

Mohave County

Annual Financial 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 Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Mohave County, Arizona

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mohave County Self-Insured Trust Fund and Employee Benefits Trust Fund, which account for the following percentages of the opinion units affected:

Opinion Unit/Department	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses/ expenditures
<u>Government-wide statements</u>				
Governmental activities:				
Self-insured trust	0.28%	0.48%	1.43%	1.08%
Employee benefits trust	2.94%	1.38%	9.23%	9.07%
<u>Fund statements</u>				
Aggregate remaining fund information:				
Self-insured trust	0.89%	5.85%	0.59%	0.48%
Employee benefits trust	9.54%	16.71%	3.79%	4.01%

Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the self-insured trust fund and employee benefits trust fund, are based solely on the other auditors' report. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2016, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages a-1 through a-16, budgetary comparison schedules on pages 54 through 59, schedule of the County's proportionate share of the net pension liability—cost-sharing pension plans on page 60, schedule of changes in the county's net pension liability (asset) and related ratios—agent pension plans on pages 61 through 62, schedule of county pension contributions on pages 63 through 65, and schedule of agent OPEB plans' funding progress on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies the County received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues the County received solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

May 31, 2017



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Management's Discussion and Analysis

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2016. Please read the following discussion in conjunction with the County's basic financial statements.

Financial Highlights

- The County's total net position as reported in the Statement of Activities decreased by \$3.1 million. That decrease is a net of a \$3.6 million decrease in governmental activities net position and an increase of \$438 thousand in business-type activities net position.
- Total liabilities increased by \$2 million from the prior year.
- The fund balance for the Library fund decreased by \$912 thousand due to a board approved reduction to the secondary tax rate.
- The fund balance for the Road Fund decreased \$2.7 million as a result of increased expenditures for road projects and capital purchases.
- General Fund revenues were below budgeted revenues by \$2.8 million. Budgeted revenues included a potential increase in resources from the return of State shifts and sweeps to the County. This potential opportunity did not come to fruition by the end of the fiscal year, resulting in the budget variance. Expenditures were only 88.2 percent of final General Fund budget.

Overview of the Financial Statements

The intent of this discussion and analysis is to serve as an introduction to Mohave County's basic financial statements. Mohave County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of Mohave County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Mohave County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Mohave County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused accrued leave).

Both of these government-wide financial statements distinguish functions of Mohave County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Mohave County include general government, public safety, highways and streets, health, welfare, sanitation, education, culture and recreation, and interest on long-term debt. The business-type activities of Mohave County include water companies, recreation, and landfill operations.

The government-wide financial statements include not only Mohave County itself (known as the *primary government*), but blended component units. The blended component units are legally separate entities for which Mohave County is financially accountable.

Blended component units include the following: four tax-levying districts, special assessment districts, and two finance corporations. The County's Board of Supervisors serves as the board of directors for all of the component units except for the finance corporations, which have a separate board of directors made up of County management. The list of blended component units follows:

- Mohave County Television District provides and maintains communication equipment for TV signals.
- Mohave County Library District provides and maintains library services for County residents.
- Mohave County Flood Control District provides and maintains flood control systems for the County.
- Mohave County Special Assessment Districts provide funds to construct or improve roads, bridges, and water distribution systems.
- Mohave Administration Building Finance Corporation provides financing and oversight of the operation of the Mohave County administration building.
- Mohave Jail Finance Corporation provides financing and oversight of the construction and equipping of a jail facility for use by and ultimate ownership by Mohave County.
- Mohave County Holiday Shores Lighting District provides street lighting for the Holiday Shores area of Bullhead City.

Financial information for the *blended component units* is combined with the financial information presented for the primary government itself.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Mohave County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Mohave County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Mohave County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Flood Control Fund, Library Fund, and the Jail Debt Service Fund, all of which are major governmental funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation, under the heading Other Governmental Funds.

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and the major special revenue funds to demonstrate compliance with their budgets.

Proprietary funds—Mohave County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Mohave County uses enterprise funds to account for its water companies, park services, and landfill operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among Mohave County's various functions. Mohave County uses internal service funds to account for its fleet of vehicles, employee benefit health insurance trust, self-insurance trust, janitorial services, communication services, and management information systems. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water companies and the landfill operations, which are major funds of Mohave County. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds' financial statements.

Fiduciary funds—Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Mohave County's own programs.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information—In addition to the basic financial statements and accompanying notes, the *required supplementary information*, includes budgetary comparison schedules and Mohave County's progress in funding its obligation to provide pension benefits to eligible employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the County's assets exceeded liabilities by \$257 million.

By far the largest portion of Mohave County's net position (95 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. Mohave County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Mohave County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining 5 percent of the net position is divided into restricted and unrestricted net position. Restricted net position represents resources subject to external restrictions on how they may be used. The net pension liability that is being reported was applied entirely against the unrestricted net position, resulting in a negative balance. The largest change in the net position occurred in the governmental activities. The changes are discussed separately under the following sections: Governmental activities-net position highlights, Business-type activities-net position highlights, and Capital Assets and Debt Administration.

**Government-wide
Net Position
As of June 30,**

	<u>2015</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets and other assets	\$132,906,741	\$133,641,520	\$ 734,779	0.55%
Capital assets	264,701,874	261,998,825	(2,703,049)	-1.02%
Net pension asset	<u>556,890</u>	<u>559,045</u>	<u>2,155</u>	<u>0.39%</u>
Total assets	<u>398,165,505</u>	<u>396,199,390</u>	<u>(1,966,115)</u>	<u>-0.49%</u>
Deferred outflows related to pensions	<u>18,450,942</u>	<u>15,166,726</u>	<u>(3,284,216)</u>	<u>-17.80%</u>
Long-term liabilities outstanding	137,979,841	138,120,256	140,415	0.10%
Other liabilities	<u>6,080,109</u>	<u>7,924,341</u>	<u>1,844,232</u>	<u>30.33%</u>
Total liabilities	<u>144,059,950</u>	<u>146,044,597</u>	<u>1,984,647</u>	<u>1.38%</u>
Deferred inflows related to pensions	<u>12,601,600</u>	<u>8,481,620</u>	<u>(4,119,980)</u>	<u>-32.69%</u>
Net position:				
Net investment in capital assets	242,072,694	243,842,695	1,770,001	0.73%
Restricted	75,233,021	66,806,933	(8,426,088)	-11.20%
Unrestricted	<u>(57,350,818)</u>	<u>(53,809,729)</u>	<u>3,541,089</u>	<u>-6.17%</u>
Total net position	<u>\$259,954,897</u>	<u>\$256,839,899</u>	<u>\$(3,114,998)</u>	<u>-1.20%</u>

The government-wide restricted net position decreased from the prior year. \$5.4 million in General government was due to an increase in grant expenditures, a reduction in the TV district secondary tax rate, and additional expenses related to elections equipment; \$2.7 million in Highways and streets due to increased expenditures for road projects and a capital purchases; and \$1.6 million in Culture and recreation due to a reduction in the Library District's secondary tax rate. These decreases were offset by a net increase in the other categories of \$1.3 million.

