

MOHAVE COUNTY

Annual Expenditure Limitation Report

Year Ended June 30, 2011

Mohave County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2011

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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, 2011. 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, 2011, 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.

April 12, 2012

MOHAVE COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2011

| | |
|-------------------------------------------------------------------------------------|----------------------|
| 1. Economic Estimates Commission expenditure limitation | \$ 172,904,055 |
| 2. Amount subject to the expenditure limitation (total amount from Part II, Line C) | <u>89,274,506</u> |
| 3. Amount under the expenditure limitation | <u>\$ 83,629,549</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, Deputy County Manager, Management Services

Telephone Number: 928-753-0735 Date: 4/12/12

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2011

| <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 | \$133,480,920 | \$ 3,862,687 | \$ 19,263,729 | \$ 407,113,348 | \$ 563,720,684 |
| B. Less exclusions claimed: | | | | | |
| Debt service requirements on other long-term obligations (Note 2) | 6,712,806 | | | | 6,712,806 |
| Dividends, interest, and gains on the sale or redemption of investment securities (Note 3) | 3,722,415 | 137,758 | 135,140 | | 3,995,313 |
| Trustee or custodian (Note 4) | 1,905,159 | | | 407,113,348 | 409,018,507 |
| Grants and aid from the federal government (Note 7) | 11,803,502 | 100,000 | | | 11,903,502 |
| Amounts received from the State of Arizona (Note 7) | 5,757,456 | 470,315 | | | 6,227,771 |
| Quasi-external interfund transactions (Note 5) | 788,847 | | 17,595,575 | | 18,384,422 |
| Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6) | 5,710,608 | | | | 5,710,608 |
| Highway user revenues in excess of those received in fiscal year 1979-80 (Note 7) | 9,448,735 | | | | 9,448,735 |
| Prior years carryforward (Note 8) | 3,044,514 | | | | 3,044,514 |
| Total exclusions claimed | <u>48,894,042</u> | <u>708,073</u> | <u>17,730,715</u> | <u>407,113,348</u> | <u>474,446,178</u> |
| C. Amounts subject to the expenditure limitation | <u>\$ 84,586,878</u> | <u>\$ 3,154,614</u> | <u>\$ 1,533,014</u> | <u>\$ -</u> | <u>\$ 89,274,506</u> |

See accompanying notes to report.

MOHAVE COUNTY
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2011

| <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>\$ 140,551,508</u> | <u>\$ 5,267,439</u> | <u>\$ 20,144,810</u> | <u>\$ 407,113,348</u> | <u>\$ 573,077,105</u> |
| B. Subtractions: | | | | | |
| Items not requiring use of working capital: | | | | | |
| Depreciation | | 815,864 | 890,910 | | 1,706,774 |
| Claims incurred but not reported | | | 1,841,182 | | 1,841,182 |
| Landfill closure and postclosure care costs (Note 9) | | 1,009,421 | | | 1,009,421 |
| Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10) | 1,478,712 | | | | 1,478,712 |
| Long-term care contributions withheld by the State Treasurer (Note 11) | 5,079,903 | | | | 5,079,903 |
| Payments made to reimburse the Arizona Department of Health Services (Note 12) | 511,973 | | | | 511,973 |
| Total subtractions | <u>7,070,588</u> | <u>1,825,285</u> | <u>2,732,092</u> | | <u>11,627,965</u> |
| C. Additions: | | | | | |
| Acquisition of capital assets | | 420,533 | 631,994 | | 1,052,527 |
| Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 13) | | | 1,219,017 | | 1,219,017 |
| Total additions | | <u>420,533</u> | <u>1,851,011</u> | | <u>2,271,544</u> |
| D. Amounts reported on Part II, Line A | <u>\$ 133,480,920</u> | <u>\$ 3,862,687</u> | <u>\$ 19,263,729</u> | <u>\$ 407,113,348</u> | <u>\$ 563,720,684</u> |

See accompanying notes to report.

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

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 \$3,722,415 in the governmental funds is made up of the following: from the General Fund it includes interest on investments expended of \$278,754 and interest on delinquent taxes expended of \$2,847,197, which was recorded as tax revenue, for a total of \$3,125,951. The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$596,464 in all the other Governmental Funds (both major and other) includes interest on investments of \$689,790 reduced by interest on investments of \$85,678 for the special assessment districts that were not included in the base limit, \$694 interest income on beneficial interest certificate - trust balances, and \$6,954 from special revenue funds' excess investment income over expense carried forward.

