

Mohave County
Report on Audit of
Annual Expenditure Report
Year Ended June 30, 2004

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Independent Auditor's Report

The Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Mohave County for the year ended June 30, 2004. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

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

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

In our opinion, the Annual Expenditure Limitation Report of Mohave County for the year ended June 30, 2004, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

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

Phoenix, Arizona
March 16, 2005

1. Economic Estimates Commission expenditure limitation	\$117,560,656
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>59,673,380</u>
3. Amount under the expenditure limitation	<u>\$ 57,887,276</u>

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

Signature of Chief Fiscal Officer: _____

Name and Title: John Timko, Financial Services Director

Telephone Number: 928-753-0735 Date: March 31, 2005

See accompanying notes to report.

MOHAVE COUNTY
Annual expenditure Limitation Report - Part II
Year Ended June 30, 2004

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$86,634,866	\$3,508,987	\$12,542,264	\$102,686,117
B. Less exclusions claimed:				
Certificates of Participation (Note 2)	1,257,871			1,257,871
Debt service requirements on other long-term obligations (Note 2)	18,372			18,372
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	2,619,320	98,334	75,664	2,793,318
Trustee or custodian (Note 4)	1,237,757			1,237,757
Grants and aid from the federal government (Note 5)	8,094,230			8,094,230
Amounts received from the State of Arizona (Note 5)	6,744,805			6,744,805
Quasi-external interfund transactions (Note 12)	1,271,645		7,977,710	9,249,355
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 13)	3,133,362			3,133,362
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	9,570,667			9,570,667
Prior years carryforward (Note 6)	913,000			913,000
Total exclusions claimed	<u>34,861,029</u>	<u>98,334</u>	<u>8,053,374</u>	<u>43,012,737</u>
C. Amounts subject to the expenditure limitation	<u>\$51,773,837</u>	<u>\$3,410,653</u>	<u>\$4,488,890</u>	<u>\$59,673,380</u>

See accompanying notes to report.

MOHAVE COUNTY
Annual expenditure Limitation Report - Reconciliation
Year Ended June 30, 2004

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the annual general purpose financial statements	<u>\$93,756,248</u>	<u>\$4,599,877</u>	<u>\$12,668,177</u>	<u>\$111,024,302</u>
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		831,411	612,331	1,443,742
Loss on disposal of capital assets			60,576	60,576
Claims incurred but not reported (Note 7)			764,869	764,869
Landfill closure and postclosure care costs (Note 11)		532,056		532,056
Expenditures of separate legal entities established under Arizona				
Revised Statutes (A.R.S.) (Note 9)	1,652,007			1,652,007
Long-term care contributions withheld by the State Treasurer (Note 10)	5,469,375			5,469,375
Total subtractions	<u>7,121,382</u>	<u>1,363,467</u>	<u>1,437,776</u>	<u>9,922,625</u>
C. Additions:				
Acquisition of capital assets		272,577	708,911	981,488
Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 8)			602,952	602,952
Total additions	<u>0</u>	<u>272,577</u>	<u>1,311,863</u>	<u>1,584,440</u>
D. Amounts reported on Part II, Line A	<u>\$86,634,866</u>	<u>\$3,508,987</u>	<u>\$12,542,264</u>	<u>\$102,686,117</u>

See accompanying notes to report.

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 1 - Summary of Significant Accounting Policies

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

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

Note 2

The exclusion claimed for debt service requirements on other long-term obligations consists of expenditures for capital lease obligations recorded within various functional expenditure categories and expenditures for principal retirement and interest and fiscal charges on certificates of participation in the governmental funds.

Description	General Fund	Other Governmental Funds	Internal Service Funds
Capital leases	\$ -	\$ 18,372	\$ -
Certificates of participation	-	1,257,871	-
 Total debt service requirements on other long-term debt reported in the financial statements	 <u>\$ -</u>	 <u>\$ 1,276,243</u>	 <u>\$ -</u>

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$2,106,493 in the General Fund includes interest on investments expended of \$20,272 and interest on delinquent taxes expended of \$2,086,221, which was recorded as tax revenue. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$512,827 in the all other Governmental Funds includes interest on investments of \$710,058 reduced by interest on investments of \$76,417 for the special assessment districts that were not included in the base limit, \$4,224 of interest revenue that exceeded expenses in the special revenue funds and \$116,590 of County Capital Improvement Fund income reserved for future capital projects (Note 13).