Governmental activities—net position highlights: As a result of an actuarial valuation of the total pension liability performed as of June 30, 2015, and a measurement date of June 30, 2015, deferred outflows and inflows of resources related to pensions decreased by \$3.3 million and \$4.0 million, respectively. Other liabilities had a net increase due to more accrued expenses payable and accrued salaries and benefits payable at year end. In addition, the Arizona Department of Game and Fish awarded the County a \$300,000 grant for construction of a community fishing pond. Because these funds must be returned to the State if the project is not completed within a prescribed time period, the funds were recorded in deposits held for others.

**Governmental Activities
Net Position
As of June 30,**

	<u>2015</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets and other assets	\$113,365,292	\$114,223,257	\$ 857,965	0.76%
Capital assets	249,789,518	246,117,444	(3,672,074)	-1.47%
Net pension asset	<u>556,890</u>	<u>559,045</u>	<u>2,155</u>	<u>0.39%</u>
Total assets	<u>363,711,700</u>	<u>360,899,746</u>	<u>(2,811,954)</u>	<u>-0.77%</u>
Deferred outflows related to pensions	<u>18,261,262</u>	<u>14,992,732</u>	<u>(3,268,530)</u>	<u>-17.90%</u>
Long-term liabilities outstanding	128,561,617	128,247,192	(314,425)	-0.24%
Other liabilities	<u>5,681,752</u>	<u>7,482,118</u>	<u>1,800,366</u>	<u>31.69%</u>
Total liabilities	<u>134,243,369</u>	<u>135,729,310</u>	<u>1,485,941</u>	<u>1.11%</u>
Deferred inflows related to pensions	<u>12,325,385</u>	<u>8,311,773</u>	<u>(4,013,612)</u>	<u>-32.56%</u>
Net position:				
Net investment in capital assets	227,160,338	227,961,314	800,976	0.35%
Restricted	67,276,104	58,379,126	(8,896,978)	-13.22%
Unrestricted	<u>(59,032,234)</u>	<u>(54,489,045)</u>	<u>4,543,189</u>	<u>-7.70%</u>
Total net position	<u>\$235,404,208</u>	<u>\$231,851,395</u>	<u>\$(3,552,813)</u>	<u>-1.51%</u>

Governmental activities—comparative statement of activities highlights: The current year governmental activities financial statements reflect an increase in total general revenues due to increases in property taxes and other taxes.

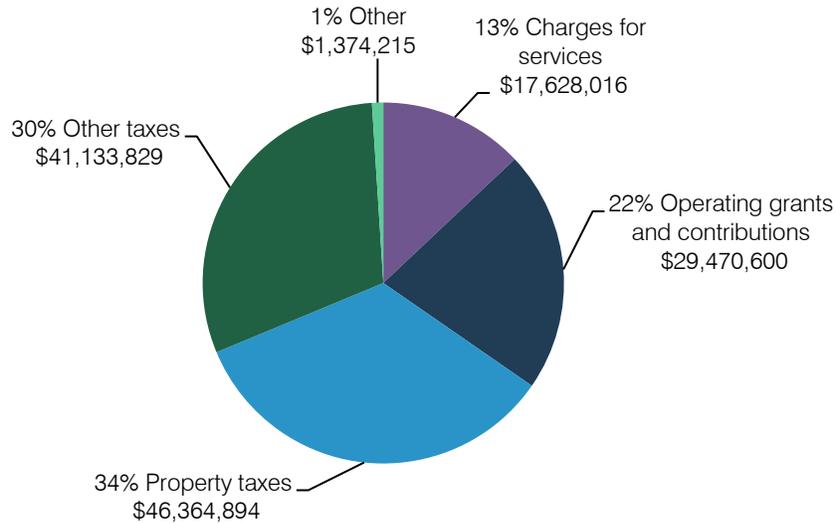
Expenses increased 3 percent from the prior year. The County managed to maintain moderate growth in controllable expenses through increased efficiency and by offsetting increased costs with vacancy savings. The large decrease in General government expenses and increases in Public safety and Highways and streets expenses are due to various conversion entries recorded to go from the fund basis to the government-wide statements, including pension adjustments. These adjustments are summarized in the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities. The Transfer in the current year reflects transfers to the General fund from the Landfill fund to reimburse for inspector salaries and benefits.

Governmental Activities
Comparative Statement of Activities
Year Ended June 30,

	<u>2015</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues:				
Program revenues				
Charges for services	\$ 17,019,031	\$ 17,628,016	\$ 608,985	3.58%
Operating grants and contributions	<u>30,005,882</u>	<u>29,470,600</u>	<u>(535,282)</u>	<u>-1.78%</u>
Total program revenues	<u>47,024,913</u>	<u>47,098,616</u>	<u>73,703</u>	<u>0.16%</u>
General revenues				
Property taxes	44,784,744	46,364,894	1,580,150	3.53%
Other taxes	39,558,092	41,133,829	1,575,737	3.98%
Other revenues	<u>1,375,546</u>	<u>1,374,215</u>	<u>(1,331)</u>	<u>-0.10%</u>
Total general revenues	<u>85,718,382</u>	<u>88,872,938</u>	<u>3,154,556</u>	<u>3.68%</u>
Total revenues	<u>132,743,295</u>	<u>135,971,554</u>	<u>3,228,259</u>	<u>2.43%</u>
Expenses:				
General government	59,891,491	53,132,528	(6,758,963)	-11.29%
Public safety	36,983,998	40,929,873	3,945,875	10.67%
Highways and streets	12,390,118	18,139,895	5,749,777	46.41%
Health	14,684,138	14,985,684	301,546	2.05%
Welfare	4,400,769	4,655,574	254,805	5.79%
Sanitation	8,774	9,347	573	6.53%
Culture and recreation	4,061,196	4,751,638	690,442	17.00%
Education	1,835,172	2,062,490	227,318	12.39%
Interest on long-term debt	<u>1,071,310</u>	<u>927,429</u>	<u>(143,881)</u>	<u>-13.43%</u>
Total expenses	<u>135,326,966</u>	<u>139,594,458</u>	<u>4,267,492</u>	<u>3.15%</u>
Increase (decrease) in net position before transfers	(2,583,671)	(3,622,904)	(1,039,233)	- 40.22%
Transfers	<u>70,091</u>	<u>70,091</u>	<u>70,091</u>	<u>-100.00%</u>
Increase (decrease) in net position after transfers	<u>(2,583,671)</u>	<u>(3,552,813)</u>	<u>(969,142)</u>	<u>37.51%</u>
Net position beginning of year	<u>237,987,879</u>	<u>235,404,208</u>	<u>(2,583,671)</u>	<u>-1.09</u>
Net position end of year	<u>\$235,404,208</u>	<u>\$231,851,395</u>	<u>\$(3,552,813)</u>	<u>-1.51%</u>

