

MOHAVE COUNTY  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2010

Mohave County  
Report on Audit of Annual Expenditure Limitation Report  
Year Ended June 30, 2010

<b>Table of Contents</b>	<b>Page</b>
Independent Auditors' 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	5-9

Fester & Chapman P.C.

Certified  
Public  
Accountants

4001 North 3rd Street  
Suite 275  
Phoenix, AZ 85012-2086

Tel: (602) 264-3077  
Fax: (602) 265-6241

## 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, 2010. 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, 2010, 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, management, and others within the County, 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.*

April 12, 2011

**MOHAVE COUNTY**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2010**

1. Economic Estimates Commission expenditure limitation	\$169,496,994
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>87,139,136</u>
3. Amount under the expenditure limitation	<u>\$ 82,357,858</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: 4/12/11

See accompanying notes to report.

**MOHAVE COUNTY**  
**Annual Expenditure Limitation Report - Part II**  
**Year Ended June 30, 2010**

<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	<u>\$173,303,598</u>	<u>\$ 3,568,193</u>	<u>\$ 17,332,866</u>	<u>\$ 436,076,737</u>	<u>\$ 630,281,394</u>
B. Less exclusions claimed:					
Debt service requirements on other long-term obligations (Note 2)	6,710,661				6,710,661
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	4,562,886	378,083	283,286		5,224,255
Trustee or custodian (Note 4)	1,897,958			436,076,737	437,974,695
Grants and aid from the federal government (Note 6)	12,751,287	100,000			12,851,287
Amounts received from the State of Arizona (Note 6)	6,669,410	357,515			7,026,925
Quasi-external interfund transactions (Note 5)	845,794		14,969,326		15,815,120
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	9,464,535				9,464,535
Prior years carryforward (Note 7)	<u>48,074,780</u>				<u>48,074,780</u>
Total exclusions claimed	<u>90,977,311</u>	<u>835,598</u>	<u>15,252,612</u>	<u>436,076,737</u>	<u>543,142,258</u>
C. Amounts subject to the expenditure limitation	<u><u>\$ 82,326,287</u></u>	<u><u>\$ 2,732,595</u></u>	<u><u>\$ 2,080,254</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 87,139,136</u></u>

See accompanying notes to report.

**MOHAVE COUNTY**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2010**

<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>\$ 179,152,450</u>	<u>\$ 4,581,372</u>	<u>\$ 17,721,774</u>	<u>\$ 436,076,737</u>	<u>\$ 637,532,333</u>
B. Subtractions:					
Items not requiring use of working capital:					
Depreciation		787,230	1,024,489		1,811,719
Loss on disposal of capital assets		85,468	53,267		138,735
Claims incurred but not reported			1,219,017		1,219,017
Landfill closure and postclosure care costs (Note 8)		362,996			362,996
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	1,587,059				1,587,059
Long-term care contributions withheld by the State Treasurer (Note 10)	3,740,460				3,740,460
Payments made to reimburse the Arizona Department of Health Services (Note 12)	521,333				521,333
Total subtractions	<u>5,848,852</u>	<u>1,235,694</u>	<u>2,296,773</u>	<u>-</u>	<u>9,381,319</u>
C. Additions:					
Acquisition of capital assets		222,515	231,039		453,554
Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 11)			1,676,826		1,676,826
Total additions	<u>-</u>	<u>222,515</u>	<u>1,907,865</u>	<u>-</u>	<u>2,130,380</u>
D. Amounts reported on Part II, Line A	<u>\$ 173,303,598</u>	<u>\$ 3,568,193</u>	<u>\$ 17,332,866</u>	<u>\$ 436,076,737</u>	<u>\$ 630,281,394</u>

See accompanying notes to report.

**MOHAVE COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2010**

**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 \$4,562,886 in the governmental funds is made up of the following: from the General Fund it includes interest on investments expended of \$325,337 and interest on delinquent taxes expended of \$2,664,856, which was recorded as tax revenue, for a total of \$2,990,193. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$1,572,693 in all the other Governmental Funds (both major and other) includes interest on investments of \$2,314,167 reduced by interest on investments of \$205,302 for the special assessment districts that were not included in the base limit, \$532,156 interest income on beneficial interest certificate - trust balances (\$531,680 in capital projects funds and \$476 in debt service funds), and \$4,016 from special revenue funds' excess investment income over expense carried forward.

