

Mohave County
Report on Audit of
Annual Expenditure Report
Year Ended June 30, 2005

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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, 2005. 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, 2005, 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
January 30, 2006

MOHAVE COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2005

1. Economic Estimates Commission expenditure limitation	\$121,390,981
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>64,257,539</u>
3. Amount under the expenditure limitation	<u>\$57,133,442</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: December 2, 2005

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2005

<u>Description</u>	<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	\$ 112,016,734	\$ 3,012,209	\$ 15,446,504	\$ 435,720,162	\$ 566,195,609
B. Less exclusions claimed:					
Debt Service requirements on other long-term obligations (Note 2)	2,959,417				2,959,417
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	5,433,332	275,722	177,517		5,886,571
Trustee or custodian (Note 4)	1,237,758			435,720,162	436,957,920
Grants and aid from the federal government (Note 7)	9,722,707				9,722,707
Amounts received from the State of Arizona (Note 7)	6,683,565				6,683,565
Quasi-external interfund transactions (Note 5)	1,656,752		15,268,987		16,925,739
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)	161,527				161,527
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 7)	11,041,330				11,041,330
Prior years carryforward (Note 8)	<u>11,599,294</u>				<u>11,599,294</u>
Total exclusions claimed	<u>50,495,682</u>	<u>275,722</u>	<u>15,446,504</u>	<u>435,720,162</u>	<u>501,938,070</u>
C. Amounts subject to the expenditure limitation	<u>\$ 61,521,052</u>	<u>\$ 2,736,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,257,539</u>

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2005

<u>Description</u>	<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	<u>\$ 120,529,255</u>	<u>\$ 3,715,767</u>	<u>\$ 15,319,130</u>	<u>\$ 435,720,162</u>	<u>\$ 575,284,314</u>
B. Subtractions:					
Items not requiring use of working capital:					
Depreciation		840,199	747,835		1,588,034
Loss on disposal of capital assets		74,337	28,531		102,868
Claims incurred but not reported			1,385,865		1,385,865
Landfill closure and postclosure care costs (Note 9)		186,114			186,114
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10)	1,703,821				1,703,821
Long-term care contributions withheld by the State Treasurer (Note 11)	6,808,700				6,808,700
Total subtractions	<u>8,512,521</u>	<u>1,100,650</u>	<u>2,162,231</u>	<u>-</u>	<u>11,775,402</u>
C. Additions:					
Acquisition of capital assets		397,092	1,524,736		1,921,828
Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 12)			764,869		764,869
Total additions	<u>-</u>	<u>397,092</u>	<u>2,289,605</u>	<u>-</u>	<u>2,686,697</u>
D. Amounts reported on Part II, Line A	<u>\$ 112,016,734</u>	<u>\$ 3,012,209</u>	<u>\$ 15,446,504</u>	<u>\$ 435,720,162</u>	<u>\$ 566,195,609</u>

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2005

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; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2

The exclusion claimed for debt service requirements on other long-term debt obligations consists of expenditures for principal retirement and interest and fiscal charges on certificates of participation in the governmental funds.

Description	Governmental Funds	Internal Service Funds
Certificates of participation	\$ 2,959,417	\$ -
Total debt service requirements on other long-term debt reported in the financial statements	\$ 2,959,417	\$ -

MOHAVE COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2005

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$4,456,544 in the General Fund includes interest on investments expended of \$394,161 and interest on delinquent taxes expended of \$4,062,383, which was recorded as tax revenue. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$976,788 in the Other Governmental Funds includes interest on investments of \$1,744,316 reduced by interest on investments of \$62,964 for the special assessment districts that were not included in the base limit, and \$704,564 of County Capital Improvement Fund income reserved for future capital projects (note 6).

Note 4

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,237,758 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, which is recorded in health expenditures and in the Fiduciary Funds, the exclusion consists of \$435,720,162 in distributions to investment pool participants.

Note 5

The quasi-external interfund transactions amount for the internal service funds is the amount of expenditures recorded in the internal service fund, from revenues received for services provided to governmental funds. In addition, there were expenditures recorded in the governmental funds with corresponding revenues in other governmental funds. The amount of these expenditures is shown under the governmental funds quasi-external transactions line. There is a carry-forward reflected in Note 8 for amounts accumulated in the Vehicle replacement fund for future purchases of vehicles. This reflects the amount of quasi-external revenue collected in the current year that exceeds current year expenditures.

Note 6

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

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Annual Expenditure Limitation Report – Part I
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Note 7

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	\$1,928,752	\$ 1,928,752	-	\$ 51,416	\$51,416	-
Amounts received from the state	1,134,554	1,134,554	-	-	-	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	11,041,330	11,041,330	-
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	23,436,992	-	-	2,207,691	-	-
Total intergovernmental revenues as reported in the financial statements	\$26,500,298	\$3,063,306	-	\$14,400,160	\$11,092,746	-

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	\$ 7,815,688	\$ 7,742,539	\$ 73,149	\$ 9,795,856	\$ 9,722,707	\$ 73,149
Amounts received from the state	5,615,341	5,549,011	\$ 66,330	6,749,895	6,683,565	66,330
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	11,041,330	11,041,330	-
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	5,143	-	-	25,649,826	-	-
Total intergovernmental revenues as reported in the financial statements	\$ 13,436,172	\$ 13,291,550	\$ 139,479	\$ 54,336,630	\$27,447,602	\$ 139,479

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Annual Expenditure Limitation Report – Part I
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Note 8

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	\$ (11,592,380)	\$ 7,727,620
Dividends, interest, and gains on the sale or redemption of investment securities	4,224	(4,224)	-
Intergovernmental revenues - Applied	2,690	(2,690)	-
Total carry forwards applied		<u>(11,599,294)</u>	
Amounts accumulated for the purchase of vehicles in the Internal service funds (note 5)		3,026,476	3,026,476
Intergovernmental revenues (note 7) - Generated		<u>139,479</u>	<u>139,479</u>
Total	<u>\$ 19,326,914</u>	<u>\$ (8,433,339)</u>	<u>\$ 10,893,575</u>

Note 9

The subtraction of \$186,114 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.

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Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2005

Note 10

The subtraction of \$1,703,821 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County’s reporting entity but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

	Other Governmental Funds
<u>Special Assessment Districts</u>	
General government	\$ 511,617
Highways and streets	23,475
Principal retirement	810,000
Interest and fiscal charges	358,729
Total	\$ 1,703,821

Note 11

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 Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.

Note 12

The addition of \$ 764,869 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.