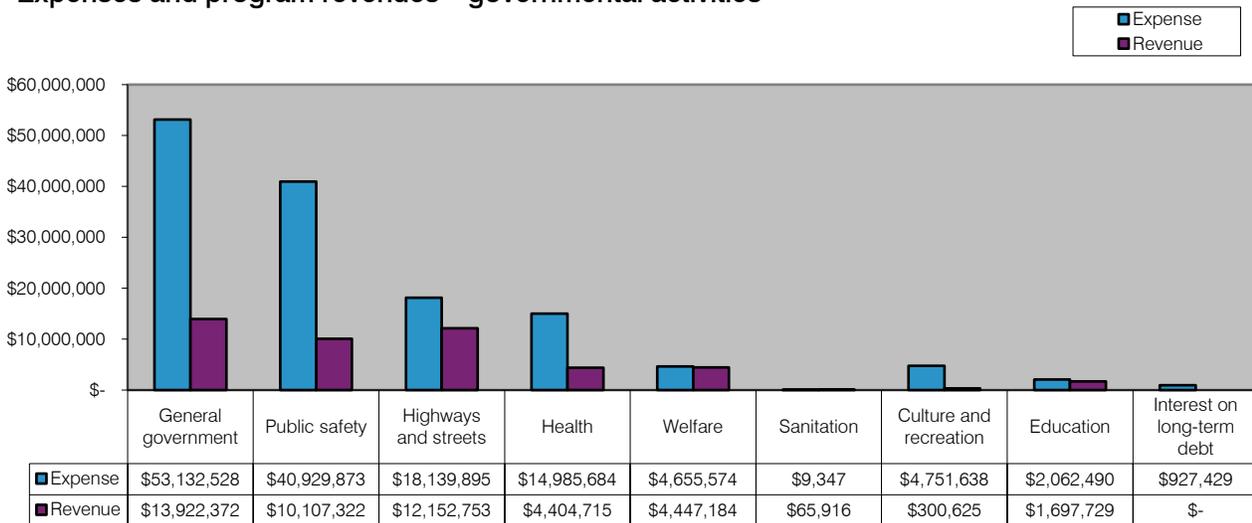
The chart below represents all revenues collected from governmental activities, including general revenues, as reported in the Statement of Activities.

Revenues by source—Governmental activities



The following graph represents the expenses and program revenues for governmental activities as reported in the Statement of Activities. Program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities. Total revenues generated by governmental activities (program revenues and general revenues) were \$136 million. General revenues of \$88.9 million are not included in this graph, though they represent 65 percent of total revenues reported for governmental activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues resulted in a much smaller decrease to net position of only \$3.6 million for the fiscal year as indicated on the Statement of Activities.

Expenses and program revenues—governmental activities



Business-type activities—net position highlights: The majority of the increase to capital assets was in the Other Enterprise Funds (I-40 water corridor) due to continued well site improvements and expansion. Long-term liabilities increased due to an increase in landfill closure and post-closure costs; these are estimated future costs provided by engineering consultants for managing the Cerbat and Mohave Valley landfills. The decrease to unrestricted net position was due to the use of unrestricted funds to purchase capital assets.

**Business-type Activities
Net Position
As of June 30,**

	<u>2015</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets and other assets	\$19,541,449	\$19,418,263	\$ (123,186)	-0.63%
Capital assets	<u>14,912,356</u>	<u>15,881,381</u>	<u>969,025</u>	<u>6.50%</u>
Total assets	<u>34,453,805</u>	<u>35,299,644</u>	<u>845,839</u>	<u>2.45%</u>
Deferred outflows related to pensions	<u>189,680</u>	<u>173,994</u>	<u>(15,686)</u>	<u>-8.27%</u>
Long-term liabilities outstanding	9,418,224	9,873,064	454,840	4.83%
Other liabilities	<u>398,357</u>	<u>442,223</u>	<u>43,866</u>	<u>11.01%</u>
Total liabilities	<u>9,816,581</u>	<u>10,315,287</u>	<u>498,706</u>	<u>5.08%</u>
Deferred inflows related to pensions	<u>276,215</u>	<u>169,847</u>	<u>(106,368)</u>	<u>-38.51%</u>
Net position:				
Net investment in capital assets	14,912,356	15,881,381	969,025	6.50%
Restricted	7,956,917	8,427,807	470,890	5.92%
Unrestricted	<u>1,681,416</u>	<u>679,316</u>	<u>(1,002,100)</u>	<u>-59.60%</u>
Total net position	<u>\$24,550,689</u>	<u>\$24,988,504</u>	<u>\$ 437,815</u>	<u>1.78%</u>

Business-type activities—comparative statement of activities highlights:

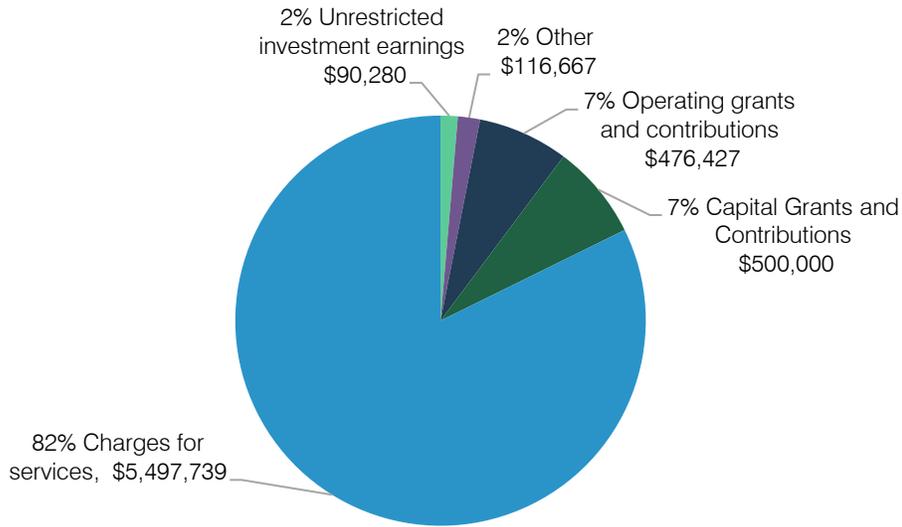
Analysis of revenue and expense changes—The Business-type activities comparative statement of activities schedule below shows a 4 percent increase in total revenues for the year. Operating grants and contributions increased because the Other Enterprise funds (I-40 water corridor) received a \$500 thousand grant for well site improvements. Other revenues decreased \$62 thousand due to poor interest returns on investments. Landfill expenses increased \$672 thousand as a result of the engineers report estimating future closure/post closure costs at a higher level than the previous year. The increase in transfers was to reimburse the General Fund for the use of a zoning inspectors time spent on Landfill duties.

