Fund
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 13,815,358	$ 13,815,358	$ 13,816,633	$ 1,275
Investment income	-	-	4,215	4,215
Miscellaneous	500,000	500,000	433,860	(66,140)
Total revenues	14,315,358	14,315,358	14,254,708	(60,650)
Expenditues				
Highways and streets:				
Public works	13,711,823	13,714,685	12,994,195	720,490
Fleet	1,503,534	1,503,534	1,559,335	(55,801)
Total expenditures	15,215,357	15,218,219	14,553,530	664,689
Excess (deficiency) of revenues over (under) expenditures	(899,999)	(902,861)	(298,822)	604,039
Other financing sources (uses):				
Transfer out	(600,000)	(600,000)	(600,000)	-
Total other financing sources (uses)	(600,000)	(600,000)	(600,000)	-
Net changes in fund balances	(1,499,999)	(1,502,861)	(898,822)	604,039
Fund balances, July 1, 2003	1,499,999	1,502,861	1,397,942	(104,919)
Increase in reserve for inventories	-	-	70,793	70,793
Fund balances, June 30, 2004	$ -	$ -	$ 569,913	$ 569,913

See accompanying notes to budgetary comparison schedules.

Yavapai County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
Year Ended June 30, 2004

Note 1 - Budgetary Basis of Accounting

The County's adopted budget is prepared on a basis consistent with generally accepted accounting principles, except that the present value of net minimum capital lease payments are not budgeted.

The following schedule reconciles the deficiency of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedules.

	HURF Road Fund
Deficiency of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	$ (1,598,822)
Present value of net minimum capital lease payments	1,300,000
Deficiency of revenues over expenditures from the budgetary comparison schedules	$ (298,822)

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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.

CAPITAL PROJECTS FUNDS

Juvenile Jail Improvement	Accounts for state funded improvements for a new remanded juvenile jail facility.
Airport Development	Airport enhancement projects for Seligman, Bagdad and Sedona funded by State grants.

DEBT SERVICE FUNDS

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

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Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Special Revenue			
Assets	Health Care	Recorder's Surcharge	Assessor's Surcharge	Public Library
Cash and cash equivalents	$ 1,541,839	$ 816,868	$ 380,893	$ 221,835
Receivables:				
Property taxes	-	-	-	91,278
Special assessments—	-	-	-	-
Accounts	15,980	3,210	2,819	296
Due from:				
Other funds	186,384	-	-	79
Other governments	1,071	-	-	-
Prepaid items	3,925	-	-	-
Total assets	$ 1,749,199	$ 820,078	$ 383,712	$ 313,488
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 79,495	$ 27,879	$ -	$ 11,844
Accrued payroll and employee benefits	200,010	1,622	8,765	13,970
Due to other funds	25,421	-	-	193
Deferred revenue	-	-	-	54,659
Total liabilities	304,926	29,501	8,765	80,666
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved, reported in				
Special revenue funds	1,444,273	790,577	374,947	232,822
Capital project funds	-	-	-	-
Total fund balances	1,444,273	790,577	374,947	232,822
Total liabilities and fund balances	$ 1,749,199	$ 820,078	$ 383,712	$ 313,488

School	Parks & Recreation	Water Advisory Committee	Landfill / Environment	Public Works	CDBG
$ 374,167	$ 973,629	$ 187,653	$ 394,036	$ 120,243	$ -
-	-	-	-	-	-
-	-	-	-	-	-
17,043	81,511	178	-	107	-
66,831	8,844	-	16,587	-	-
22,360	-	-	98,069	-	160,840
325	-	-	-	-	-
$ 480,726	$ 1,063,984	$ 187,831	$ 508,692	$ 120,350	$ 160,840
$ 44,595	$ 14,591	$ 80	$ 77,473	$ -	$ 160,817
23,193	-	2,564	16,396	-	-
68,548	99,587	-	22,873	1,116	-
-	-	-	-	-	-
136,336	114,178	2,644	116,742	1,116	160,817
-	-	-	-	-	-
344,390	949,806	185,187	391,950	119,234	23
-	-	-	-	-	-
344,390	949,806	185,187	391,950	119,234	23
$ 480,726	$ 1,063,984	$ 187,831	$ 508,692	$ 120,350	$ 160,840

Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004
(Continued)

	Special Revenue			
Assets	Improvement Districts	Clerk of Superior Court	County Attorney	Law Enforcement
Cash and cash equivalents	$ 2,026,637	$ 337,681	$ 759,369	$ 615,509
Receivables:				
Property taxes	160,571	-	-	-
Special assessments	-	-	-	-
Accounts	1,853	28,423	52,692	63,974
Due from:				
Other funds	-	-	46,918	352
Other governments	15,678	-	26,870	74,267
Prepaid items	-	-	600	-
Total assets	$ 2,204,739	$ 366,104	$ 886,449	$ 754,102
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 623,800	$ 36	$ 19,058	$ 30,516
Accrued payroll and employee benefits	15,913	1,121	29,439	18,546
Due to other funds	5,411	-	9,182	59,516
Deferred revenue	93,564	-	-	-
Total liabilities	738,688	1,157	57,679	108,578
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved, reported in				
Special revenue funds	1,466,051	364,947	828,770	645,524
Capital project funds	-	-	-	-
Total fund balances	1,466,051	364,947	828,770	645,524
Total liabilities and fund balances	$ 2,204,739	$ 366,104	$ 886,449	$ 754,102

Emergency Management	Probation	Courts	Public Defender
$ -	$ 329,853	$ 656,573	$ 180,406
-	-	-	-
-	-	-	-
44	58,746	34,463	978
-	37,605	6,638	214
282,916	38,577	96,805	33,367
-	-	1,174	-
$ 282,960	$ 464,781	$ 795,653	$ 214,965
$ 44,765	$ 100,290	$ 24,513	$ -
673	131,399	26,618	1,079
6,717	47,962	3,823	175,886
-	-	-	-
52,155	279,651	54,954	176,965
-	-	-	-
230,805	185,130	740,699	38,000
-	-	-	-
230,805	185,130	740,699	38,000
$ 282,960	$ 464,781	$ 795,653	$ 214,965

Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004
(Continued)

