



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

---

Expenditure Limitation Report

# Mohave County

Year Ended June 30, 2014

---



---

**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



The Auditor General's reports are available at:

**[www.azauditor.gov](http://www.azauditor.gov)**

Printed copies of our reports may be requested by contacting us at:

**Office of the Auditor General**

**2910 N. 44th Street, Suite 410 • Phoenix, AZ 85018 • (602) 553-0333**

Mohave County  
Annual Expenditure Limitation Report  
Year Ended June 30, 2014

Table of Contents	Page
Independent Accountants' Report	1
Annual Expenditure Limitation Report—Part I	2
Annual Expenditure Limitation Report—Part II	3
Annual Expenditure Limitation Report—Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



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

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

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Accountants' Report**

Members of the Arizona State Legislature

The Board of Supervisors of  
Mohave County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Mohave County for the year ended June 30, 2014. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of Mohave County referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Jay Zsorey, CPA  
Financial Audit Director

June 4, 2015

Mohave County  
Annual Expenditure Limitation Report—Part I  
Year Ended June 30, 2014

1. Economic Estimates Commission expenditure limitation	\$178,306,616
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>88,885,155</u>
3. Amount under the expenditure limitation	<u>\$ 89,421,461</u>

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

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

Name and Title: Coral Loyd, Financial Services Director

Telephone Number: (928) 753-0735 Date: June 4, 2015

See accompanying notes to report.

Mohave County  
Annual Expenditure Limitation Report—Part II  
Year Ended June 30, 2014

Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 133,032,753	\$ 4,059,922	\$ 21,803,109	\$ 293,755,060	\$ 452,650,844
B. Less exclusions claimed:					
Debt service requirements on other long-term obligations (Note 2)	14,682,687				14,682,687
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	3,771,739	252,308	255,394		4,279,441
Trustee or custodian (Note 4)	2,143,283			293,755,060	295,898,343
Grants and aid from the federal government (Note 6)	11,229,236	100,000			11,329,236
Amounts received from the State of Arizona (Note 6)	7,605,929	680,934			8,286,863
Quasi-external interfund transactions (Note 5)	872,080		18,620,623		19,492,703
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	9,539,121				9,539,121
Prior years carryforward (Note 7)	257,295				257,295
Total exclusions claimed	<u>50,101,370</u>	<u>1,033,242</u>	<u>18,876,017</u>	<u>293,755,060</u>	<u>363,765,689</u>
C. Amounts subject to the expenditure limitation	<u>\$ 82,931,383</u>	<u>\$ 3,026,680</u>	<u>\$ 2,927,092</u>	<u>\$ -</u>	<u>\$ 88,885,155</u>

See accompanying notes to report.

Mohave County  
Annual Expenditure Limitation Report—Reconciliation  
Year Ended June 30, 2014

Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 142,551,994	\$ 5,927,751	\$ 21,804,705	\$ 293,755,060	\$ 464,039,510
B. Subtractions:					
Items not requiring use of working capital:					
Depreciation		951,667	1,886,141		2,837,808
Loss on disposal of capital assets			14,349		14,349
Claims incurred but not reported			1,732,310		1,732,310
Landfill closure and postclosure care costs (Note 8)		1,202,293			1,202,293
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 9)	529,993				529,993
Long-term care contributions withheld by the State Treasurer (Note 10)	7,952,700				7,952,700
Present Value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	564,685				564,685
Payments made to reimburse the Arizona Department of Health Services (Note 11)	471,863				471,863
Total subtractions	<u>9,519,241</u>	<u>2,153,960</u>	<u>3,632,800</u>	<u>-</u>	<u>15,306,001</u>
C. Additions:					
Principal payments on long-term debt			395,564		395,564
Acquisition of capital assets		286,131	1,675,038		1,961,169
Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 12)			1,560,602		1,560,602
Total additions	<u>-</u>	<u>286,131</u>	<u>3,631,204</u>	<u>-</u>	<u>3,917,335</u>
D. Amounts reported on Part II, Line A	<u>\$ 133,032,753</u>	<u>\$ 4,059,922</u>	<u>\$ 21,803,109</u>	<u>\$ 293,755,060</u>	<u>\$ 452,650,844</u>

See accompanying notes to report.