**Business-type Activities
Comparative Statement of Activities
Year Ended June 30,**

	<u>2015</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenues:				
Program revenues				
Charges for services	\$ 5,698,403	\$ 5,497,739	\$ (200,664)	-3.52%
Operating grants and contributions	437,219	476,427	39,208	8.97%
Capital grants and contributions	<u>24,486</u>	<u>500,000</u>	<u>475,514</u>	<u>1941.98%</u>
Total program revenues	<u>6,160,108</u>	<u>6,474,166</u>	<u>314,058</u>	<u>5.10%</u>
General revenues				
Other taxes	100,000	100,000	-	0.00%
Other revenues	<u>169,318</u>	<u>106,947</u>	<u>(62,371)</u>	<u>-36.84%</u>
Total general revenues	<u>269,318</u>	<u>206,947</u>	<u>(62,371)</u>	<u>-23.16%</u>
Total revenues	<u>6,429,426</u>	<u>6,681,113</u>	<u>251,687</u>	<u>3.91%</u>
Expenses				
Landfill	714,490	1,386,814	672,324	94.10%
Recreation	1,923,365	1,930,589	7,224	0.38%
Water companies	<u>2,772,273</u>	<u>2,855,804</u>	<u>83,531</u>	<u>3.01%</u>
Total expenses	<u>5,410,128</u>	<u>6,173,207</u>	<u>763,079</u>	<u>14.10%</u>
Increase in net position before transfers	1,019,298	507,906	(511,392)	-50.17%
Transfers	<u> </u>	<u>(70,091)</u>	<u>(70,091)</u>	<u>100.00%</u>
Increase in net position after transfers	<u>1,019,298</u>	<u>437,815</u>	<u>(581,483)</u>	<u>-57.05%</u>
Net position beginning of year	<u>23,531,391</u>	<u>24,550,689</u>	<u>1,019,298</u>	<u>4.33%</u>
Net position end of year	<u>\$24,550,689</u>	<u>\$24,988,504</u>	<u>\$ 437,815</u>	<u>1.78%</u>

The chart below represents all revenues collected from business-type activities, including general revenues, as reported in the Statement of Activities.

Revenues by source—business-type activities



The graph below represents the expenses and program revenues for business-type activities as reported in the Statement of Activities. Please note that program revenue does not include the general revenues on the bottom portion of the statement.

Expenses and program revenues—business-type activities



Financial Analysis of the Government's Funds

As noted earlier, Mohave County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds— The focus of Mohave County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* sources. Such information is useful in assessing Mohave County's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Mohave County's governmental funds reported a combined increase in ending fund balances from the prior year. Fund balances for the Road Fund, Flood Control Fund, Library Fund, Jail Debt Service Fund, and the Other Governmental Funds are nonspendable, restricted, or committed and can only be used for specific purposes.

Comparative Balance Sheet Governmental Funds As of June 30,

	General Fund	Road Fund	Flood Control Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total Governmental Funds
2015							
Assets	\$18,096,401	\$17,242,143	\$6,144,881	\$15,712,187	\$10,350,513	\$20,965,105	\$88,511,230
Liabilities	2,750,042	1,151,282	231,661		219,307	1,607,630	5,959,922
Deferred inflows	3,107,126		1,203,301		651,615	260,502	5,222,544
Fund balance, as restated*	<u>12,239,233</u>	<u>16,090,861</u>	<u>4,709,919</u>	<u>15,712,187</u>	<u>9,479,591</u>	<u>19,096,973</u>	<u>77,328,764</u>
2016							
Assets	23,121,408	14,230,151	6,742,097	15,713,923	9,227,928	21,369,800	90,405,307
Liabilities	3,527,157	888,763	442,452		171,451	1,904,687	6,934,510
Deferred inflows	2,498,358		1,229,096		488,570	580,837	4,796,861
Fund balance	<u>17,095,893</u>	<u>13,341,388</u>	<u>5,070,549</u>	<u>15,713,923</u>	<u>8,567,907</u>	<u>18,884,276</u>	<u>78,673,936</u>
Increase (decrease)							
Assets	5,025,007	(3,011,992)	597,216	1,736	(1,122,585)	404,695	1,894,077
Liabilities	777,115	(262,519)	210,791		(47,856)	297,057	974,588
Deferred inflows	(608,768)		25,795		(163,045)	320,335	(425,683)
Fund balance	<u>\$ 4,856,660</u>	<u>\$ (2,749,473)</u>	<u>\$ 360,630</u>	<u>\$ 1,736</u>	<u>\$ (911,684)</u>	<u>\$ (212,697)</u>	<u>\$ 1,345,172</u>
% change							
Assets	27.77%	-17.47%	9.72%	0.01%	-10.85%	1.93%	2.14%
Liabilities	28.26%	-22.80%	90.99%	0.00%	-21.82%	18.48%	16.35%
Deferred inflows	-19.59%	0.00%	2.14%	0.00%	-25.02%	122.97%	-8.15%
Fund balance	<u>39.68%</u>	<u>-17.09%</u>	<u>7.66%</u>	<u>0.01%</u>	<u>-9.62%</u>	<u>-1.11%</u>	<u>1.74%</u>

* The beginning fund balance for Other Governmental Funds was restated due to a change in presentation of the Court Automation Fund. See Note 2 to financial statements for more details.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$17.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund unassigned fund balance equals 23.0 percent of total General Fund expenditures. The deferred inflows represent deferred property tax collections and accounted for the decrease in deferred inflows. Collections of delinquent property tax revenue continue to slow down.

The Road Funds total fund balance is restricted for road maintenance and other approved highway user funds projects. The current year road project expenses exceeded the current year road revenues, which is reflected by a corresponding decrease in the fund balance.

The Flood Control Fund total fund balance decreased from the prior year. The decrease in fund balance and assets, corresponds with the excess expenditures over revenue discussed in the next section.

The Library Fund total fund balance decreased as a result of a board approved reduction to the secondary tax rate of 10 cents per \$100. The impact of this action decreased tax revenue by \$1.7 million from the prior year.