	Capital Projects	
Assets	Juvenile Jail Improvement	Airport Development
Cash and cash equivalents	$ 5,981	$ -
Receivables:		
Property taxes	-	-
Special assessments	-	-
Accounts	2	6
Due from:		
Other funds	-	-
Other governments	-	26,158
Prepaid items	-	-
Total assets	$ 5,983	$ 26,164
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ -	$ 12,169
Accrued payroll and employee benefits	-	-
Due to other funds	-	-
Deferred revenue	-	-
Total liabilities	-	12,169
Fund balances:		
Reserved for:		
Debt service	-	-
Unreserved, reported in		
Special revenue funds	-	-
Capital project funds	5,983	13,995
Total fund balances	5,983	13,995
Total liabilities and fund balances	$ 5,983	$ 26,164

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Yavapai County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004
(Continued)

	Debt Service			
Assets	Coyote Springs	Prescott East	Granite Gardens	Pine Valley
Cash and cash equivalents	$ 295,147	$ 90,409	$ 33,659	$ 31,135
Receivables:				
Property taxes	-	-	434	-
Special assessments	906,714	125,000	-	11,757
Accounts	-	93	-	-
Due from:				
Other funds	-	-	-	-
Other governments	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 1,201,861	$ 215,502	$ 34,093	$ 42,892
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ 318	$ -	$ -
Accrued payroll and employee benefits	-	-	-	-
Due to other funds	-	18	-	-
Deferred revenue	906,714	125,000	434	11,757
Total liabilities	906,714	125,336	434	11,757
Fund balances:				
Reserved for:				
Debt service	295,147	90,166	33,659	31,135
Unreserved, reported in				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Total fund balances	295,147	90,166	33,659	31,135
Total liabilities and fund balances	$ 1,201,861	$ 215,502	$ 34,093	$ 42,892

HELP	Total Nonmajor Governmental Funds
$ 2,270	$ 10,375,792
-	252,283
-	1,043,471
693	363,111
-	370,452
-	876,978
-	6,024
$ 2,963	$ 13,288,111

$ -	$ 1,272,239
-	491,308
-	526,253
-	1,192,128
-	3,481,928

2,963	453,070
-	9,333,135
-	19,978
2,963	9,806,183
$ 2,963	$ 13,288,111

Yavapai County
Combining Statement of
Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2004

	Special Revenue			
	Health Care	Recorder's Surcharge	Assessor's Surcharge	Public Library
Revenues:				
Taxes	$ -	$ -	$ -	$ 1,804,062
Special assessments	-	-	-	-
Licenses and permits	335,566	-	-	-
Intergovernmental	4,635,966	-	40,000	-
Charges for services	2,003,946	459,264	458,432	-
Fines and forfeits	-	-	-	-
Investment income	8,973	5,822	1,168	2,177
Miscellaneous	714,673	729	-	81,440
Total Revenues	7,699,124	465,815	499,600	1,887,679
Expenditures:				
Current:				
General government	-	327,087	314,528	1,637,443
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Sanitation	-	-	-	-
Health	8,617,007	-	-	-
Education	-	-	-	-
Culture and recreation	-	-	-	-
Capital expenditures	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	8,617,007	327,087	314,528	1,637,443
Excess (deficiency) of revenues over (under) expenditures	(917,883)	138,728	185,072	250,236
Other financing sources (uses):				
Transfers in	1,138,736	-	169,755	-
Transfers out	(86,665)	(42,000)	(186,476)	(165,000)
Total other financing sources (uses)	1,052,071	(42,000)	(16,721)	(165,000)
Net changes in fund balances	134,188	96,728	168,351	85,236
Fund Balances, July 1, 2003	1,310,085	693,849	206,596	147,586
Fund Balances, June 30, 2004	$ 1,444,273	$ 790,577	$ 374,947	$ 232,822

School	Parks & Recreation	Water Advisory Committee	Landfill / Environment	Public Works	CDBG
$ 322,804	$ 325,485	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
855,140	344,736	226,000	365,132	102,914	787,801
263,752	-	-	435,488	-	-
-	-	-	-	-	-
6,482	7,321	2,459	856	211	12
257,688	39,640	-	87,773	-	-
1,705,866	717,182	228,459	889,249	103,125	787,813
-	18,000	278,974	-	-	788,360
-	-	-	-	-	-
-	70,586	-	-	20,167	-
-	-	-	1,432,960	-	-
-	-	-	-	-	-
1,843,871	-	-	-	-	-
-	444,617	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,843,871	533,203	278,974	1,432,960	20,167	788,360
(138,005)	183,979	(50,515)	(543,711)	82,958	(547)
-	6,000	-	462,696	-	-
-	(82,059)	-	-	-	-
-	(76,059)	-	462,696	-	-
(138,005)	107,920	(50,515)	(81,015)	82,958	(547)
482,395	841,886	235,702	472,965	36,276	570
$ 344,390	$ 949,806	$ 185,187	$ 391,950	$ 119,234	$ 23

Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2004
(Continued)

	Special Revenue			
	Improvement Districts	Clerk of Superior Court	County Attorney	Law Enforcement
Revenues:				
Taxes	$ 3,116,578	$ -	$ -	$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	2,927	-	703,048	710,385
Charges for services	-	56,266	102,235	59,583
Fines and forfeits	-	259,519	-	-
Investment income	8,920	419	5,157	8,814
Miscellaneous	(85,950)	-	696,251	392,605
Total Revenues	3,042,475	316,204	1,506,691	1,171,387
Expenditures:				
Current:				
General government	5,458	45,255	1,358,218	-
Public safety	2,475,745	-	-	1,079,103
Highways and streets	35,806	-	-	-
Sanitation	77,307	-	-	-
Health	-	-	-	-
Education	-	-	-	-
Culture and recreation	-	-	-	-
Capital expenditures	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,594,316	45,255	1,358,218	1,079,103
Excess (deficiency) of revenues over (under) expenditures	448,159	270,949	148,473	92,284
Other financing sources (uses):				
Transfers in	-	-	67,961	80
Transfers out	(500,000)	(233,381)	(17,279)	(66)
Total other financing sources (uses)	(500,000)	(233,381)	50,682	14
Net changes in fund balances	(51,841)	37,568	199,155	92,298
Fund Balances, July 1, 2003	1,517,892	327,379	629,615	553,226
Fund Balances, June 30, 2004	$ 1,466,051	$ 364,947	$ 828,770	$ 645,524

