

MOHAVE COUNTY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2023

MOHAVE COUNTY, ARIZONA  
YEAR ENDED JUNE 30, 2023  
TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' 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.....	5-8



## INDEPENDENT ACCOUNTANTS' REPORT

The Arizona Auditor General

The Board of Supervisors of  
Mohave County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of Mohave County, Arizona (the County), for the year ended June 30, 2023 and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to our engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.


*Fester & Chapman, PLLC*

April 29, 2024

MOHAVE COUNTY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – PART I  
YEAR ENDED JUNE 30, 2023

1. Economic Estimates Commission expenditure limitation	\$ 220,597,536
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>126,789,868</u>
3. Amount under the expenditure limitation	<u>\$ 93,807,668</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: Luke G. Mournian, Chief Financial Officer

Telephone number: 1-928-753-0735 x4110

Date: April 29, 2024

See accompanying notes to report.

MOHAVE COUNTY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – PART II  
YEAR ENDED JUNE 30, 2023

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 185,285,291	\$ 9,679,817	\$ 31,793,580	\$ 529,212,173	\$ 755,970,861
B. Less exclusions claimed:					
1. Debt service requirements (Note 2)	79,520	4,410			83,930
2. Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	6,403,677				6,403,677
3. Trustee or custodian (Note 4)	1,573,066			529,212,173	530,785,239
4. Grants and aid from the federal government (Note 6)	29,402,493	100,000			29,502,493
5. Amounts received from the State of Arizona (Note 6)	14,319,553	1,023,896			15,343,449
6. Quasi-external interfund transactions (Note 5)			23,874,488		23,874,488
7. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	15,744,283				15,744,283
8. Contracts with other political subdivisions (Note 7)	1,625,771		122,233		1,748,004
9. Refunds, reimbursements, and other recoveries (Note 8)	948,535		3,092,544		4,041,079
10. Prior years carryforward (Note 9)	<u>535,021</u>		<u>1,119,330</u>		<u>1,654,351</u>
Total exclusions claimed	<u>70,631,919</u>	<u>1,128,306</u>	<u>28,208,595</u>	<u>529,212,173</u>	<u>629,180,993</u>
C. Amounts subject to the expenditure limitation	<u>\$ 114,653,372</u>	<u>\$ 8,551,511</u>	<u>\$ 3,584,985</u>	<u>\$</u>	<u>\$ 126,789,868</u>

See accompanying notes to report.

MOHAVE COUNTY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION  
YEAR ENDED JUNE 30, 2023

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements.	\$ 195,991,462	\$ 11,098,342	\$ 30,510,208	\$ 529,212,173	\$ 766,812,185
B. Subtractions:					
1. Items not requiring use of current financial resources:					
a. Depreciation		1,743,155	2,635,056		4,378,211
b. Pension and other postemployment benefits (OPEB) expense (Note 10)		552,113	463,933		1,016,046
c. Claims incurred but not reported (IBNR) (Note 15)			2,531,610		2,531,610
d. Landfill closure and postclosure care costs and pollution remediation (Note 11)		952,083			952,083
2. Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S) (Note 12)	671,110				671,110
3. Long-term care contributions the State Treasurer withheld (Note 13)	9,160,992				9,160,992
4. Fees/reimbursements State law required the County to pay (Note 16)	261,209				261,209
5. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	<u>612,860</u>				<u>612,860</u>
Total subtractions	<u>10,706,171</u>	<u>3,247,351</u>	<u>5,630,599</u>		<u>19,584,121</u>
C. Additions:					
1. Principal payments on long-term debt (Note 14)		4,410	414,191		418,601
2. Capital asset acquisitions		1,532,110	3,788,946		5,321,056
3. Amounts paid in the current year but not reported as expenses in previous years:					
a. Claims previously recognized as IBNR (Note 15)			2,323,158		2,323,158
4. Pension and OPEB contributions paid in the current year (Note 10)		<u>292,306</u>	<u>387,676</u>		<u>679,982</u>
Total additions		<u>1,828,826</u>	<u>6,913,971</u>		<u>8,742,797</u>
D. Amounts reported on Part II, Line A	<u>\$ 185,285,291</u>	<u>\$ 9,679,817</u>	<u>\$ 31,793,580</u>	<u>\$ 529,212,173</u>	<u>\$ 755,970,861</u>

See accompanying notes to report.

MOHAVE COUNTY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2023

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 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 consists of principal retirement and interest expenditures on financed purchases of \$83,930, including \$79,520 of expenditures in the governmental funds and \$4,410 of expenditures in the enterprise funds.

NOTE 3 – The \$6,403,677 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds included investment earnings of \$3,693,690 and interest on delinquent taxes expended of \$2,709,987 which was recorded as tax revenue. Remaining unspent, excludable revenues of \$294,755 has been carried forward to future years.

NOTE 4 – The exclusion claimed for trustee or custodian in the governmental funds consists of \$1,542,316 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and \$30,750 made from anti-racketeering revenues reported as fines and forfeits in the governmental funds, for a total exclusion of \$1,573,066. In the fiduciary funds, the exclusion consists of \$529,212,173 in distributions to investment pool participants.

NOTE 5 – The exclusion claimed for quasi-external interfund transactions in the internal service funds of \$23,874,488 consists of charges for services revenues paid from other county funds to the internal service funds.