Significant changes reflected in the schedules above will be discussed below, with the exception of the General Fund, which will be discussed separately under the heading general fund budgetary highlights:

**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30,**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Flood Control Fund</u>	<u>Jail Debt Service Fund</u>	<u>Library Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
2015							
Revenues	\$72,410,954	\$14,634,209	\$8,241,812	\$ 4,186	\$5,865,738	\$28,991,408	\$130,148,307
Expenditures	72,226,448	13,888,920	7,642,682	4,871,313	4,985,737	24,608,463	128,223,563
Other financing sources (uses)	<u>(715,833)</u>	<u>437,943</u>	<u>(516,550)</u>	<u>4,463,445</u>	<u>(367,262)</u>	<u>(3,348,635)</u>	<u>(46,892)</u>
Net change in fund Balance as restated	<u>(531,327)</u>	<u>1,183,232</u>	<u>82,580</u>	<u>(403,682)</u>	<u>512,739</u>	<u>1,034,310</u>	<u>1,877,852</u>
2016							
Revenues	76,423,969	15,479,892	7,935,421	4,070	4,212,811	28,244,678	132,300,841
Expenditures	74,328,157	18,224,225	6,999,261	4,873,513	4,794,467	24,600,323	133,819,946
Other financing sources (uses)	<u>2,760,848</u>	<u>(1,884)</u>	<u>(575,530)</u>	<u>4,871,179</u>	<u>(330,028)</u>	<u>(3,857,052)</u>	<u>2,871,301</u>
Net change in fund balance	<u>4,856,660</u>	<u>(2,742,449)</u>	<u>360,630</u>	<u>1,736</u>	<u>(911,684)</u>	<u>(212,697)</u>	<u>1,352,196</u>
Increase (decrease)							
Revenues	4,013,015	845,683	(306,391)	(116)	(1,652,927)	(746,730)	2,152,534
Expenditures	2,101,709	4,335,305	(643,421)	2,200	(191,270)	(8,140)	5,596,383
Other financing sources (uses)	3,476,681	(436,059)	(58,980)	407,734	37,234	(508,417)	2,918,193
% change							
Revenues	5.54%	5.78%	-3.72%	-2.77%	-28.18%	-2.58%	1.65%
Expenditures	2.91%	31.21%	-8.42%	0.05%	-3.84%	-0.03%	4.36%
Other financing sources (uses)	-485.68%	-99.57%	11.42%	9.13%	-10.14%	15.18%	6,223.22%

County-wide expenditures:

The Road Fund experienced a 5.8 percent increase in revenue but had a 31.2 percent increase in expenditures. Compared to the prior year, the fund spent an additional \$1.7 million on capital purchases, most of the increase was due to heavy equipment purchases. There was also an increase of \$1.2 million on road repair materials and \$1.5 million in other services and charges paid to Arizona Department of Transportation (ADOT). This was the County's contribution to ADOT for improvements at the Sacramento wash bridge and the Oatman highway bridge. Total expenditures on personnel services were down just slightly over the prior year. Other financing sources decreased from the prior year due to capital equipment sales in fiscal year 2015 that did not occur in the current year.

The Library Fund saw a 28 percent decrease in revenues due to the board approved secondary tax rate reduction. The fund was able to keep expenditures slightly lower than the previous year.

The Jail Debt Service Fund's only revenue source is interest, which decreased by 2.8 percent over the prior year.

The Other Governmental Funds experienced a \$500 thousand increase in other financing uses. This was due to a change in reporting the Court Automation fund as an internal service fund, recording charges for services. This reduced the operating transfers in from other court funds, previously reflected in Other Governmental Funds, resulting in the increase in net other financing uses.

Proprietary funds

Reports for Mohave County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In response to the economic downturn, County departments cut expenses wherever possible.

Statement of Net Position—Business-type Activities—Net position for the enterprise funds, in total, increased slightly from the prior year. The G.V.I.D. Fund reflected a net decrease in net position, after recording depreciation expense, which does not affect available cash. All other funds reflected an increase in net position.

Statement of Net Position—Governmental Activities-Internal Service Funds—Net position for the internal service funds decreased by \$2.2 million over the prior year. Most of this was attributed to a \$3 million operating transfer back to the General fund for seed money provided more than ten years ago to fund the vehicle use fund. This decrease was offset by an increase realized when the Court Automation fund was reclassified and included with the internal service funds rather than other governmental funds. The largest portion of the net position for the internal service funds is the unrestricted net position. Reserves in these funds include 60 days of operating expenditures, up to 5-year capital reserves and a prudent amount for contingency appropriations. The Employee Benefit Trust Fund (EBT) is actuarially recommended to carry a reserve based on IBNR (incurred but not reported) and other conservative factors, and the Vehicle Use Fund was designed to charge for departmental use of county owned vehicles and retain sufficient reserves for 60 days of operating expenditures, a prudent contingency, and a 5-year fleet plan that will provide the County the ability to renew aging fleet systematically based on a combination of usage and age. These two funds represent more than 81.8 percent of the unrestricted fund balance in the nine internal service funds.

Statement of Revenues, Expenses, and Changes in Fund Net Position—Business-type Activities—The only difference between this statement and the Statement of Activities-Business type, discussed previously, is the presentation. The expenses are broken out in more detail on this statement and the revenues are shown as either operating or non-operating.

Statement of Revenues, Expenses, and Changes in Fund Net Position—Governmental Activities Internal Service Funds—The income before transfers decreased from the prior year. Total operating revenues increased by \$388 thousand and operating expenses increased by approximately \$2.7 million in total for all the internal service funds. The majority of the increase in expenses came from an increase in insurance claims of \$2.3 million in the EBT. There are minor increases and decreases in all the internal service funds revenue; however, the largest increase of \$583 thousand was due to the addition of the Court automation fund. The decrease in net position is attributed to all the changes discussed above.

General Fund Budgetary Highlights

Variiances between Original Budget and Final Revised Budget

Revenues: There were no changes between the original budget and final revised budget revenues.

Expenditures: Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments. Budgeted expenditures increased \$2.3 million compared to 2015. Total actual expenditures were below budgeted expenditures by \$10.0 million, \$1.3 million of that amount was public safety expenditures, \$2.7 million was general administration, and \$4.2 million was unused contingency, the balance was spread throughout the rest of the general government.

Variances between Final Revised Budget and Actual Revenues or Expenditures

Revenues: The General Fund revenue was less than the total amount budgeted by \$2.8 million (3.5 percent). The largest difference was \$2.5 million in miscellaneous revenues that was budgeted as a placeholder to offset State cost shifts. Subsequent to budget preparation the State clarified the methodology of the cost shifts, and the revenue line item was not needed to record the transactions.

Expenditures: Actual expenditures were less than budgeted expenditures by \$10.0 million. The prior year difference was \$9.7 million. General administration budgeted expenditures increased \$3 million to record State cost shifts and expected increases in liability insurance costs. The County contingency was budgeted at \$4.2 million but only a net of \$792 thousand was utilized during the year. The largest portion, \$398 thousand, was transferred for legal defense for State mandated court services and natural resource preservation, and the jail and elections departments both had budget increases in excess of \$150,000. The rest of the budget to actual variances were minor increases and decreases to other departments.

Actual expenditures increased over the prior year by \$2.1 million. Increased State cost shifts accounted for \$988 thousand recorded in general administration. In addition, there were significant increases seen in the public safety departments totaling \$514 thousand, \$196 thousand in the superior court and \$412 thousand in legal defense. Most departments were able to maintain or reduce operating expenses compared to the prior year. Vacancy savings and reducing staff by attrition was also employed as a cost reduction method.