Emergency Management	Probation	Courts	Public Defender
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
623,526	4,088,316	460,364	143,214
-	552,743	234,164	5,957
-	-	81,443	-
153	1,592	7,900	299
-	1,477	52,670	24,963
623,679	4,644,128	836,541	174,433
447,466	20,332	1,136,194	176,322
-	4,716,055	53,345	34,493
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
447,466	4,736,387	1,189,539	210,815
176,213	(92,259)	(352,998)	(36,382)
-	98,000	370,550	48,149
-	(80)	-	-
-	97,920	370,550	48,149
176,213	5,661	17,552	11,767
54,592	179,469	723,147	26,233
$ 230,805	$ 185,130	$ 740,699	$ 38,000

Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2004
(Continued)

	Capital Projects	
	Juvenile Jail Improvement	Airport Development
Revenues:		
Taxes	$ -	$ -
Special assessments	-	-
Licenses and permits	-	-
Intergovernmental	-	138,290
Charges for services	-	-
Fines and forfeits	-	-
Investment income	2,026	(29)
Miscellaneous	5,928	20,503
Total Revenues	7,954	158,764
Expenditures:		
Current:		
General government	-	13
Public safety	-	-
Highways and streets	-	-
Sanitation	-	-
Health	-	-
Education	-	-
Culture and recreation	-	-
Capital expenditures	340,278	146,628
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total Expenditures	340,278	146,641
Excess (deficiency) of revenues over (under) expenditures	(332,324)	12,123
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Net changes in fund balances	(332,324)	12,123
Fund Balances, July 1, 2003	338,307	1,872
Fund Balances, June 30, 2004	$ 5,983	$ 13,995

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Yavapai County
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2004
(Continued)

	Debt Service			
	Coyote Springs	Prescott East	Granite Gardens	Pine Valley
Revenues:				
Taxes	$ -	$ -	$ 13,276	$ -
Special assessments	420,462	74,355	-	20,461
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	4,368	682	687	577
Miscellaneous	-	-	-	-
Total Revenues	424,830	75,037	13,963	21,038
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Sanitation	-	4,446	-	-
Health	-	-	-	-
Education	-	-	-	-
Culture and recreation	-	-	-	-
Capital expenditures	-	-	-	-
Debt service:				
Principal retirement	75,000	27,940	10,000	10,000
Interest and fiscal charges	92,752	12,778	3,624	14,227
Total Expenditures	167,752	45,164	13,624	24,227
Excess (deficiency) of revenues over (under) expenditures	257,078	29,873	339	(3,189)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	257,078	29,873	339	(3,189)
Fund Balances, July 1, 2003	38,069	60,293	33,320	34,324
Fund Balances, June 30, 2004	$ 295,147	$ 90,166	$ 33,659	$ 31,135

HELP	Total Nonmajor Governmental Funds
$ -	$ 5,582,205
-	515,278
-	335,566
-	14,227,759
-	4,631,830
-	340,962
2,962	80,008
-	2,290,390
2,962	28,003,998
-	6,553,650
-	8,358,741
-	126,559
-	1,514,713
-	8,617,007
-	1,843,871
-	444,617
-	486,906
2,437,500	2,560,440
264,234	387,615
2,701,734	30,894,119
(2,698,772)	(2,890,121)
2,701,735	5,063,662
-	(1,313,006)
2,701,735	3,750,656
2,963	860,535
-	8,945,648
$ 2,963	$ 9,806,183

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Jail Construction
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Investment income	-	-	840	840
Miscellaneous	-	-	-	-
Total revenues	-	-	840	840
Capital Expenditures:				
Board of supervisors	5,000,000	5,000,000	3,671,859	1,328,141
Total expenditures	5,000,000	5,000,000	3,671,859	1,328,141
Excess (deficiency) of revenues Over (under) expenditures	(5,000,000)	(5,000,000)	(3,671,019)	1,328,981
Other financing sources (uses):				
Transfer in	5,000,000	5,000,000	2,709,737	(2,290,263)
Transfer out	-	-	-	-
Total other financing sources (uses)	5,000,000	5,000,000	2,709,737	(2,290,263)
Net changes in fund balances	-	-	(961,282)	(961,282)
Fund balances, July 1, 2003	-	-	911,569	911,569
Fund balances, June 30, 2004	$ -	$ -	$ (49,713)	$ (49,713)

Yavapai County
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
Capital Projects
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Investment income	$ -	$ -	$ 36,403	$ 36,403
Miscellaneous	-	-	-	-
Total revenues	-	-	36,403	36,403
Capital Expenditures:				
Board of supervisors	6,610,350	4,001,401	1,941,642	2,059,759
Total expenditures	6,610,350	4,001,401	1,941,642	2,059,759
Excess (deficiency) of revenues over (under) expenditures	(6,610,350)	(4,001,401)	(1,905,239)	2,096,162
Other financing sources (uses):				
Transfer in	274,750	274,750	274,750	-
Total other financing sources (uses)	274,750	274,750	274,750	-
Net changes in fund balances	(6,335,600)	(3,726,651)	(1,630,489)	2,096,162
Fund balances, July 1, 2003	6,335,600	3,726,651	6,338,153	2,611,502
Fund balances, June 30, 2004	$ -	$ -	$ 4,707,664	$ 4,707,664

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Health Care
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Licenses and permits	$ 670,000	$ 670,000	$ 335,566	$ (334,434)
Intergovernmental	3,652,482	3,652,482	4,635,966	983,484
Charges for services	989,280	989,280	2,003,946	1,014,666
Investment income	-	-	8,973	8,973
Miscellaneous	-	-	714,673	714,673
Total Revenues	5,311,762	5,311,762	7,699,124	2,387,362
Expenditures:				
Health:				
Health	7,027,097	7,312,376	8,617,007	(1,304,631)
Total health	7,027,097	7,312,376	8,617,007	(1,304,631)
Total Expenditures	7,027,097	7,312,376	8,617,007	(1,304,631)
Excess of Revenues Over (Under) Expenditures	(1,715,335)	(2,000,614)	(917,883)	1,082,731
Other Financing Sources (Uses):				
Transfer in	1,052,082	1,052,082	1,138,736	86,654
Transfer out	-	-	(86,664)	(86,664)
Total Other Financing Source (Use)	1,052,082	1,052,082	1,052,072	(10)
Net changes in fund balances	(663,253)	(948,532)	134,189	1,082,721
Fund Balance, July 1, 2003	663,253	948,532	1,310,085	361,553
Fund Balance, June 30, 2004	$ -	$ -	$ 1,444,274	$ 1,444,274

