



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Mohave County

Year Ended June 30, 2013



Debra K. Davenport
Auditor General

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Mohave County
Annual Expenditure Limitation Report
Year Ended June 30, 2013

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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, 2013. 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 26, 2014

Mohave County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2013

1. Economic Estimates Commission expenditure limitation	\$173,049,842
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>98,632,789</u>
3. Amount under the expenditure limitation	<u>\$ 74,417,053</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: June 26, 2014

See accompanying notes to report.

Mohave County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2013

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	\$ 133,709,904	\$ 4,001,824	\$ 20,008,773	\$ 371,562,224	\$ 529,282,725
B. Less exclusions claimed:					
Debt service requirements on other long-term obligations (Note 2)	6,710,556				6,710,556
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	3,902,284	75,515	55,798		4,033,597
Trustee or custodian (Note 4)	2,040,039			371,562,224	373,602,263
Grants and aid from the federal government (Note 6)	11,728,455	122,494			11,850,949
Amounts received from the State of Arizona (Note 6)	6,527,227	425,534			6,952,761
Quasi-external interfund transactions (Note 5)	1,052,995		17,191,539		18,244,534
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	9,161,662				9,161,662
Prior years carryforward (Note 7)	93,614				93,614
Total exclusions claimed	<u>41,216,832</u>	<u>623,543</u>	<u>17,247,337</u>	<u>371,562,224</u>	<u>430,649,936</u>
C. Amounts subject to the expenditure limitation	<u>\$ 92,493,072</u>	<u>\$ 3,378,281</u>	<u>\$ 2,761,436</u>	<u>\$ -</u>	<u>\$ 98,632,789</u>

See accompanying notes to report.

Mohave County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2013

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	\$ 142,331,396	\$ 5,005,191	\$ 20,163,883	\$ 371,562,224	\$ 539,062,694
B. Subtractions:					
Items not requiring use of working capital:					
Depreciation		871,990	1,018,515		1,890,505
Loss on disposal of capital assets		5,475	39,467		44,942
Claims incurred but not reported			1,560,602		1,560,602
Landfill closure and postclosure care costs (Note 8)		410,560			410,560
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 9)	597,822				597,822
Long-term care contributions withheld by the State Treasurer (Note 10)	7,847,687				7,847,687
Payments made to reimburse the Arizona Department of Health Services (Note 11)	175,983				175,983
Total subtractions	<u>8,621,492</u>	<u>1,288,025</u>	<u>2,618,584</u>		<u>12,528,101</u>
C. Additions:					
Acquisition of capital assets		284,658	924,496		1,209,154
Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 12)			1,538,978		1,538,978
Total additions		<u>284,658</u>	<u>2,463,474</u>		<u>2,748,132</u>
D. Amounts reported on Part II, Line A	<u>\$ 133,709,904</u>	<u>\$ 4,001,824</u>	<u>\$ 20,008,773</u>	<u>\$ 371,562,224</u>	<u>\$ 529,282,725</u>

See accompanying notes to report.

Mohave County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

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 \$3,902,284 in the Governmental Funds is made up of the following: from the General Fund it includes interest on investments expensed of \$57,875 and interest on delinquent taxes expensed of \$3,565,488, which was recorded as tax revenue, for a total of \$3,623,363. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$278,921 in all the other Governmental Funds (both major and other) consists of interest on investments of \$280,320 reduced by interest on investments of \$1,106 for the special assessment districts that were not included in the base limit and \$293 interest income on beneficial interest certificates—trust balances.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,653,122 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs, and \$386,917 in expenditures made from Anti-Racketeering revenues, for a total exclusion of \$2,040,039. In the Fiduciary Funds, the exclusion consists of \$371,562,224 in distributions to investment pool participants. Excess revenue of \$367,183 for the Anti-Racketeering funds was carried forward.

Mohave County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

Note 5 - The quasi-external interfund transactions exclusion for the Internal Service Funds is the amount of expenses recorded in the Internal Service Funds, 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 from quasi-external revenue is shown under the Governmental Funds quasi-external interfund transactions line. The carryforward of \$473,927 reflected in Note 7 represents the excess revenue over expenditures 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	\$11,728,455	\$11,728,455
Amounts received from the State of Arizona	6,574,780	6,527,227
Highway user revenues in excess of those received in fiscal year 1979-80	9,161,662	9,161,662
Highway user revenues 1979-80—(nonexcludable)	1,099,723	
Other revenues—(nonexcludable)	<u>27,253,251</u>	<u> </u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$55,817,871</u>	<u>\$27,417,344</u>

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:

	Carryforward from Prior Years	Carryforward Adjusted	Carryforward Applied	Carryforward to Subsequent Years
Dividends, interest and gains on the sale or redemption of investment securities	\$ 24		\$ (24)	
Trustee or custodian	243,138	\$367,183		\$ 610,321
Quasi-external interfund transactions	3,926,727	473,927		4,400,654
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	3,649,014	(515,393)		3,133,621
Grants and aid from the federal government	92,001	(82,732)	(9,269)	
Amounts received from the State of Arizona	<u>540,543</u>	<u>(759)</u>	<u>(84,321)</u>	<u>455,463</u>
Total	<u>\$8,451,447</u>	<u>\$242,226</u>	<u>\$(93,614)</u>	<u>\$8,600,059</u>

Mohave County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

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 \$515,393 to reflect the remaining funds available of \$3,133,621 at June 30, 2013.

Note 8 - The subtraction of \$410,560 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 subtraction of \$597,822 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts and 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 in the Other Governmental Funds category in the fund financial statements:

General government – TV	\$577,112
General government – GVID	<u>20,710</u>
Total	<u>\$597,822</u>

Note 10 - 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 - The subtraction of \$175,983 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 2012, Chapter 299, Sections 10 and 11, which were recorded as health expenditures.

Note 12 - The addition of \$1,538,978 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.