Other financing sources (uses): Transfers in from other funds increased \$3.3 million from the prior year due to the transfer of seed money deposited to the Vehicle Use Fund being returned to the General Fund.

Capital Assets and Debt Administration

Capital assets—Mohave County's investment in capital assets for its governmental and business-type activities as of June 30, 2016, is \$262 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, bridges, and an internally generated software program. The increase to Business type activities capital assets being depreciated was due to well improvement projects.

Capital Assets, net of accumulated depreciation As of June 30,

	2015	2016	Increase (Decrease)	% Change
Governmental activities				
Capital assets, not being depreciated	\$ 30,866,448	\$ 30,484,429	\$ (382,019)	-1.24%
Capital assets, being depreciated	<u>218,923,070</u>	<u>215,633,015</u>	<u>(3,290,055)</u>	<u>-1.50%</u>
Total governmental capital assets	<u>249,789,518</u>	<u>246,117,444</u>	<u>(3,672,074)</u>	<u>-1.47%</u>
Business-type activities				
Capital assets, not being depreciated	1,960,709	1,964,498	3,789	0.19%
Capital assets, being depreciated	<u>12,951,647</u>	<u>13,916,883</u>	<u>965,236</u>	<u>7.45%</u>
Total business-type capital assets	<u>14,912,356</u>	<u>15,881,381</u>	<u>969,025</u>	<u>6.50%</u>
Total governmental and business-type activities				
Capital assets, not being depreciated	32,827,157	32,448,927	(378,230)	-1.15%
Capital assets, being depreciated	<u>231,874,717</u>	<u>229,549,898</u>	<u>(2,324,819)</u>	<u>-1.00%</u>
Total capital assets	<u>\$264,701,874</u>	<u>\$261,998,825</u>	<u>\$(2,703,049)</u>	<u>-1.02%</u>

Major capital asset events during the current fiscal year included the following:

- The County replaced 39 aging vehicles from the fleet at a total cost of \$1.8 million. Various sources funded these purchases; 24 from the Vehicle Use Fund, 9 from the Road Fund, and 6 from other governmental funds.
- The Road Fund also purchased 15 pieces of heavy equipment totaling \$2.9 million. This included motor graders, street brooms, compactor/rollers, a chip spreader and heavy duty water trucks.
- Infrastructure projects were added to construction in progress for a total of \$2.4 million.

Notes 6 and 7 contain additional information on Mohave County's capital assets.

Long-term liabilities—At the end of the current fiscal year, Mohave County had total long-term liabilities outstanding of \$138 million. In addition, \$17.6 million is related to completed construction projects backed as follows: \$15 million of funds set aside for early repayment of debt, and \$2.6 million backed by government buildings used as collateral for BICs issued. The remainder of Mohave County's long-term liabilities comprised of net pension liabilities, claims and judgments payable, landfill closure and post closure care costs payable, capital leases payable, and compensated absences payable incurred during normal operations. For details, see Note 9.

State statutes limit the amount of general obligation debt a government entity may issue to 6 percent of its total secondary assessed valuation, without taxpayer approval, and up to 15 percent with the approval of a majority of taxpayers. The debt limitation for Mohave County for fiscal year 2016 was \$101 million (6 percent of \$1.685 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt.

Note 9 contains additional information on Mohave County's long-term liabilities.

Economic Factors and Next Year's Budgets and Rates

Population in Mohave County and Arizona has continued to grow at a modest rate and is projected to continue over the next several years. Arizona's job creation and population rate have grown at a faster rate than the nation and many other states and the economic benefit of this modest growth is projected to continue through the next few years (U.S. Census Bureau, U.S. Joint Economic Committee). Property market values have also continued to recover in Arizona and Mohave County. Effective in fiscal year 2016, growth in net assessed valuations for property tax purposes is restricted on most property types to the lesser of the full cash value or 5 percent.

The average unemployment rate for Mohave County in 2016 was 6.8 percent, a decrease of 1.3 percent from the prior year. The unemployment rate in Mohave County is higher than the State's 2016 unemployment rate of 5.2 percent and also higher than the national average rate 4.8 percent.

Each year during the budget planning process, the Financial Services Department evaluates the U.S. and Arizona coincident index and other economic indicators along with reviewing economic momentum information and State estimates provided by the office of the Arizona Joint Legislative Budget Committee, the U.S. Bureau of Labor Statistics and other sources. Also, considered in overall budget development are the status of the U.S. federal budget and anticipated changes, State budget impacts, and local economic conditions specific to Mohave County such as net assessed property valuations and changes from prior years, local sales tax revenue and year-over-year changes, local employment, tourism, fuel sales, building permit data and other types of information. In summary, all of these factors were considered in preparing and developing Mohave County's budget for the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Mohave County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mohave County Finance
PO Box 7000
Kingman, AZ 86402-7000

Mohave County
Statement of net position
June 30, 2016

	Primary government		
	Governmental activities	Business-Type activities	Total
Assets			
Cash and investments	\$ 84,583,185	\$ 17,363,408	\$ 101,946,593
Receivables (net of allowances for uncollectibles):			
Property taxes	4,620,943	6	4,620,949
Accounts	1,405,341	232,530	1,637,871
Accrued interest	78,916	16,250	95,166
Due from other governments	5,764,820	131,504	5,896,324
Inventories	300,888	184,019	484,907
Prepaid items	202,440		202,440
Cash and investments held by trustee	16,261,490		16,261,490
Restricted cash	100,000	1,050,889	1,150,889
Internal balances	(439,657)	439,657	
Restricted assets—HUD properties	1,344,891		1,344,891
Capital assets, not being depreciated	30,484,429	1,964,498	32,448,927
Capital assets, being depreciated, net	215,633,015	13,916,883	229,549,898
Net Pension asset	559,045		559,045
Total assets	<u>360,899,746</u>	<u>35,299,644</u>	<u>396,199,390</u>
Deferred outflows of resources			
Deferred outflows related to pensions	14,992,732	173,994	15,166,726
Total deferred outflows of resources	<u>14,992,732</u>	<u>173,994</u>	<u>15,166,726</u>
Liabilities			
Accounts payable	3,115,692	245,082	3,360,774
Accrued payroll and employee benefits	3,734,091	94,329	3,828,420
Due to other governments	101,555	3,365	104,920
Deposits held for others	525,700	83,517	609,217
Unearned revenue	5,080	15,930	21,010
Noncurrent liabilities			
Due within 1 year	12,479,971	135,007	12,614,978
Due in more than 1 year	115,767,221	9,738,057	125,505,278
Total liabilities	<u>135,729,310</u>	<u>10,315,287</u>	<u>146,044,597</u>
Deferred inflows of resources			
Deferred inflows related to pensions	8,311,773	169,847	8,481,620
Total deferred inflows of resources	<u>8,311,773</u>	<u>169,847</u>	<u>8,481,620</u>
Net position			
Net investment in capital assets	227,961,314	15,881,381	243,842,695
Restricted for:			
General government	5,756,993		5,756,993
Public safety	10,212,357		10,212,357
Highways and streets	13,132,697		13,132,697
Health	1,814,492		1,814,492
Welfare	1,048,823		1,048,823
Sanitation		7,376,918	7,376,918
Culture and recreation	8,514,408		8,514,408
Education	396,154		396,154
Debt service	14,695,001		14,695,001
Capital projects	959,982	1,050,889	2,010,871
Other purposes	1,848,219		1,848,219
Unrestricted (deficit)	(54,489,045)	679,316	(53,809,729)
Total net position	<u>\$ 231,851,395</u>	<u>\$ 24,988,504</u>	<u>\$ 256,839,899</u>

See accompanying notes to the financial statements.

