

Mohave County, Arizona
Annual Expenditure Limitation Report

Year Ended June 30, 2024

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Annual Expenditure Limitation Report
Year ended June 30, 2024**

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Independent Accountants' Report

Members of the Arizona State Legislature

The Auditor General of the State of Arizona

Board of Supervisors of
Mohave County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Mohave County, Arizona (Mohave County) for the year ended June 30, 2024, and the related notes to the report. Mohave 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 other ethical responsibilities in accordance with relevant ethical requirements relating to the 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.

Walker & Armstrong, LLP

Phoenix, Arizona
July 8, 2025

Mohave County, Arizona
Annual Expenditure Limitation Report – Part I
Year ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	\$ 242,023,225
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>119,780,643</u>
3. Amount under the expenditure limitation	<u><u>\$ 122,242,582</u></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: Luke G. Mournian, CPA I agree to the terms defined by the placement of my signature on this document

Name and Title: Luke G. Mournian, Chief Financial Officer

Telephone Number: (928) 753-0735 x4110 Date: July 8, 2025

Mohave County, Arizona
Annual Expenditure Limitation Report – Part II
Year ended June 30, 2024

Description		Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A.	Amounts reported on the reconciliation, line D	\$ 193,110,604	\$ 12,395,816	\$ 32,483,200	\$ 577,853,268	\$ 815,842,888
B.	Less exclusions claimed:					
	Debt service requirements (Note 2)	79,501	4,462	-	-	83,963
	Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	10,397,593	-	-	-	10,397,593
	Trustee or custodian (Note 4)	1,568,200	-	-	577,853,268	579,421,468
	Grants and aid from the federal government (Note 6)	35,058,526	100,000	-	-	35,158,526
	Amounts received from the State of Arizona (Note 6)	19,186,070	973,205	500,000	-	20,659,275
	Quasi-external interfund transactions (Note 5)	-	-	27,136,270	-	27,136,270
	Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	16,106,703	-	-	-	16,106,703
	Contracts with other political subdivisions (Note 7)	1,759,601	-	101,219	-	1,860,820
	Refunds, reimbursements, and other recoveries (Note 8)	565,704	-	3,491,421	-	4,057,125
	Prior years carryforward (Note 9)	431,138	-	749,364	-	1,180,502
	Total exclusions claimed	85,153,036	1,077,667	31,978,274	577,853,268	696,062,245
C.	Amounts subject to the expenditure limitation	\$ 107,957,568	\$ 11,318,149	\$ 504,926	\$ -	\$ 119,780,643

See accompanying notes to report

Mohave County, Arizona
Annual Expenditure Limitation Report – Reconciliation
Year ended June 30, 2024

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	\$ 206,460,769	\$ 11,418,534	\$ 33,696,768	\$ 577,853,268	\$ 829,429,339
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation and amortization	-	2,221,056	2,743,008	-	4,964,064
Pension and other postemployment benefits (OPEB) expense (Note 10)	-	517,562	837,616	-	1,355,178
Claims incurred but not reported (IBNR) (Note 15)	-	-	3,311,628	-	3,311,628
Landfill closure and postclosure care costs and pollution remediation (Note 11)	-	981,464	-	-	981,464
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 12)	1,382,935	-	-	-	1,382,935
Long-term care contributions the State Treasurer withheld (Note 13)	10,847,500	-	-	-	10,847,500
Fees/reimbursements State law required the County to pay (Note 16)	121,920	-	-	-	121,920
Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception (Note 17)	1,438,678	-	-	-	1,438,678
Total subtractions	13,791,033	3,720,082	6,892,252	-	24,403,367
C. Additions:					
Principal payments on long-term debt (Note 14)	-	4,462	902,794	-	907,256
Capital asset acquisitions	-	4,395,046	1,855,578	-	6,250,624
Amounts paid in the current year but reported as expenses in previous years:					
Claims previously recognized as IBNR (Note 15)	-	-	2,531,610	-	2,531,610
Pension and OPEB contributions paid in the current year (Note 10)	-	297,856	388,702	-	686,558
County transfers to separate legal entities (Note 12)	440,868	-	-	-	440,868
Total additions	440,868	4,697,364	5,678,684	-	10,816,916
D. Amounts reported on part II, line A	\$ 193,110,604	\$ 12,395,816	\$ 32,483,200	\$ 577,853,268	\$ 815,842,888

See accompanying notes to report

Mohave County, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2024

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 (A.R.S.) §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 \$83,963, including \$79,501 of expenditures in the governmental funds and \$4,462 of expenditures in the enterprise funds.

Note 3 - The \$10,397,593 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental funds includes investment earnings of \$7,898,683 and interest on delinquent taxes expended of \$2,498,910 which was recorded as tax revenue. Remaining unspent, excludable revenues of \$643,421 for dividends, interest and gains on the sale or redemption of investment securities have been carried forward to future years.