**MOHAVE COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2010**

**Note 4 – Exclusions Claimed For Trustee or Custodian**

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,354,618 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 addition, there is an exclusion of \$543,340 for Anti-Racketeering funds for a total exclusion of \$1,897,958. In the Fiduciary Funds, the exclusion consists of \$436,076,737 in distributions to investment pool participants.

**Note 5 – Quasi-external Inter-fund Transactions Exclusion**

The quasi-external interfund transactions exclusion for the Internal Service Funds is the amount of expenses 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	\$ 3,285,656	\$ 3,285,656	\$ -	\$ 297,893	\$ 297,893	\$ -
Amounts received from the State of Arizona	477,732	477,732	-	-	-	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	9,464,535	9,464,535	-
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues – (nonexcludable)	23,240,891	-	-	2,291,848	-	-
<b>Total intergovernmental revenues as reported in the fund financial statements</b>	<u>\$ 27,004,279</u>	<u>\$ 3,763,388</u>	<u>\$ -</u>	<u>\$ 13,153,999</u>	<u>\$ 9,762,428</u>	<u>\$ -</u>



**MOHAVE COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2010**

**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	\$ 273,314	\$ 273,314	\$ -	\$ -	\$ -	\$ -
Amounts received from the State of Arizona	-	-	-	-	-	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-	-	-
Highway user revenues 1979-80	-	-	-	-	-	-
Other revenues - (nonexcludable)	239	-	-	-	-	-
<b>Total intergovernmental revenues as reported in the fund financial statements</b>	<b>\$ 273,553</b>	<b>\$ 273,314</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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	\$ 8,894,813	\$ 8,894,424	\$ 389	\$ 12,751,676	\$ 12,751,287	\$ 389
Amounts received from the State of Arizona	6,283,051	6,191,678	91,373	6,760,783	6,669,410	91,373
Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	9,464,535	9,464,535	-
Highway user revenues 1979-80	-	-	-	1,099,723	-	-
Other revenues - (nonexcludable)	1,397,286	-	-	26,930,264	-	-
<b>Total intergovernmental revenues as reported in the fund financial statements</b>	<b>\$ 16,575,150</b>	<b>\$ 15,086,102</b>	<b>\$ 91,762</b>	<b>\$ 57,006,981</b>	<b>\$ 28,885,232</b>	<b>\$ 91,762</b>

**MOHAVE COUNTY**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2010**

**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>Carry forward to subsequent years</u>
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	\$ 53,414	\$ 4,016		\$ 57,430
Trustee or custodian (Note 4)	300,555			300,555
Quasi-external interfund transactions (Note 5)	3,500,981	284,376		3,785,357
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	30,587,659		\$ (20,662,603)	9,925,056
Proceeds from other long-term obligations	27,179,470		(27,179,470)	-
Highway user revenue in excess of those received in fiscal year 1979-80	551,996		(232,707)	319,289
Grants and aid from the federal governments	88,431	389		88,820
Amounts received from the State of Arizona	335,168	91,373		426,541
Total	<u>\$ 62,597,674</u>	<u>\$ 380,154</u>	<u>\$ (48,074,780)</u>	<u>\$ 14,903,048</u>

**Note 8 – Landfill Closure and Postclosure Care Costs**

The subtraction of \$362,996 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, 2010**

**Note 9 – Separate Legal Entities**

The subtraction of \$1,587,059 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	\$ 1,019,684
Highways and streets	9,411
Principal retirement	450,000
Interest and fiscal charges	100,089
Capital outlay	7,875
Total	<u>\$ 1,587,059</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 a 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 \$ 1,676,826 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.

**Note 12 – Payments Made to Reimburse the Arizona Department of Health Services**

The subtraction of \$ 521,333 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 cost to commit an individual determined to be sexually violent by the court, as required by Laws 2009, Third Special Session, Chapter 10, Sections 20 and 32, which were recorded as health expenditures.