

MOHAVE COUNTY
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2009

Mohave County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2009

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Independent Auditors' 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, 2009. 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, 2009, 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, the Board of Supervisors, and management, 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.

Fester & Chapman P.C.

May 26, 2010

MOHAVE COUNTY
Annual Expenditure Limitation Report -- Part I
Year Ended June 30, 2009

1. Economic Estimates Commission expenditure limitation	\$164,333,753
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>83,560,706</u>
3. Amount under the expenditure limitation	<u>\$ 80,773,047</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: May 26, 2010

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2009

<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	\$ 141,273,913	\$ 4,201,991	\$ 19,440,554	\$ 449,710,398	\$ 614,626,856
B. Less exclusions claimed:					
Debt service requirements on other long-term obligations (Note 2)	6,708,363				6,708,363
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	2,272,134	110,470	77,506		2,460,110
Trustee or custodian (Note 4)	1,626,214			449,710,398	451,336,612
Grants and aid from the federal government (Note 6)	12,256,222				12,256,222
Amounts received from the State of Arizona (Note 6)	10,171,902				10,171,902
Quasi-external interfund transactions (Note 5)	736,337		15,767,410		16,503,747
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	9,081,236				9,081,236
Prior years carryforward (Note 7)	22,547,958				22,547,958
Total exclusions claimed	65,400,366	110,470	15,844,916	449,710,398	531,066,150
C. Amounts subject to the expenditure limitation	\$ 75,873,547	\$ 4,091,521	\$ 3,595,638	\$ -	\$ 83,560,706

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2009

<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	\$ 151,960,331	\$ 5,218,312	\$ 19,589,696	\$ 449,710,398	\$ 626,478,737
B. Subtractions:					
Items not requiring use of working capital:					
Depreciation		751,061	1,158,355		1,909,416
Loss on disposal of capital assets		63,276	91,659		154,935
Claims incurred but not reported			1,676,826		1,676,826
Landfill closure and postclosure care costs (Note 8)		475,601			475,601
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	2,289,318				2,289,318
Long-term care contributions withheld by the State Treasurer (Note 10)	8,397,100				8,397,100
Total subtractions	<u>10,686,418</u>	<u>1,289,938</u>	<u>2,926,840</u>	<u>-</u>	<u>14,903,196</u>
C. Additions:					
Acquisition of capital assets		273,617	1,001,172		1,274,789
Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 11)			1,776,526		1,776,526
Total additions	<u>-</u>	<u>273,617</u>	<u>2,777,698</u>	<u>-</u>	<u>3,051,315</u>
D. Amounts reported on Part II, Line A	<u>\$ 141,273,913</u>	<u>\$ 4,201,991</u>	<u>\$ 19,440,554</u>	<u>\$ 449,710,398</u>	<u>\$ 614,626,856</u>

See accompanying notes to report.

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

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 Net Assets for the Proprietary 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 - Debt Service Exclusion

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 beneficial interest certificates in the governmental funds.

Note 3 - Investment Income Exclusion

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$2,272,134 in the governmental funds is made up of the following: from the General Fund it includes interest on investments expended of \$107,116 and interest on delinquent taxes expended of \$1,830,829, which was recorded as tax revenue, for a total of \$1,937,945. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$334,189 in all the other Governmental Funds (both major and other) includes interest on investments of \$2,134,054 reduced by interest on investments of \$210,172 for the special assessment districts that were not included in the base limit, \$1,536,279 interest income on beneficial interest certificate - trust balances (1,518,909 in capital projects funds and \$17,370 in debt service funds), and \$53,414 from special revenue funds' excess investment income over expense carried forward. There was \$561,298 applied from prior year carry forwards, per note 7.

Note 4 - Exclusions Claimed For Trustee or Custodian

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,626,214 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs, which are recorded in health expenditures. In the Fiduciary Funds, the exclusion consists of \$449,710,398 in distributions to investment pool participants.

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

Note 5 – Quasi-external Inter-fund Transactions Exclusion

The quasi-external interfund transactions exclusion for the Internal Service Funds is the amount of expenditures recorded in the Internal Service Fund, equal to the 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.

Note 6 – Intergovernmental Revenue Exclusion

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	General Fund			Road Fund		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the federal government	\$ 4,385,526	\$ 4,385,526	\$ -	\$ 8,585	\$ 8,585	\$ -
Amounts received from the State of Arizona	803,961	803,961	-	23,880	23,880	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	9,633,232	9,081,236	551,996
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues – (nonexcludable)	25,844,970	-	-	2,465,962	-	-
Total intergovernmental revenues as reported in the fund financial statements	\$ 31,034,457	\$ 5,189,487	\$ -	\$ 13,231,382	\$ 9,113,701	\$ 551,996

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

Note 6 - Intergovernmental Revenue Exclusion (Concl'd)

Description	Flood Control Fund			County Capital Improvement Fund		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts received from the State of Arizona	30,000	30,000	-	-	-	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-	-	-
Highway user revenues 1979-80	-	-	-	-	-	-
Other revenues - (nonexcludable)	639	-	-	-	-	-
Total intergovernmental revenues as reported in the fund financial statements	\$ 30,639	\$ 30,000	\$ -	\$ -	\$ -	\$ -

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	\$ 7,934,398	\$ 7,862,111	\$ 72,287	\$ 12,328,509	\$ 12,256,222	\$ 72,287
Amounts received from the State of Arizona	9,401,871	9,314,061	87,810	10,259,712	10,171,902	87,810
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	9,633,232	9,081,236	551,996
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	583,675	-	-	28,895,246	-	-
Total intergovernmental revenues as reported in the fund financial statements	\$ 17,919,944	\$17,176,172	\$ 160,097	\$ 62,216,422	\$ 31,509,360	\$ 712,093

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

Note 7 – Prior Years Carryforward

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:

<u>Governmental Funds</u>	<u>Carryforward from Prior Years</u>	<u>Carryforward Generated</u>	<u>Carryforward Applied</u>	<u>Carryforward to Subsequent Years</u>
Dividends, interest and gains on the sale or redemption of investment securities (note 3)	\$ 561,298	\$ 53,414	\$ (561,298)	\$ 53,414
Amounts accumulated for purchase of vehicles in the Internal Service Funds	3,500,981	-	-	3,500,981
Amounts accumulated for purchase of land, and purchase or construction of buildings	33,519,641	3,868,372	(6,800,354)	30,587,659
Beneficial interest certificates issuance	42,283,486	-	(15,104,016)	27,179,470
Intergovernmental revenues (note 6)	<u>646,347</u>	<u>712,093</u>	<u>(82,290)</u>	<u>1,276,150</u>
Total	<u>\$ 80,511,753</u>	<u>\$ 4,633,879</u>	<u>\$ (22,547,958)</u>	<u>\$ 62,597,674</u>

Note 8 – Landfill Closure and Postclosure Care Costs

The subtraction of \$475,601 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.

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

Note 9 – Separate Legal Entities

The subtraction of \$2,289,318 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 Other Governmental Funds category in the fund financial statements:

General government	\$ 596,148
Highways and streets	8,164
Principal retirement	580,000
Interest and fiscal charges	132,674
Capital outlay	972,332
Total	<u>\$ 2,289,318</u>

Note 10 – Long-term Care Costs

The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer 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 – Incurred But Not Reported

The addition of \$ 1,776,526 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.