Note 4 – Exclusions Claimed For Trustee or Custodian

The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$1,645,774 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs; in the Fiduciary Funds, the exclusion consists of \$407,113,348 in distributions to investment pool participants. In addition, there is an exclusion of \$259,385 for Anti-Racketeering funds for a total exclusion of \$1,905,159 in the Governmental funds.

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

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 Funds, 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 – Amounts Accumulated for the Purchase of Land, and the purchase or Construction of Buildings, or Improvements

The exclusion for amounts accumulated for the purchase of land, or the purchase or construction of buildings or improvements consists of expenditures funded by a voter approved ¼ percent sales tax for the purpose of capital improvements.

Note 7 – 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 | \$ 3,316,704 | \$ 3,316,704 | \$ - | \$ - | \$ - | \$ - |
| Amounts received from the State of Arizona | 152,566 | 152,566 | - | 25,000 | 25,000 | - |
| Highway user revenues in excess of those received in fiscal year 1979-80 | - | - | - | 9,448,735 | 9,448,735 | - |
| Highway user revenues 1979-80 | - | - | - | 1,099,723 | - | - |
| Other revenues – (nonexcludable) | 23,492,746 | - | - | 2,222,641 | - | - |
| Total intergovernmental revenues as reported in the fund financial statements | <u>\$ 26,962,016</u> | <u>\$ 3,469,270</u> | <u>\$ -</u> | <u>\$ 12,796,099</u> | <u>\$ 9,473,735</u> | <u>\$ -</u> |

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

Note 7 - Intergovernmental Revenue Exclusion (Concl'd)

| Description | Flood Control Fund | | | Admin Building Debt Service Fund | | |
|--------------------------------------------------------------------------------------|--------------------|-------------------|------------------------|----------------------------------|-----------------|------------------------|
| | Revenues | Amount Excluded | Amount Carried Forward | Revenues | Amount Excluded | Amount Carried Forward |
| Grants and aid from the federal government | \$ 205,191 | \$ 205,191 | \$ - | \$ - | \$ - | \$ - |
| 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) | 42 | - | - | - | - | - |
| Total intergovernmental revenues as reported in the fund financial statements | \$ 205,233 | \$ 205,191 | \$ - | \$ - | \$ - | \$ - |

| 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 | \$ 8,370,355 | \$ 8,281,607 | \$ 88,748 | \$ 11,892,250 | \$ 11,803,502 | \$ 88,748 |
| Amounts received from the State of Arizona | 5,725,999 | 5,579,890 | 146,109 | 5,903,565 | 5,757,456 | 146,109 |
| Highway user revenues in excess of those received in fiscal year 1979-80 | - | - | - | 9,448,735 | 9,448,735 | - |
| Highway user revenues 1979-80 | - | - | - | 1,099,723 | - | - |
| Other revenues - (nonexcludable) | 756,302 | - | - | 26,471,731 | - | - |
| Total intergovernmental revenues as reported in the fund financial statements | \$ 14,852,656 | \$ 13,861,497 | \$ 234,857 | \$ 54,816,004 | \$ 27,009,693 | \$ 234,857 |

MOHAVE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

Note 8 – 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) | \$ 57,430 | \$ 6,954 | \$ (50,794) | \$ 13,590 |
| Trustee or Custodian (Note 4) | 300,555 | 300,161 | - | 600,716 |
| Quasi-external interfund transactions (Note 5) | 3,785,357 | 141,370 | - | 3,926,727 |
| Amounts accumulated for the purchase of land and the purchase or construction of buildings or improvements (Note 6) | 9,925,056 | - | (2,639,355) | 7,285,701 |
| Highway user revenue in excess of those received in fiscal year 1979-80 | 319,289 | - | (319,289) | - |
| Grants and aid from the federal governments | 88,820 | 88,748 | (7,145) | 170,423 |
| Amounts received from the State of Arizona | 426,541 | 146,109 | (27,931) | 544,719 |
| Total | <u>\$ 14,903,048</u> | <u>\$ 683,342</u> | <u>\$ (3,044,514)</u> | <u>\$ 12,541,876</u> |

Note 9 – Landfill Closure and Postclosure Care Costs

The subtraction of \$1,009,421 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, 2011

Note 10 – Separate Legal Entities

The subtraction of \$1,478,712 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 | \$ 948,774 |
| Highways and streets | 8,199 |
| Principal retirement | 450,000 |
| Interest and fiscal charges | 71,739 |
| Total | <u>\$ 1,478,712</u> |

Note 11 – 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 12 – Payments made to reimburse Arizona Department of Health Services

The subtraction of \$511,973 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 2010, Seventh Special Session, Chapter 10, Sections 22 and 23, which were recorded as health expenditures.

Note 13 – Incurred But Not Reported

The addition of \$1,219,017 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.