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Recorder's Surcharge
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Charges for services	$ -	$ -	$ 459,264	$ 459,264
Investment income	-	-	5,822	5,822
Miscellaneous	-	-	729	729
Total Revenues	-	-	465,815	465,815
Expenditures:				
General Government:				
Recorder	552,600	552,600	327,087	225,513
Total General Government	552,600	552,600	327,087	225,513
Total Expenditures	552,600	552,600	327,087	225,513
Excess of Revenues Over (Under) Expenditures	(552,600)	(552,600)	138,728	691,328
Other Financing Sources (Uses):				
Transfer out	(42,000)	(42,000)	(42,000)	-
Total Other Financing Source (Use)	(42,000)	(42,000)	(42,000)	-
Net changes in fund balances	(594,600)	(594,600)	96,728	691,328
Fund Balance, July 1, 2003	594,600	594,600	693,849	99,249
Fund Balance, June 30, 2004	$ -	$ -	$ 790,577	$ 790,577

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Assessor's Surcharge
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 156,103	$ 156,103	$ 40,000	$ (116,103)
Charges for services	236,469	236,469	458,432	221,963
Investment income	-	-	1,168	1,168
Total Revenues	392,572	392,572	499,600	107,028
Expenditures:				
General Government:				
Assessor	455,792	515,423	314,528	200,895
Total General Government	455,792	515,423	314,528	200,895
Total Expenditures	455,792	515,423	314,528	200,895
Excess of Revenues Over (Under) Expenditures	(63,220)	(122,851)	185,072	307,923
Other Financing Sources (Uses):				
Transfer in	-	-	169,755	169,755
Transfer out	(133,000)	(133,000)	(186,476)	(53,476)
Total Other Financing Source (Use)	(133,000)	(133,000)	(16,721)	116,279
Net changes in fund balances	(196,220)	(255,851)	168,351	424,202
Fund Balance, July 1, 2003	196,220	255,851	206,596	(49,255)
Fund Balance, June 30, 2004	$ -	$ -	$ 374,947	$ 374,947

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Public Library
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 1,800,926	$ 1,800,926	$ 1,804,062	$ 3,136
Intergovernmental	144,962	144,962	-	(144,962)
Investment income	-	-	2,177	2,177
Miscellaneous	5,799	5,799	81,440	75,641
Total Revenues	1,951,687	1,951,687	1,887,679	(64,008)
Expenditures:				
General Government:				
Library	1,870,660	1,870,660	1,637,443	233,217
Total General Government	1,870,660	1,870,660	1,637,443	233,217
Total Expenditures	1,870,660	1,870,660	1,637,443	233,217
Excess of Revenues Over (Under) Expenditures	81,027	81,027	250,236	169,209
Other Financing Sources (Uses):				
Transfer out	(165,000)	(165,000)	(165,000)	-
Total Other Financing Source (Use)	(165,000)	(165,000)	(165,000)	-
Net changes in fund balances	(83,973)	(83,973)	85,236	169,209
Fund Balance, July 1, 2003	83,973	83,973	147,586	63,613
Fund Balance, June 30, 2004	$ -	$ -	$ 232,822	$ 232,822

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
School
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 91,177	$ 91,177	$ 322,804	$ 231,627
Intergovernmental	1,019,622	1,019,622	855,140	(164,482)
Charges for services	-	-	263,752	263,752
Investment income	-	-	6,482	6,482
Miscellaneous	-	-	257,688	257,688
Total Revenues	1,110,799	1,110,799	1,705,866	595,067
Expenditures:				
Education:				
School superintendent	1,424,869	1,715,446	1,843,871	(128,425)
Total Education	1,424,869	1,715,446	1,843,871	(128,425)
Total Expenditures	1,424,869	1,715,446	1,843,871	(128,425)
Excess of Revenues Over (Under) Expenditures	(314,070)	(604,647)	(138,005)	466,642
Net changes in fund balances	(314,070)	(604,647)	(138,005)	466,642
Fund Balance, July 1, 2003	314,070,	604,647	482,395	(122,252)
Fund Balance, June 30, 2004	$ -	$ -	$ 344,390	$ 344,390

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Parks & Recreation
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ -	$ -	$ 325,485	$ 325,485
Intergovernmental	136,621	136,621	344,736	208,115
Investment income	-	-	7,321	7,321
Miscellaneous	-	-	39,640	39,640
Total Revenues	136,621	136,621	717,182	580,561
Expenditures:				
General Government:				
Board of supervisors	-	76,059	18,000	58,059
Total General Government	-	76,059	18,000	58,059
Highways and Streets:				
Public works	-	70,586	70,586	-
Total Highways and Streets	-	70,586	70,586	-
Culture & Recreation:				
Parks & Recreation	700,000	704,413	444,617	259,796
Total Culture & Receation	700,000	704,413	444,617	259,796
Total Expenditures	700,000	851,058	533,203	317,855
Excess of Revenues Over (Under) Expenditures	(563,379)	(714,437)	183,979	898,416
Other Financing Sources (Uses):				
Transfer in	-	-	6,000	6,000
Transfer out	-	-	(82,059)	(82,059)
Total Other Financing Source (Use)	-	-	(76,059)	(76,059)
Net changes in fund balances	(563,379)	(714,437)	107,920	822,357
Fund Balance, July 1, 2003	563,379	714,437	841,886	127,449
Fund Balance, June 30, 2004	$ -	$ -	$ 949,806	$ 949,806

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Water Advisory Committee
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 115,138	$ 115,138	$ 226,000	$ 110,862
Investment Income	-	-	2,459	2,459
Total Revenues	115,138	115,138	228,459	113,321
Expenditures:				
General Government:				
Board of Supervisors	350,000	350,000	278,974	71,026
Total General Government	350,000	350,000	278,974	71,026
Total Expenditures	350,000	350,000	278,974	71,026
Excess of Revenues Over (Under) Expenditures	(234,862)	(234,862)	(50,515)	184,347
Net changes in fund balances	(234,862)	(234,862)	(50,515)	184,347
Fund Balance, July 1, 2003	234,862	234,862	235,702	840
Fund Balance, June 30, 2004	$ -	$ -	$ 185,187	$ 185,187