Mohave County
Statement of activities
Year ended June 30, 2016

Functions/programs	Program revenues				Net (expense) revenue and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		
					Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 53,132,528	\$ 10,993,157	\$ 2,929,215		\$ (39,210,156)		\$ (39,210,156)
Public safety	40,929,873	4,210,041	5,897,281		(30,822,551)		(30,822,551)
Highways and streets	18,139,895	97,803	12,054,950		(5,987,142)		(5,987,142)
Health	14,985,684	1,572,638	2,832,077		(10,580,969)		(10,580,969)
Welfare	4,655,574	527,663	3,919,521		(208,390)		(208,390)
Sanitation	9,347	65,916			56,569		56,569
Culture and recreation	4,751,638	114,271	186,354		(4,451,013)		(4,451,013)
Education	2,062,490	46,527	1,651,202		(364,761)		(364,761)
Interest on long-term debt	927,429				(927,429)		(927,429)
Total governmental activities	<u>139,594,458</u>	<u>17,628,016</u>	<u>29,470,600</u>		<u>(92,495,842)</u>		<u>(92,495,842)</u>
Business-type activities:							
Landfill	1,386,814	1,307,180	476,427			396,793	396,793
Recreation	1,930,589	1,960,471				29,882	29,882
Water companies	2,855,804	2,230,088		500,000		(125,716)	(125,716)
Total business-type activities	<u>6,173,207</u>	<u>5,497,739</u>	<u>476,427</u>	<u>500,000</u>		<u>300,959</u>	<u>300,959</u>
Total primary government	<u>\$ 145,767,665</u>	<u>\$ 23,125,755</u>	<u>\$ 29,947,027</u>	<u>\$ 500,000</u>	<u>\$ (92,495,842)</u>	<u>\$ 300,959</u>	<u>\$ (92,194,883)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					38,961,794		38,961,794
Property taxes, levied for flood control					7,306,757		7,306,757
Property taxes, levied for special assessments					96,343		96,343
Share of state sales taxes					20,811,259		20,811,259
Special county sales tax for capital projects					6,351,163		6,351,163
Shared revenue—state vehicle license tax					9,695,441		9,695,441
Federal in-lieu tax					3,764,926	100,000	3,864,926
Local in-lieu tax					18,440		18,440
Utilities franchise tax					492,600		492,600
County equalization revenue					110,893		110,893
Investment earnings					389,504	90,280	479,784
Miscellaneous					548,014	17,178	565,192
Rent					315,340	500	315,840
Gain (loss) on disposal of capital assets					10,464	(1,011)	9,453
Transfers					70,091	(70,091)	
Total general revenues					<u>88,943,029</u>	<u>136,856</u>	<u>89,079,885</u>
Change in net position					(3,552,813)	437,815	(3,114,998)
Net position, July 1, 2015					<u>235,404,208</u>	<u>24,550,689</u>	<u>259,954,897</u>
Net position, June 30, 2016					<u>\$231,851,395</u>	<u>\$ 24,988,504</u>	<u>\$256,839,899</u>

See accompanying notes to the financial statements.

Mohave County
Balance sheet
Governmental funds
June 30, 2016

	General fund	Road fund	Flood control fund	Jail debt service fund	Library fund	Other governmental funds	Total governmental funds
Assets							
Cash and investments	\$ 17,789,369	\$ 12,745,676	\$ 5,430,541	\$ 1,018,376	\$ 8,647,807	\$ 17,625,976	\$ 63,257,745
Cash and investments held by trustee				14,695,001		959,982	15,654,983
Receivables (net of allowances for uncollectibles):							
Property taxes	3,026,777		924,037		550,203	119,926	4,620,943
Accounts	365,887	1,415			21,132	281,225	669,659
Accrued interest	12,721	11,171	9,555	546	6,076	23,197	63,266
Due from:							
Other funds	11,534	1,208				37,326	50,068
Other governments	1,807,394	1,261,990	335,938			2,315,807	5,721,129
Inventories		208,691	42,026				250,717
Prepaid items	7,726				2,710	6,361	16,797
Restricted cash	100,000						100,000
Total assets	<u>\$ 23,121,408</u>	<u>\$ 14,230,151</u>	<u>\$ 6,742,097</u>	<u>\$ 15,713,923</u>	<u>\$ 9,227,928</u>	<u>\$ 21,369,800</u>	<u>\$ 90,405,307</u>
Liabilities							
Accounts payable	758,242	560,374	374,173		25,647	518,152	2,236,588
Accrued payroll and employee benefits	2,398,993	328,389	67,351		145,804	635,910	3,576,447
Due to:							
Other funds	4,776		928			43,499	49,203
Other governments	993					100,562	101,555
Deposits held for others	364,153					161,547	525,700
Unearned revenue						5,080	5,080
Advances payable - Landfill						439,937	439,937
Total liabilities	<u>3,527,157</u>	<u>888,763</u>	<u>442,452</u>		<u>171,451</u>	<u>1,904,687</u>	<u>6,934,510</u>
Deferred inflows of resources							
Unavailable revenue—property taxes	2,498,358		793,158		488,570	114,391	3,894,477
Unavailable revenue—intergovernmental			435,938			466,446	902,384
Total deferred inflows of resources	<u>2,498,358</u>		<u>1,229,096</u>		<u>488,570</u>	<u>580,837</u>	<u>4,796,861</u>
Fund balances							
Nonspendable	7,726	208,691	42,026		2,710	6,361	267,514
Restricted		13,132,697	5,028,523	14,695,001	8,565,197	14,257,894	55,679,312
Committed				1,018,922		5,030,253	6,049,175
Unassigned	<u>17,088,167</u>					<u>(410,232)</u>	<u>16,677,935</u>
Total fund balances	<u>17,095,893</u>	<u>13,341,388</u>	<u>5,070,549</u>	<u>15,713,923</u>	<u>8,567,907</u>	<u>18,884,276</u>	<u>78,673,936</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,121,408</u>	<u>\$ 14,230,151</u>	<u>\$ 6,742,097</u>	<u>\$ 15,713,923</u>	<u>\$ 9,227,928</u>	<u>\$ 21,369,800</u>	<u>\$ 90,405,307</u>

See accompanying notes to the financial statements.

