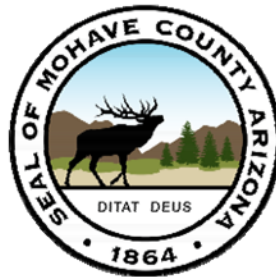


Mohave County

Annual expenditure limitation report

Year Ended June 30, 2017



Mohave County
Annual expenditure limitation report
Year ended June 30, 2017

	Page
Table of contents	
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 Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Mohave County, Arizona (the County) for the year ended June 30, 2017, 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 judgement, 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.

Fester & Chapman, PLLC

May 29, 2018

Mohave County
Annual expenditure limitation report—part I
Year ended June 30, 2017

Economic Estimates Commission expenditure limitation	\$ 184,852,886
Amount subject to the expenditure limitation (total amount from part II, line C)	<u>84,573,535</u>
Amount under (in excess of) the expenditure limitation	<u>\$ 100,279,351</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 A. Loyd - Financial Services Director

Telephone number: (928) 753 -0735 ext 4110 Date: 5/29/2018

Mohave County
Annual expenditure limitation report—part II
Year ended June 30, 2017

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	\$ 121,540,730	\$ 5,746,527	\$ 21,298,112	\$ 250,447,733	\$ 399,033,102
B. Less exclusions claimed:					
Debt service requirements (Note 2)	5,022,487				5,022,487
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,897,389	65,222	55,021		2,017,632
Trustee or custodian (Note 4)	2,933,587			250,447,733	253,381,320
Grants and aid from the federal government (Note 6)	12,118,127	100,000			12,218,127
Amounts received from the State of Arizona (Note 6)	6,810,206	500,014			7,310,220
Quasi-external interfund transactions (Note 5)	897,365		16,811,476		17,708,841
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	11,881,214				11,881,214
Contracts with other political subdivisions (Note 7)	2,724,538		113,987		2,838,525
Refunds, reimbursements, and other recoveries (Note 8)	741,072		914,773		1,655,845
Prior years carryforward (Note 9)	425,356				425,356
Total exclusions claimed	<u>45,451,341</u>	<u>665,236</u>	<u>17,895,257</u>	<u>250,447,733</u>	<u>314,459,567</u>
C. Amounts subject to the expenditure limitation	<u>\$ 76,089,389</u>	<u>\$ 5,081,291</u>	<u>\$ 3,402,855</u>	<u>\$ -</u>	<u>\$ 84,573,535</u>

See accompanying notes to report

Mohave County
Annual expenditure limitation report—reconciliation
Year ended June 30, 2017

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	\$ 130,359,408	\$ 6,409,927	\$ 20,845,332	\$ 250,447,733	\$ 408,062,400
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation		1,212,735	1,301,345		2,514,080
Loss on disposal of capital assets			5,602		5,602
Claims incurred but not reported (IBNR)			1,604,702		1,604,702
Landfill closure and postclosure care costs (Note 12)		427,980			427,980
Pension expense (Note 11)		457,050	485,232		942,282
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 13)	566,374				566,374
Long-term care contributions the State Treasurer withheld (Note 14)	7,948,800				7,948,800
Required fees/reimbursements made to Arizona state agencies (Note 15)	267,326				267,326
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception	36,178				36,178
Total subtractions	8,818,678	2,097,765	3,396,881		14,313,324
C. Additions:					
Principal payments on long-term debt (Note 16)			319,894		319,894
Capital asset acquisitions		1,297,651	1,409,969		2,707,620
Amounts paid in the current year but reported as expenses in previous years:					
Claims previously recognized as IBNR (Note 10)			1,897,449		1,897,449
Pension contributions paid in the current year (Note 11)		136,714	222,349		359,063
Total additions		1,434,365	3,849,661		5,284,026
D. Amounts reported on part II, line A	\$ 121,540,730	\$ 5,746,527	\$ 21,298,112	\$ 250,447,733	\$ 399,033,102

See accompanying notes to report

Mohave County
Notes to annual expenditure limitation report
Year ended June 30, 2017

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 in the governmental funds consists of principal retirement and interest expenditures on beneficial interest certificates of \$4,874,513 and capital leases of \$147,974, for a total of \$5,022,487.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$1,897,389 in the governmental funds includes investment earnings expended of \$53,838 in the general fund and interest on delinquent taxes expended of \$1,694,235, which was recorded as tax revenue. In addition, from the other governmental funds (both major and other), it consists of interest on investments of \$173,871 reduced by interest on investments of \$19,079 for the special assessment districts that were not included in the base limit, \$13 not allowed, and \$5,463 interest income on beneficial interest certificates monies.

Note 4

The exclusion claimed for trustee or custodian in the governmental funds consists of \$1,677,346 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; and \$1,256,241 in expenditures made from anti-racketeering revenues reported as fines and forfeits in the governmental funds, for a total exclusion of \$2,933,587. In the fiduciary funds, the exclusion consists of \$250,447,733 in distributions to investment pool participants.

Mohave County
 Notes to annual expenditure limitation report
 Year ended June 30, 2017

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. The carryforward of \$14,147 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	Amount carried forward
Grants and aid from the federal government	\$ 12,419,385	\$ 12,118,127	\$ 14,995
Amounts received from the State of Arizona	6,810,206	6,810,206	
Highway user revenues in excess of those received in fiscal year 1979-80	11,881,214	11,881,214	
Highway user revenues -(nonexcludable)	1,103,869		
Other revenues—(nonexcludable)	32,054,960		
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 64,269,634</u>	<u>\$ 30,809,547</u>	<u>\$ 14,995</u>

The exclusion claimed for amounts received from the State of Arizona in the Enterprise funds consists of \$414,544 in grant revenues in the landfill fund and \$85,470 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 \$2,838,525 includes \$2,750,175 of charges for services expended and \$88,350 of miscellaneous revenues expended.

Mohave County
 Notes to annual expenditure limitation report
 Year ended June 30, 2017

Note 8

The exclusion claimed for refunds, reimbursements, and other recoveries of \$1,655,845 includes \$1,245,158 of reimbursements expended for charges for services in the governmental and internal service funds, and \$410,687 of refunds expended for miscellaneous expenses in the governmental and internal service 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:

Description	Governmental funds
Grants and aid from the federal government	\$ 1,900
Amounts received from the State of Arizona Trustee or Custodian	53,681
	<u>369,775</u>
Total prior years carryforward expended	<u>\$ 425,356</u>

Note 10

The addition of \$1,897,449 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 11

The subtraction of \$ 942,282 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 \$ 359,063 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.

Note 12

The subtraction of \$427,980 for landfill closure and post closure 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 13

The subtraction of \$566,374 for separate legal entities established under Arizona Revised Statutes consists of expenditures of the television district 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 governmental funds category in the fund financial statements.

Mohave County
Notes to annual expenditure limitation report
Year ended June 30, 2017

Note 14

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 15

The subtraction of \$267,326 paid to the Arizona Department of Health Services pursuant to Laws 2016, Chapter 122, Sections 16 and 17, for inpatient competency restoration treatment and committing an individual the court determined to be sexually violent, which were recorded as health expenditures.

Note 16

The addition of \$319,894 for principal payments on long-term debt in the Internal service funds consists of capital lease payments on leased computers.