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Landfill / Environment
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 297,450	$ 297,450	$ 365,132	$ 67,682
Charges For Services	450,000	450,000	435,488	(14,512)
Investment Income	-	-	856	856
Miscellaneous	-	-	87,773	87,773
Total Revenues	747,450	747,450	889,249	141,799
Sanitation:				
Landfill	1,687,485	1,687,485	1,432,960	254,525
Total Sanitation	1,687,485	1,687,485	1,432,960	254,525
Total Expenditures	1,687,485	1,687,485	1,432,960	254,525
Excess of Revenues Over (Under) Expenditures	(940,035)	(940,035)	(543,711)	396,324
Other Financing Sources (Uses):				
Transfer in	462,696	462,696	462,696	-
Total Other Financing Source (Use)	462,696	462,696	462,696	-
Net changes in fund balances	(477,339)	(477,339)	(81,015)	396,324
Fund Balance, July 1, 2003	477,339	477,339	472,965	(4,374)
Fund Balance, June 30, 2004	$ -	$ -	$ 391,950	$ 391,950

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
CDBG
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 356,102	$ 356,102	$ 787,801	$ 431,699
Miscellaneous	-	-	12	12
Total Revenues	356,102	356,102	787,813	431,711
Expenditures:				
General Government:				
Board of supervisors	350,000	350,000	788,360	(438,360)
Total General Government	350,000	350,000	788,360	(438,360)
Total Expenditures	350,000	350,000	788,360	(438,360)
Excess of Revenues Over (Under) Expenditures	6,102	6,102	(547)	(6,649)
Net changes in fund balances	6,102	6,102	(547)	(6,649)
Fund Balance, July 1, 2003	(6,102)	(6,102)	570	6,672
Fund Balance, June 30, 2004	$ -	$ -	$ 23	$ 23

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Improvement Districts
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 3,172,611	$ 3,172,611	$ 3,116,578	$ (56,033)
Intergovermental	-	-	2,927	2,927
Investment income	42,800	42,800	8,920	(33,880)
Miscellaneous	-	-	(85,950)	(85,950)
Total Revenues	3,215,411	3,215,411	3,042,475	(172,936)
Expenditures:				
General Government:				
Board of supervisors	-	-	5,458	(5,458)
Total General Government	-	-	5,458	(5,458)
Public Safety:				
Flood control	4,074,214	4,076,747	2,475,745	1,601,002
Total Public Safety	4,074,214	4,076,747	2,475,745	1,601,002
Highways and Streets:				
Board of supervisors	164,310	164,310	35,806	128,504
Total Highways and Streets	164,310	164,310	35,806	128,504
Sanitation:				
Special districts	75,933	75,933	77,307	(1,374)
Total Sanitation	75,933	75,933	77,307	(1,374)
Total Expenditures	4,314,457	4,316,990	2,594,316	1,722,674
Excess of Revenues Over (Under) Expenditures	(1,099,046)	(1,101,579)	448,159	1,549,738
Other Financing Sources (Uses):				
Transfer out	(500,000)	(500,000)	(500,000)	-
Total Other Financing Source (Use)	(500,000)	(500,000)	(500,000)	-
Net changes in fund balances	(1,599,046)	(1,601,579)	(51,841)	1,549,738
Fund Balance, July 1, 2003	1,599,046	1,601,579	1,517,892	(83,687)
Fund Balance, June 30, 2004	$ -	$ -	$ 1,466,051	$ 1,466,051

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Clerk of Superior Court
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Charges for services	$ 41,585	$ 41,585	$ 56,266	$ 14,681
Fines and forfeits	226,648	226,648	259,519	32,871
Investment income	-	-	419	419
Total Revenues	268,233	268,233	316,204	47,971
Expenditures:				
General Government:				
Board of supervisors	457,266	457,266	1,149	456,117
Clerk of the court	135,182	135,182	44,106	91,076
Total General Government	592,448	592,448	45,255	547,193
Total Expenditures	592,448	592,448	45,255	547,193
Excess of Revenues Over (Under) Expenditures	(324,215)	(324,215)	270,949	595,164
Other Financing Sources (Uses):				
Transfer out	-	-	(233,381)	(233,381)
Total Other Financing Source (Use)	-	-	(233,381)	(233,381)
Net changes in fund balances	(324,215)	(324,215)	37,568	361,783
Fund Balance, July 1, 2003	324,215	324,215	327,379	3,164
Fund Balance, June 30, 2004	$ -	$ -	$ 364,947	$ 364,947

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
County Attorney
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 603,780	$ 603,780	$ 703,048	$ 99,268
Charges for services	113,450	113,450	102,235	(11,215)
Investment income	-	-	5,157	5,157
Miscellaneous	-	-	696,251	696,251
Total Revenues	717,230	717,230	1,506,691	789,461
Expenditures:				
General Government:				
Attorney	769,346	1,255,938	1,358,218	(102,280)
Total General Government	769,346	1,255,938	1,358,218	(102,280)
Total Expenditures	769,346	1,255,938	1,358,218	(102,280)
Excess of Revenues Over (Under) Expenditures	(52,116)	(538,708)	148,473	687,181
Other Financing Sources (Uses):				
Transfer in	-	-	67,961	67,961
Transfer out	-	-	(17,279)	(17,279)
Total Other Financing Source (Use)	-	-	50,682	50,682
Net changes in fund balances	(52,116)	(538,708)	199,155	737,863
Fund Balance, July 1, 2003	52,116	538,708	629,615	90,907
Fund Balance, June 30, 2004	$ -	$ -	$ 828,770	$ 828,770