Note 4 - The exclusion claimed for trustee or custodian in the governmental funds consists of \$1,568,200 in County contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs. In the fiduciary funds, the exclusion consists of \$577,853,268 in distributions to external investment pool participants.

Note 5 - The exclusion claimed for quasi-external interfund transactions in the internal service funds of \$27,136,270 consists of charges for services revenues paid from other County funds to the internal service funds. The remaining amount of \$2,162,578 from the Vehicle Replacement Fund and Self Insurance Fund are being carried forward.

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	
Grants and aid from the federal government	\$ 35,058,526
Amounts received from the State of Arizona	19,186,070
Highway user revenues in excess of those received in fiscal year 1979-80	16,106,703
Other revenues-(nonexcludable)	56,036,083
Unspent, excludable, revenues carried forward	<u>2,695,681</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 129,083,063</u>

The exclusion claimed for amounts received from the State of Arizona in the enterprise funds consists of grant revenues of \$714,489 in the landfill fund, \$221,716 in the fairgrounds fund, and \$37,000 in the parks fund.

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

Notes to Annual Expenditure Limitation Report - Continued

Note 7 - The exclusion claimed for contracts with other political subdivisions of \$1,860,820 includes \$1,824,686 of charges for services (\$1,723,467 in the governmental funds and \$101,219 in the internal service funds) and \$36,134 of rents included in miscellaneous revenues in the governmental funds.

Note 8 - The exclusion claimed for refunds, reimbursements, and other recoveries of \$4,057,125, includes \$4,036,254 of charges for services broken down as follows: the governmental funds had \$175,496 of Private Health Insurance reimbursements, and \$369,337 in miscellaneous reimbursements; the internal service funds had \$1,201,180 in charges for services of health insurance reimbursements and \$2,290,241 in charges for services for other insurance reimbursements. The remaining miscellaneous income of \$20,871 was refunds expended in the governmental funds.

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 of redemption of investment securities	\$ 82,289	\$ -
Grants and aid from the federal government	180,120	-
Amounts received from the State of Arizona	168,729	-
Quasi-external interfund transactions	-	749,364
Total	<u>\$ 431,138</u>	<u>\$ 749,364</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 \$517,562 from the enterprise funds and \$837,616 from the internal service 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 \$297,856 from the enterprise funds and \$388,702 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	\$ (3,598)	\$ (11,400)
Change in deferred inflows related to pensions and OPEB	18,342	33,976
Change in deferred outflows related to pensions and OPEB	36,134	10,524
Change in net pension and OPEB liability	168,828	415,814
Total	<u>\$ 219,706</u>	<u>\$ 448,914</u>
 <u>Annual Expenditure Limitation Report</u>		
Pension/OPEB contributions – addition	\$ 297,856	\$ 388,702
Pension/OPEB expense(income) – subtraction	517,562	837,616
Total	<u>\$ (219,706)</u>	<u>\$ (448,914)</u>

Note 11 - The subtraction of \$981,464 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.

Notes to Annual Expenditure Limitation Report - Continued

Note 12 - The subtraction of \$1,382,935 for separate legal entities, established under Arizona Revised Statutes consists of expenditures of the Television District reported in the general government function in the governmental funds financial statements. The addition of \$440,868 for separate legal entities consists of transfers from the County to the Television District which is included as a transfer from the general fund to other governmental funds in the governmental fund financial statements. These are included within the County's reporting entity but not included in the Economic Estimates Commission base limit calculations.

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 a revenue and an offsetting expenditure in the County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 14 - The addition of \$907,256 for principal payments on long-term debt includes \$902,794 in the internal service fund for leased computers, leased copiers and subscription payments; and \$4,462 in the enterprise funds for payments on financed equipment.

Note 15 - The subtraction of \$3,311,628 for claims incurred but not reported consists of estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The addition of \$2,531,610 for claims paid consists of cash payments in the current year for claims recognized as an expense in previous years.

Note 16 - The \$121,920 subtraction for required fees and reimbursements State law required the County to pay that are excluded from the county expenditure limitation consists of amounts paid pursuant to A.R.S. §13-4512, for inpatient competency restoration treatment, which were recorded as general government expenditures.

Note 17 - The subtraction of \$1,438,678 of the present value of net minimum lease and subscription-based information technology arrangement (SBITA) contract payments that were recorded as expenditures at the agreements' inception consists of the County's agreements for the lease of buildings and equipment and subscription arrangements.

Note 18 - Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excludable in future years when spent. A summary of the revenue sources and the changes in their balances is shown in the table below:

Description	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 303,005	\$ 643,421	\$ 82,289	\$ 864,137
Grants and aid from the federal government	748,425	135,988	180,120	704,293
Amounts received from the State of Arizona	2,935,698	2,559,693	168,729	5,326,662
Quasi-external interfund transactions	9,651,443	2,162,578	749,364	11,064,657
Total carryforward	<u>\$ 13,638,571</u>	<u>\$ 5,501,680</u>	<u>\$ 1,180,502</u>	<u>\$ 17,959,749</u>