Note 4

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,237,757 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, which is recorded in health expenditures.

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 5

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. The amounts excluded do not exceed expenditures of such revenues.

Description	General Fund			Road Fund		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the						
Federal Government	\$1,944,578	\$1,944,578	\$ -	\$ 57,234	\$57,234	\$ -
Amounts received from the state	842,991	842,991	-	-	-	-
Highway user revenues in excess of those received in fiscal year 1979-1980	-	-	-	9,570,667	9,570,667	-
Highway user revenues 79-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	20,634,392	-	-	2,065,181	-	-
Total intergovernmental revenues as reported in the financial statements	\$23,421,961	\$2,787,569	\$ -	\$12,792,805	\$9,627,901	\$ -

Description	Other Governmental Funds			Total Governmental funds		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the						
Federal Government	\$6,092,418	\$6,092,418	\$ -	\$8,094,230	\$8,094,230	\$ -
Amounts received from the state	5,904,504	5,901,814	2,690	6,747,495	6,744,805	2,690
Highway user revenues in excess of those received in fiscal year 1979-1980	-	-	-	9,570,667	9,570,667	-
Highway user revenues 79-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	5,160	-	-	22,704,733	-	-
Total intergovernmental revenues as reported in the financial statements	\$12,002,082	\$11,994,232	\$ 2,690	\$48,216,848	\$24,409,702	\$ 2,690

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 6

Prior years' carry forward 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:

	<u>Carry forward From Prior Years</u>	<u>Carry forward Generated (Applied)</u>	<u>Carry forward To Subsequent Years</u>
Governmental Funds			
Certificates of Participation Proceeds	\$ -	\$ 19,320,000	\$ 19,320,000
Dividends, interest and gains on the sale or redemption of investments of securities (note 3)	-	4,224	4,224
Intergovernmental Revenue (note 5)	-	2,690	2,690
Highway user revenues in excess of those received in fiscal year 1979-1980 (note 5)	<u>913,000</u>	<u>(913,000)</u>	<u>-</u>
Total	<u>\$ 913,000</u>	<u>\$ 18,413,914</u>	<u>\$ 19,326,914</u>

Note 7

The subtraction of \$764,869, for claims incurred but not reported, is included in the claims payable amount of \$766,025 at June 30, 2004, and consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the Internal Service Funds.

Note 8

The addition of \$602,952 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.

MOHAVE COUNTY
Notes to the Annual Expenditure Limitation Report
Year Ended June 30, 2004

Note 9

The deduction of \$1,652,007 for separate legal entities established under Arizona Revised Statutes consist of expenditures of special assessment districts, included within the County's reporting entity but not included in the Economic Estimate Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

	Other Governmental Funds
<i>Special Assessment Districts</i>	
General government	\$ -
Highways and streets	19,226
Capital Outlays	(14,145)
Principal retirement	700,000
Interest and fiscal charges	346,035
Total	\$ 1,652,007

Note 10

The amount of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs was reported as revenue and an offsetting expenditure in the County's financial statements. Consequently, this expenditure has been deducted on the Reconciliation.

Note 11

The subtraction of \$532,056 for landfill closure and postclosure care costs consists of that portion of the total liability reported as expenses in the current year but not yet paid in the Enterprise Funds.

Note 12

The Quasi-external interfund transactions amount, includes the revenues paid to the internal service fund, for services received by governmental funds that were spent in the current year. In addition, there were expenditures recorded in the governmental funds with corresponding revenues in other governmental funds. The amount of these revenues expended is shown under the governmental funds quasi-external transactions line.

Note 13

The exclusion for amounts accumulated for the purchase of land, and the purchase of construction of building or improvements consists of expenditures funded by voter approved ¼ percent sales tax for the purpose of capital improvements.