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Law Enforcement
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 243,179	$ 243,179	$ 710,385	$ 467,206
Charges for services	-	-	59,583	59,583
Investment income	-	-	8,814	8,814
Miscellaneous	-	-	392,605	392,605
Total Revenues	243,179	243,179	1,171,387	928,208
Public Safety:				
Sheriff	689,494	803,529	1,079,103	(275,574)
Total Public Safety	689,494	803,529	1,079,103	(275,574)
Total Expenditures	689,494	803,529	1,079,103	(275,574)
Excess of Revenues Over (Under) Expenditures	(446,315)	(560,350)	92,284	652,634
Other Financing Sources (Uses):				
Transfer in	-	-	80	80
Transfer out	-	-	(66)	(66)
Total Other Financing Source (Use)	-	-	14	14
Net changes in fund balances	(446,315)	(560,350)	92,298	652,648
Fund Balance, July 1, 2003	446,315	560,350	553,226	(7,124)
Fund Balance, June 30, 2004	$ -	$ -	$ 645,524	$ 645,524

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Emergency Management
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 751,282	$ 751,282	$ 623,526	$ (127,756)
Investment income	-	-	153	153
Total Revenues	751,282	751,282	623,679	(127,603)
Expenditures:				
General government				
Emergency management	772,309	772,309	447,466	324,843
Total General government	772,309	772,309	447,466	324,843
Total Expenditures	772,309	772,309	447,466	324,843
Excess of Revenues Over (Under) Expenditures	(21,027)	(21,027)	176,213	197,240
Net changes in fund balances	(21,027)	(21,027)	176,213	197,240
Fund Balance, July 1, 2003	21,027	21,027	54,592	33,565
Fund Balance, June 30, 2004	$ -	$ -	$ 230,805	$ 230,805

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Probation
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 3,527,739	$ 3,527,739	$ 4,088,316	$ 560,577
Charges for services	648,340	648,340	552,743	(95,597)
Investment income	-	-	1,592	1,592
Miscellaneous	-	-	1,477	1,477
Total Revenues	4,176,079	4,176,079	4,644,128	468,049
Expenditures:				
General government				
Clerk of court	-	25,375	20,332	5,043
Total General government	-	25,375	20,332	5,043
Public Safety:				
Adult probation	2,590,162	2,613,343	2,936,521	(323,178)
Juvenile probation	1,706,753	1,779,378	1,779,534	(156)
Total Public Safety	4,296,915	4,392,721	4,716,055	(323,334)
Total Expenditures	4,296,915	4,418,096	4,736,387	(318,291)
Excess of Revenues Over (Under) Expenditures	(120,836)	(242,017)	(92,259)	149,758
Other Financing Sources (Uses):				
Transfer in	-	-	98,000	98,000
Transfer out	-	-	(80)	(80)
Total Other Financing Source (Use)	-	-	97,920	97,920
Net changes in fund balances	(120,836)	(242,017)	5,661	247,678
Fund Balance, July 1, 2003	120,836	242,017	179,469	(62,548)
Fund Balance, June 30, 2004	$ -	$ -	$ 185,130	$ 185,130

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Courts
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 1,006,094	$ 1,006,094	$ 460,364	$ (545,730)
Charges for services	195,043	195,043	234,164	39,121
Fines and forfeits	-	-	81,443	81,443
Investment income	-	-	7,900	7,900
Miscellaneous	-	-	52,670	52,670
Total Revenues	1,201,137	1,201,137	836,541	(364,596)
Expenditures:				
General Government:				
Superior courts	1,894,558	1,965,043	1,095,778	869,265
Prescott justice of the peace	-	-	4,000	(4,000)
Bagdad/Yarnell justice of the peace	-	-	10,318	(10,318)
Verde Valley justice of the peace	-	-	23,946	(23,946)
Mayer justice of the peace	-	-	1,465	(1,465)
Seligman justice of the peace	-	-	687	(687)
Total General Government	1,894,558	1,965,043	1,136,194	828,849
Public Safety:				
Adult probation	200,000	200,000	53,345	146,655
Total Public Safety	200,000	200,000	53,345	146,655
Total Expenditures	2,094,558	2,165,043	1,189,539	975,504
Excess of Revenues Over (Under) Expenditures	(893,421)	(963,906)	(352,998)	610,908
Other Financing Sources (Uses):				
Transfer in	171,000	171,000	370,550	199,550
Total Other Financing Source (Use)	171,000	171,000	370,550	199,550
Net changes in fund balances	(722,421)	(792,906)	17,552	810,458
Fund Balance, July 1, 2003	722,421	792,906	723,147	(69,759)
Fund Balance, June 30, 2004	$ -	$ -	$ 740,699	$ 740,699

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Public Defender
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental	$ 27,317	$ 27,317	$ 143,214	$ 115,897
Charges for services	-	-	5,957	5,957
Investment income	-	-	299	299
Miscellaneous	-	-	24,963	24,963
Total Revenues	27,317	27,317	174,433	147,116
Expenditures:				
General Government:				
Public defender	-	113,309	176,322	(63,013)
Total General Government	-	113,309	176,322	(63,013)
Public Safety:				
Adult probation	35,000	35,000	34,493	507
Total Public Safety	35,000	35,000	34,493	507
Total Expenditures	35,000	148,309	210,815	(62,506)
Excess of Revenues Over (Under) Expenditures	(7,683)	(120,992)	(36,382)	84,610
Other Financing Sources (Uses):				
Transfer in	-	-	48,149	48,149
Total Other Financing Source (Use)	-	-	48,149	48,149
Net changes in fund balances	(7,683)	(120,992)	11,767	132,759
Fund Balance, July 1, 2003	7,683	120,992	26,233	(94,759)
Fund Balance, June 30, 2004	$ -	$ -	$ 38,000	$ 38,000

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Jail District Debt Service
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Investment income	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures:				
Debt Service:				
Principal retirement	1,350,000	1,350,000	1,350,000	-
Interest and fiscal charges	515,690	515,690	517,322	(1,632)
Total Expenditures	1,865,690	1,865,690	1,867,322	(1,632)
Excess of Revenues Over (Under) Expenditures	(1,865,690)	(1,865,690)	(1,867,322)	(1,632)
Other Financing Sources (Uses):				
Transfer in	1,865,690	1,865,690	1,811,465	(54,225)
Total Other Financing Source (Use)	1,865,690	1,865,690	1,811,465	(54,225)
Net changes in fund balances	-	-	(55,857)	(55,857)
Fund Balance, July 1, 2003	-	-	55,857	55,857
Fund Balance, June 30, 2004	$ -	$ -	$ -	$ -

