

Mohave County

Expenditure Limitation Report

Year Ended June 30, 2016



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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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, 2016. 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.

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.

Jay Zsorey, CPA
Financial Audit Director

August 9, 2017



Mohave County
Annual expenditure limitation report—part I
Year ended June 30, 2016

1. Economic Estimates Commission expenditure limitation	\$180,826,138
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>88,559,194</u>
3. Amount under the expenditure limitation	<u>\$ 92,266,944</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: Coral Loyd, Financial Services Director

Telephone number: (928) 753-0735 Date: August 9, 2017

See accompanying notes to report.

Mohave County
Annual expenditure limitation report—part II
Year ended June 30, 2016

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 124,747,387	\$ 6,781,977	\$ 21,279,983	\$ 256,407,382	\$ 409,216,729
B. Less exclusions claimed:					
Debt service requirements on other long-term obligations (Note 2)	5,038,593				5,038,593
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	2,515,395	90,280	74,229		2,679,904
Trustee or custodian (Note 4)	2,405,229			256,407,382	258,812,611
Grants and aid from the federal government (Note 6)	11,248,956	100,000			11,348,956
Amounts received from the State of Arizona (Note 6)	7,010,231	976,427			7,986,658
Quasi-external interfund transactions (Note 5)	950,045		18,661,224		19,611,269
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	10,945,408				10,945,408
Contracts with other political subdivisions (Note 7)	2,218,456				2,218,456
Refunds, reimbursements, and other recoveries (Note 8)	1,986,180	6,126			1,992,306
Prior years carryforward (Note 9)	23,374				23,374
Total exclusions claimed	<u>44,341,867</u>	<u>1,172,833</u>	<u>18,735,453</u>	<u>256,407,382</u>	<u>320,657,535</u>
C. Amounts subject to the expenditure limitation	<u>\$ 80,405,520</u>	<u>\$ 5,609,144</u>	<u>\$ 2,544,530</u>	<u>\$ -</u>	<u>\$ 88,559,194</u>

See accompanying notes to report.

Mohave County
Annual expenditure limitation report—reconciliation
Year ended June 30, 2016

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	\$133,819,946	\$6,173,207	\$21,651,614	\$256,407,382	\$418,052,149
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation		1,439,320	1,437,444		2,876,764
Loss on disposal of capital assets		1,011			1,011
Claims incurred but not reported (IBNR)			1,897,449		1,897,449
Landfill closure and postclosure care costs (Note 14)		412,795			412,795
Pension expense (Note 15)		74,546	148,077		222,623
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 10)	654,473				654,473
Long-term care contributions withheld by the State Treasurer (Note 11)	8,033,700				8,033,700
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	50,789				50,789
Payments made to reimburse the Arizona Department of Health Services (Note 12)	<u>333,597</u>				<u>333,597</u>
Total subtractions	<u>9,072,559</u>	<u>1,927,672</u>	<u>3,482,970</u>		<u>14,483,201</u>
C. Additions:					
Principal payments on long-term debt			18,890		18,890
Acquisition of capital assets		2,409,356	1,299,290		3,708,646
Amounts paid in the current year but reported as expenses in previous years:					
Claims previously recognized as IBNR (Note 13)			1,564,364		1,564,364
Pension contributions paid in the current year (Note 15)		<u>127,086</u>	<u>228,795</u>		<u>355,881</u>
Total additions		<u>2,536,442</u>	<u>3,111,339</u>		<u>5,647,781</u>
D. Amounts reported on part II, line A	<u>\$124,747,387</u>	<u>\$6,781,977</u>	<u>\$21,279,983</u>	<u>\$256,407,382</u>	<u>\$409,216,729</u>

See accompanying notes to report.

Mohave County

Notes to annual expenditure limitation report

Year ended June 30, 2016

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 on other long-term obligations in the governmental funds consists of principal retirement and interest on beneficial interest certificates of \$4,873,513 and capital leases of \$165,080, for a total of \$5,038,593.

Note 3

The exclusion claimed in the governmental funds for dividends, interest, and gains on the sale or redemption of investment securities of \$2,515,395 is made up of amounts from the general fund and other governmental funds. From the general fund, it includes interest on investments expended of \$82,987 and interest on delinquent taxes expended of \$2,223,292, which was recorded as tax revenue, for a total of \$2,306,279. From the other governmental funds (both major and other), it consists of interest on investments of \$232,289 reduced by interest on investments of \$14,422 for the special assessment districts that were not included in the base limit, \$9 carryforward, and \$8,742 interest income on beneficial interest certificates monies.

Note 4

The exclusion claimed for trustee or custodian in the governmental funds consists of \$1,671,654 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs, and \$733,575 in expenditures made from anti-racketeering revenues reported as fines and forfeits in the governmental funds, for a total exclusion of \$2,405,229. Unspent anti-racketeering revenues of \$879,716 have been carried forward for exclusion when expended in future years. In the fiduciary funds, the exclusion consists of \$256,407,382 in distributions to investment pool participants.

Note 5

The exclusion claimed for quasi-external interfund transactions in the internal service funds is the amount of expenses recorded in the internal service funds for revenues received for services provided to governmental funds. The exclusion claimed for quasi-external interfund transactions in the governmental funds is the amount of expenses recorded, equal to the revenues received for services provided to other governmental funds.

Mohave County
Notes to annual expenditure limitation report
Year ended June 30, 2016

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	Amount carried forward
Grants and aid from the federal government	\$11,251,824	\$11,248,956	\$2,868
Amounts received from the State of Arizona	7,010,231	7,010,231	
Highway user revenues in excess of those received in fiscal year 1979-80	10,945,408	10,945,408	
Highway user revenues 1979-80—(nonexcludable)	1,103,869		
Other revenues (nonexcludable)	<u>30,969,171</u>		
Total intergovernmental revenues as reported in the fund financial statements	<u>\$61,280,503</u>	<u>\$29,204,595</u>	<u>\$2,868</u>

The exclusion claimed for amounts received from the State of Arizona in the enterprise funds consists of \$476,427 in grant revenues in the landfill fund and \$500,000 in the other enterprise funds.

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 \$2,218,456 includes \$2,151,547 of charges for services expended and \$66,909 of miscellaneous revenues expended.

Note 8

The exclusion claimed for refunds, reimbursements, and other recoveries of \$1,992,306 includes \$1,655,035 of reimbursements expended for charges for services in the governmental funds, and \$331,145 and \$6,126 of refunds expended for miscellaneous expenses in the governmental and enterprise funds, respectively.

Note 9

Prior year 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:

Description	Governmental funds
Grants and aid from the federal government	\$ 1,415
Amounts received from the State of Arizona	<u>21,959</u>
Total prior years carryforward expended	<u>\$23,374</u>

Mohave County

Notes to annual expenditure limitation report

Year ended June 30, 2016

Note 10

The subtraction of \$654,473 for separate legal entities established under Arizona Revised Statutes consists of expenditures of 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 as general government expenditures in the other governmental funds.

Note 11

The subtraction for long-term care contributions withheld by the State Treasurer 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 County's governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 12

The subtraction of \$333,597 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 committing an individual that the court determined to be sexually violent, as required by Laws 2015, Chapter 14, Sections 8 and 9, which were recorded as health expenditures.

Note 13

The addition of \$1,564,364 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 14

The subtraction of \$412,795 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 15

The subtraction of \$222,623 for pension expense consists of the change in the net pension liability recognized in the current year in the enterprise and internal service funds. The addition of \$355,881 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise and internal service funds.