Mohave County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

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

Note 2 - The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds consists of principal retirement and interest on beneficial interest certificates.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$3,771,739 in the Governmental Funds is made up of the following: from the General Fund it includes interest on investments expensed of \$171,550 and interest on delinquent taxes expensed of \$2,976,950, which was recorded as tax revenue, for a total of \$3,148,500. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$623,239 in all the other Governmental Funds (both major and other) consists of interest on investments of \$641,272 reduced by interest on investments of \$16,357 for the special assessment districts that were not included in the base limit and \$1,676 interest income on beneficial interest certificates—trust balances.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,658,983 in County contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs, and \$484,300 in expenditures made from Anti-Racketeering revenues, for a total exclusion of \$2,143,283. In the Fiduciary Funds, the exclusion consists of \$293,755,060 in distributions to investment pool participants. The County also expended \$86,907 of Anti-Racketeering revenues received in prior years, which reduced the carry forward balance as shown in Note 7.

Mohave County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2014

Note 5 - The exclusion claimed for quasi-external interfund transactions in the Internal Service Funds consists of revenues received for services provided to other county funds. The \$98,488 carryforward reflected in Note 7 represents the excess quasi-external interfund revenue over expenses in the Internal Service Funds.

Note 6 - The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds:

Description	Revenues	Amount Excluded
Grants and aid from the federal government	\$11,247,661	\$11,229,236
Amounts received from the State of Arizona	7,605,929	7,605,929
Highway user revenues in excess of those received in fiscal year 1979-80	9,539,121	9,539,121
Highway user revenues 1979-80—(nonexcludable)	1,099,723	
Other revenues—(nonexcludable)	<u>29,232,907</u>	<u>                    </u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$58,725,341</u>	<u>\$28,374,286</u>

The exclusion claimed for Amounts received from the State of Arizona in the Enterprise Funds consists of \$440,934 in grant revenues in the Landfill Fund and \$240,000 in grant revenues in the Other Enterprise Funds.

The exclusion claimed for grants and aid from the federal government of \$100,000 in the Enterprise Funds consists of grant revenues.

Note 7 - Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year or carried forward as follows:

Mohave County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2014

	<b>Carryforward from Prior Years</b>	<b>Carryforward Adjusted</b>	<b>Carryforward Applied</b>	<b>Carryforward to Subsequent Years</b>
Trustee or custodian	\$ 610,321		\$ (86,907)	\$ 523,414
Quasi-external interfund transactions	4,400,654	\$ 98,488		4,499,142
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	3,133,621	(358,640)		2,774,981
Grants and aid from the federal government		18,425		18,425
Amounts received from the State of Arizona	<u>455,463</u>		<u>(170,388)</u>	<u>285,075</u>
Total	<u>\$8,600,059</u>	<u>\$(241,727)</u>	<u>\$(257,295)</u>	<u>\$8,101,037</u>

The amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements consists of amounts received from a voter-approved ¼ percent sales tax for the purpose of capital improvements. The carryforward balance above was reduced by \$358,640 to reflect the remaining funds available of \$2,774,981 at June 30, 2014.

**Note 8** - The \$1,202,293 subtraction for landfill closure and postclosure care costs consists of that portion of the total estimated liability reported as expenses in the current year but not yet paid in the Enterprise Funds.

**Note 9** - The \$529,993 subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of the television district that are included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported as general government expenditures in the Other Governmental Funds.

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

**Note 11** - The subtraction of \$471,863 for payments made to reimburse the Arizona Department of Health Services consists of county payments to reimburse the State for the cost of inpatient competency restoration treatment and part of the costs of commitment of an individual determined to be sexually violent by the court, as required by Laws 2013, 1<sup>st</sup> Special Session, Chapter 10, Sections 17 and 18, which were recorded as health expenditures.

**Note 12** - The addition of \$1,560,602 for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the Internal Service Funds.