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Coyote Springs
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Special assessments	$ 167,320	$ 167,320	$ 420,462	$ 253,142
Investment income	-	-	4,368	4,368
Total Revenues	167,320	167,320	424,830	257,510
Expenditures:				
Debt Service:				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	92,320	92,320	92,752	(432)
Total Expenditures	167,320	167,320	167,752	(432)
Net changes in fund balances	-	-	257,078	257,078
Fund Balance, July 1, 2003	-	-	38,069	38,069
Fund Balance, June 30, 2004	$ -	$ -	$ 295,147	$ 295,147

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Prescott East
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Special assessments	$ 1,086	$ 1,086	$ 74,355	$ 73,269
Investment income	-	-	682	682
Total Revenues	1,086	1,086	75,037	73,951
Expenditures:				
Public works	45,572	45,572	4,446	41,126
Total public works	45,572	45,572	4,446	41,126
Debt Service:				
Principal retirement	27,940	27,940	27,940	-
Interest and fiscal charges	12,778	12,778	12,778	-
	40,718	40,718	40,718	-
Total Expenditures	86,290	86,290	45,164	41,126
Net changes in fund balances	(85,204)	(85,204)	29,873	115,077
Fund Balance, July 1, 2003	85,204	85,204	60,293	(24,911)
Fund Balance, June 30, 2004	$ -	$ -	$ 90,166	$ 90,166

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Granite Gardens
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 13,249	$ 13,249	$ 13,276	$ 27
Investment income	-	-	687	687
Total Revenues	13,249	13,249	13,963	714
Expenditures:				
Debt Service:				
Principal retirement	10,000	10,000	10,000	-
Interest and fiscal charges	3,555	3,555	3,624	(69)
Total Expenditures	13,555	13,555	13,624	(69)
Net changes in fund balances	(306)	(306)	339	645
Fund Balance, July 1, 2003	306	306	33,320	33,014
Fund Balance, June 30, 2004	$ -	$ -	$ 33,659	$ 33,659

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Pine Valley
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Special assessments	$ 12,258	$ 12,258	$ 20,461	$ 8,203
Investment income	-	-	577	577
Total Revenues	12,258	12,258	21,038	8,780
Expenditures:				
Debt Service:				
Outside services	-	-	11,414	(11,414)
Principal retirement	10,000	10,000	10,000	-
Interest and fiscal charges	2,258	2,258	2,813	(555)
Total Expenditures	12,258	12,258	24,227	(11,969)
Net changes in fund balances	-	-	(3,189)	(3,189)
Fund Balance, July 1, 2003	-	-	34,324	34,324
Fund Balance, June 30, 2004	$ -	$ -	$ 31,135	$ 31,135

Yavapai County
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
HELP
Year End June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Special assessments	$ -	$ -	$ -	$ -
Investment income	-	-	2,962	2,962
Total Revenues	-	-	2,962	2,962
Expenditures:				
Debt Service:				
Principal retirement	2,437,500	2,437,500	2,437,500	-
Interest and fiscal charges	327,483	327,483	264,234	63,249
Total Expenditures	2,764,983	2,764,983	2,701,734	63,249
Other Financing Sources (Uses):				
Transfer in	2,764,983	2,764,983	2,701,735	(63,248)
Total Other Financing Source (Use)	2,764,983	2,764,983	2,701,735	(63,248)
Net changes in fund balances	-	-	2,963	2,963
Fund Balance, July 1, 2003	-	-	-	-
Fund Balance, June 30, 2004	$ -	$ -	$ 2,963	$ 2,963

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 2003

	2004	2003, as restated
Government funds capital assets:		
Land	$ 11,705,056	$ 11,816,159
Buildings	57,717,730	35,827,129
Machinery and equipment	26,158,522	25,712,759
Infrastructure	31,517,017	14,448,443
Construction in progress	12,111,609	34,262,961
Total governmental funds capital assets	$ 139,209,934	$ 122,067,451
Investments in governmental funds capital assets by source:		
General fund	$ 55,337,022	$ 53,959,534
Special revenue funds	82,567,733	51,154,272
Capital projects funds	1,305,179	16,953,645
Total governmental funds capital assets	$ 139,209,934	$ 122,067,451

Note: Governmental Funds Capital Assets, by source, at July 1, 2003 have been restated to properly reflect the recording of certain capital assets on hand as of, June 30, 2003.

Yavapai County
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
As of June 30, 2004

Function	Land	Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government	$ 6,065,339	$ 17,567,478	$ 9,241,082	$ -	$ 1,305,179	$ 34,179,078
Public safety	961,140	33,174,722	2,468,639	3,912,454	-	40,516,955
Highways and streets	2,481,255	2,509,268	11,673,355	27,604,563	10,806,430	55,074,871
Health	-	4,466,262	331,956	-	-	4,798,218
Welfare	-	-	24,898	-	-	24,898
Sanitation	203,164	-	908,648	-	-	1,111,812
Culture and recreation	1,994,158	-	1,323,977	-	-	3,318,135
Education	-	-	185,967	-	-	185,967
Total governmental funds capital assets	$ 11,705,056	$ 57,717,730	$26,158,522	$31,517,017	$12,111,609	$139,209,934

Yavapai County
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
Year Ended June 30, 2004

Function	Governmental Funds Capital Assets July 1, 2003, as restated	Increases	Decreases	Governmental Funds Capital Assets June 30, 2004
General government	$ 49,774,715	$ 7,667,132	$ 23,262,769	$ 34,179,078
Public safety	21,816,134	19,419,378	718,557	40,516,955
Highways and streets	43,395,794	26,627,287	14,948,210	55,074,871
Health	2,619,247	2,178,971	-	4,798,218
Welfare	24,898	-	-	24,898
Sanitation	1,106,038	5,774	-	1,111,812
Culture and recreation	3,177,296	259,341	118,502	3,318,135
Education	153,329	55,630	22,992	185,967
Total governmental funds capital assets	$ 122,067,451	$ 56,213,513	$ 39,071,030	$ 139,209,934

Note: Governmental Funds Capital Assets at July 1, 2003 have been restated to properly reflect the recording of certain capital assets on hand as of, June 30, 2003, and acquisition functions of certain buildings that had been previously misclassified.