MOHAVE COUNTY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2023

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.

<u>Description</u>	<u>Revenues</u>	<u>Amount Excluded</u>	<u>Amount Carried Forward</u>
Grants and aid from the federal government	\$ 29,680,891	\$ 29,402,493	\$ 278,398
Amounts received from the State of Arizona	16,528,814	14,319,553	2,209,261
Highway user revenues in excess of those received in fiscal year 1979-80	15,744,283	15,744,283	
Highway user revenues (nonexcludable)	1,103,869		
Other revenues (nonexcludable)	<u>53,415,358</u>		
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 116,473,215</u>	<u>\$ 59,466,329</u>	<u>\$ 2,487,659</u>

The exclusion claimed for amounts received from the State of Arizona in the enterprise funds consists of grant revenues of \$676,325 in the landfill fund, \$253,741 in the fairgrounds fund, and \$93,830 parks fund.

The exclusion claimed for grants and aid from the federal government of \$100,000 in the enterprise funds consists of federal in lieu revenues.

NOTE 7 – The exclusion claimed for contracts with other political subdivisions of \$1,748,004 includes \$1,655,505 of charges for services expended (\$1,533,272 in the governmental funds and \$122,233 in the internal service funds) and \$92,499 of miscellaneous revenues expended in the governmental funds.

NOTE 8 – The exclusion claimed for refunds, reimbursements, and other recoveries of \$4,041,079, includes \$3,546,553 of charges for services broken down as follows: the governmental funds had \$200,522 of Private Health Insurance reimbursements and \$253,518 in miscellaneous reimbursement. The internal service funds had \$402,315 in charges for services of health insurance reimbursements and \$2,690,198 in charges for services for other insurance reimbursements. The remaining miscellaneous income of \$494,526 was refunds expended in the governmental funds and included reimbursements for road projects of \$306,377 and \$188,118 in other refunds. The internal service funds had \$31 for refunds related to vehicle parts.



MOHAVE COUNTY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2023

NOTE 9 – 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 as follows:

<u>Description</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>
Dividends, interest and gains on the sale or redemption of investment securities	\$ 779	
Grants and aid from the federal government	448,592	
Amounts received from the State of Arizona	85,650	
Quasi-external interfund transactions		\$ 1,119,330
Total carryforward applied	<u>\$ 535,021</u>	<u>\$ 1,119,330</u>

NOTE 10 – The subtraction for pension and other postemployment benefit (OPEB) expenses consist of the change in the net pension and OPEB liability recognized in the current year of \$463,933 from the internal service funds and \$552,113 from the enterprise funds. The addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System of \$292,306 from the enterprise funds and \$387,676 from the internal service funds.

The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

<u>Statement of Cash Flows</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Change in net pension and OPEB asset	\$ (18,454)	\$ (15,537)
Change in deferred inflows related to pensions and OPEB	(616,354)	(848,255)
Change in deferred outflows related to pensions and OPEB	179,280	245,165
Change in net pension and OPEB liability	<u>715,335</u>	<u>694,884</u>
Total	<u>\$ 259,807</u>	<u>\$ 76,257</u>
 <b><u>AELR- Reconciliation</u></b>		
Pension/OPEB contributions - addition	\$ 292,306	\$ 387,676
Pension/OPEB expense (income) - subtraction	<u>552,113</u>	<u>463,933</u>
Total	<u>\$ (259,807)</u>	<u>\$ (76,257)</u>

NOTE 11 – The subtraction of \$952,083 for landfill closure and postclosure care costs consists of the portion of the total estimated liability reported as expenses in the current year but not yet paid in the enterprise funds.

NOTE 12 – The subtraction of \$671,110 for separate legal entities established under Arizona Revised Statutes consists of expenditures of the Television District. This is included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations and is reported in the general government function in the governmental funds financial statements.

MOHAVE COUNTY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2023

NOTE 13 – The subtraction for long-term care contributions the State Treasurer withheld consists of transaction privilege taxes the State Treasurer withheld to meet the County’s share of long-term care costs that was reported as revenue and an offsetting expenditure in the governmental funds. Consequently, this expenditure has been subtracted on the Reconciliation.

NOTE 14 – The addition of \$414,191 for principal payments on long-term debt in the internal service funds consists of lease payments on leased computers and copiers and subscription payments for subscription based information technology arrangements. The addition of \$4,410 for principal payments on long-term debt in the enterprise funds consists of payments on financed equipment.

NOTE 15 – The subtraction of \$2,531,610 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The addition of \$2,323,158 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 16 – The \$261,209 subtraction for required fees/reimbursements State law required the County to pay that are excluded from the county expenditure limitation consists of \$261,209 paid pursuant to A.R.S. §13-4512, for inpatient competency restoration treatment, which were recorded as general government expenditures.

NOTE 17 – Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in their balances is shown in the table below:

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 9,029	\$ 294,755	\$ 779	\$ 303,005
Grants and aid from the federal government	918,619	278,398	448,592	748,425
Amounts received from the State of Arizona	812,087	2,209,261	85,650	2,935,698
Quasi-external interfund transactions	<u>10,770,773</u>	<u>                  </u>	<u>1,119,330</u>	<u>9,651,443</u>
Total carryforward	<u>\$ 12,510,508</u>	<u>\$ 2,782,414</u>	<u>\$ 1,654,351</u>	<u>\$ 13,638,571</u>