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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
1995	$ 19,147,791	$ 11,979,611	$ 9,472,270	$ 1,662,193	$ 2,727,965	$ 18,327,954	$ 913,943	$ 96,672	$ 1,942,152	$ 388,591	$ 66,659,142
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

(1) Includes General, Special Revenue, Debt Service, Capital Project and Enterprise Funds.
(2) General government amount for fiscal year 2002, 2003 and 2004 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
1995	$ 24,239,004	$ 2,272,214	$ 38,721,904	$ 1,814,984	$ 1,288,243	$ 1,014,053	$ 2,715,690	$ 72,066,092
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

(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) Assessed Value ($)	Real Property (2) Estimated Actual Value ($)	Personal Property (2) Assessed Value ($)	Personal Property (2) Estimated Actual Value ($)	Total Assessed Value ($)	Total Estimated Actual Value ($)	Ratio of Total Assessed to Total Estimated Actual Value
1995							
Primary	$ 707,339,321	$ 5,536,956,780	$ 158,426,661	$ 675,260,380	$ 865,765,982	$ 6,212,217,160	13.94%
Secondary	747,626,771	5,838,399,078	166,927,361	709,268,654	914,554,132	6,547,667,732	13.97%
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%

(1) Fiscal years 1995 through 1997 reflect assessed values without any reduction in value for exemptions. Fiscal years 1998 through 2004 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 2004 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
1995	$ 15,150,000	$ 14,140,077	93.33%	$ 366,950	$ 14,507,027	95.76%	$ 846,268	5.59%
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%	823,948	25,204,109	98.86%	1,093,784	4.29%

(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
1995	Primary	1.9513	0.4700	0.5300	0.1480-7.6483	.5386 - 1.9406	--	1.4730
	Secondary	0.3992	--	--	0.2128-2.8403	.1417 - .5749	.7809-6.4425	0.1347
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

Source: Yavapai County Board of Supervisors Adopted Budget Reports.

Yavapai County
Special Assessment Billings and Collections
Last Ten Years

Fiscal Year	Current Assessments Billings ($)	Assessments Collected ($)	
1995	$309,781.38	$313,028.73	*
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	*

* 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, 2004

Assessed value of real and personal property	$ 1,676,029,540
Debt limit, 6 percent of assessed value (constitutional limit)	100,561,772
Debt subject to debt limitation	0
Available debt limit	$ 100,561,772

Yavapai County
Computation of Direct and Overlapping Debt
June 30, 2004

Direct debt:		
Yavapai County general obligation debt	$	0
Overlapping debt:		
School Districts		56,250,000
Community College		45,680,000
Jail District - Part of Reporting Entity		12,595,000
Special Districts - Part of Reporting Entity		6,375,000
Special Districts - Not Part of Reporting Entity		267,154
Total direct general obligation and overlapping debt	$	121,167,154

Yavapai County
Principal Taxpayers
Fiscal Year 2003/2004

	Taxpayer	Primary Assessed Value	Percentage of Primary Assessed Value to Total Primary Assessed Value	Tax Collected
1	Arizona Public Service	$ 53,754,190	3.21%	$ 5,258,114
2	Phelps Dodge Bagdad	18,349,323	1.09%	2,530,000
3	Qwest Corporation	22,459,991	1.34%	2,187,882
4	Salt River Pima-Maricopa Indian Community	17,311,688	1.03%	1,308,397
5	El Paso Natural Gas Company	9,753,662	0.58%	1,156,284
6	Burlington Northern Santa Fe Railway Company	9,808,241	0.59%	1,021,424
7	Tucson Electric Power Company	8,873,118	0.53%	806,974
8	Transwestern Pipeline Company	6,107,119	0.36%	721,888
9	TWC II-Prescott Mall LLC	9,641,505	0.58%	704,970
10	Cyprus Bagdad Copper Corporation	4,944,022	0.29%	689,458
	Totals	$161,002,859	9.60%	$16,385,391

Source: Assessor and Treasurer of Yavapai County.

Yavapai County
Salaries of Elected County Officials
June 30, 2004

Title of Official	Annual Salary
Board of Supervisors	$49,875
Assessor	49,875
County Attorney	96,600
Recorder	49,875
School Superintendent	49,875
Clerk of the Superior Court	56,500
Sheriff	78,750
Treasurer	49,875
Superior Court Judges*	60,375
Justices of the Peace	
Prescott	84,525
Verde Valley	84,525
Bagdad / Yarnell	78,488
Mayer	78,488
Seligman	78,488
Constables	
Prescott	48,294
Verde Valley	48,294

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

Yavapai County
Schedule of Insurance in Force
July 1, 2003 – June 30, 2004

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	7/1/2004	$715,058
Property	100,000,000 25,000	Limit Deductible per occurrence	Arizona Counties Insurance Pool	7/1/2004	Included in Primary Liability
Airport Liability	2,000,000 2,000,000 2,000,000 250,000 50,000	Malpractice/Occurence Products/Completed Ops Personal Injury Agg. Hangarkeepers Fire damage	ACE USA	2/5/2005	$6,050
Aircraft	2,000,000 3,000 75,000 100 500	Per occurrence including passengers Medical Expense Insured Value – 1967 Cessna Deductible Not in Motion Deductible In Motion	ACE USA	2/5/2005	$6,274
Managed Care Errors & Omissions	1,000,000 3,000,000 50,000	Liability Aggregate Deductible per Claim	Marsh	7/1/2004	$53,950
Medical Malpractice – Yavapai County Health Department	1,000,000 3,000,000	Each Claim Aggregate	ACE USA	7/1/2004	$96,446
Boiler & Machinery	30,000,000	Limit each accident	Arizona Counties Insurance Pool	7/1/2004	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	7/1/2004	Included in Primary Liability
Public Employees Dishonesty/Crime	150,000		Arizona Counties Insurance Pool	7/1/2004	Included in Primary Liability
Commutation Insurance	Five times employee base annual salary		Transamerica Occidental Life	3/1/2004	Included in Primary Liability

Yavapai County
Demographic and Other Statistical Data
June 30, 2004

Geographical location	Yavapai County is located in the West Cental portion of the State of Arizona, coverage 8,125 square miles.
Date formed	January 22, 1864
Registered voters	99,848 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, 2004
(Concluded)

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

Sources: Arizona Department of Commerce and Yavapai County.

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