Mohave County

Reconciliation of the governmental funds balance sheet to the government-wide statement of net position

June 30, 2016

Fund balances—total governmental funds		\$ 78,673,936
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and restricted assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		243,059,313
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Property taxes receivable	3,894,477	
Grant receivables	<u>902,384</u>	4,796,861
Long-term liabilities, such as net pension liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as a liability in the funds		(98,342,092)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		6,696,372
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, and telecommunications to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		20,236,094
Some assets and liabilities are not available or are not due and payable in the current period and, therefore, are not reported in the funds.		
Beneficial interest certificates	(17,595,000)	
Net pension assets held in trust	559,045	
Capital leases payable	(316,224)	
Compensated absences	<u>(5,916,910)</u>	<u>(23,269,089)</u>
Net position of governmental activities		<u>\$ 231,851,395</u>

See accompanying notes to the financial statements.

Mohave County
Statement of revenues, expenditures, and changes in fund balances
Governmental funds
Year ended June 30, 2016

	General fund	Road fund	Flood control fund	Jail debt service fund	Library fund	Other governmental funds	Total governmental funds
Revenues:							
Taxes	\$ 36,133,532		\$ 7,338,504		\$ 3,880,208	\$ 6,851,383	\$ 54,203,627
Special assessments						96,343	96,343
Licenses and permits	802,859	\$ 36,200	3,600			702,633	1,545,292
Intergovernmental	31,584,428	14,922,126	524,346		32,819	14,216,784	61,280,503
Charges for services	6,017,342	60,827	19,962		52,894	4,206,196	10,357,221
Fines and forfeits	1,584,607	776	210		61,377	1,631,792	3,278,762
Investment earnings	82,987	49,913	43,140	\$ 4,070	30,081	105,085	315,276
Rents		73,191				242,149	315,340
Contributions	59,187		123		155,394	156,964	371,668
Miscellaneous	159,027	336,859	5,536		38	35,349	536,809
Total revenues	<u>76,423,969</u>	<u>15,479,892</u>	<u>7,935,421</u>	<u>4,070</u>	<u>4,212,811</u>	<u>28,244,678</u>	<u>132,300,841</u>
Expenditures:							
Current:							
General government	38,465,974					4,992,510	43,458,484
Public safety	25,598,900		6,999,261			7,625,480	40,223,641
Highways and streets		18,224,225					18,224,225
Sanitation						9,347	9,347
Health	9,705,354					5,284,051	14,989,405
Welfare						4,674,269	4,674,269
Culture and recreation					4,751,638		4,751,638
Education	449,194					1,692,046	2,141,240
Capital outlay						309,104	309,104
Debt service:							
Principal retirement	103,602			3,975,000	41,727		4,120,329
Interest and fiscal charges	5,133			898,513	1,102	13,516	918,264
Total expenditures	<u>74,328,157</u>	<u>18,224,225</u>	<u>6,999,261</u>	<u>4,873,513</u>	<u>4,794,467</u>	<u>24,600,323</u>	<u>133,819,946</u>
Excess (deficiency) of revenues over expenditures	<u>2,095,812</u>	<u>(2,744,333)</u>	<u>936,160</u>	<u>(4,869,443)</u>	<u>(581,656)</u>	<u>3,644,355</u>	<u>(1,519,105)</u>
Other financing sources (uses):							
Transfers in	4,443,672	1,884		4,871,179		2,386,181	11,702,916
Transfers out	(1,682,824)		(575,530)		(380,817)	(6,243,233)	(8,882,404)
Capital leases					50,789		50,789
Total other financing sources (uses)	<u>2,760,848</u>	<u>1,884</u>	<u>(575,530)</u>	<u>4,871,179</u>	<u>(330,028)</u>	<u>(3,857,052)</u>	<u>2,871,301</u>
Net change in fund balances	4,856,660	(2,742,449)	360,630	1,736	(911,684)	(212,697)	1,352,196
Fund balances, July 1, 2015, as restated	12,239,233	16,090,861	4,709,919	15,712,187	9,479,591	19,096,973	77,328,764
Changes in nonspendable resources:							
Increase (decrease) in inventories		(7,024)					(7,024)
Fund balances, June 30, 2016	<u>\$ 17,095,893</u>	<u>\$ 13,341,388</u>	<u>\$ 5,070,549</u>	<u>\$ 15,713,923</u>	<u>\$ 8,567,907</u>	<u>\$ 18,884,276</u>	<u>\$ 78,673,936</u>

See accompanying notes to the financial statements.

Mohave County

Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities

Year Ended June 30, 2016

Net change in fund balances—total governmental funds		\$ 1,352,196
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Other financing sources - capital lease	(50,789)	
Capital outlay	8,727,752	
Depreciation expense	<u>(10,040,161)</u>	(1,363,199)
In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.		
		(2,187,990)
County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for charges in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.		
County pension contributions	6,384,436	
Pension expense	<u>(11,123,044)</u>	(4,738,608)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.		
Capital lease principal repaid	145,329	
Beneficial interest certificates principal repaid	<u>3,975,000</u>	4,120,329
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Decrease in compensated absences		391,535
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		1,129,649
Some cash outlays, such as the purchase of supply inventories, are recorded as expenditures in the governmental funds when purchased. In the statement of activities, however, they are reported as expenses when consumed.		
Decrease in supply inventory		(7,024)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, information technology, and telecommunications, to individual funds. The net revenue of certain internal service funds is reported with governmental activities in the statement of activities.		
		<u>(2,249,701)</u>
Change in net position of governmental activities		<u>\$ (3,552,813)</u>

See accompanying notes to the financial statements.

Mohave County
Statement of net position
Proprietary funds
June 30, 2016

	Business-type activities—enterprise funds				Governmental activities— internal service funds
	Landfill fund	G.V.I.D. fund	Other enterprise funds	Total	
Assets					
Current assets:					
Cash and investments	\$ 14,918,319	\$ 769,215	\$ 1,675,874	\$ 17,363,408	\$ 21,325,441
Cash and investments held by trustee					606,507
Receivables (net of allowances for uncollectibles):					
Property taxes		6		6	
Accounts	134,597	51,407	46,526	232,530	735,682
Accrued interest	12,162	1,535	2,553	16,250	15,650
Due from:					
Other Funds					
Other governments	112,666		18,838	131,504	43,691
Inventories		123,452	60,567	184,019	50,171
Prepaid items					185,643
Total current assets	<u>15,177,744</u>	<u>945,615</u>	<u>1,804,358</u>	<u>17,927,717</u>	<u>22,962,785</u>
Noncurrent assets:					
Restricted cash		563,264	487,625	1,050,889	
Advance to other funds	439,937			439,937	
Capital assets, net of accumulated depreciation, where applicable:					
Land	438,549	40,388	1,481,772	1,960,709	
Infrastructure, net	741,848	4,746,889	6,215,306	11,704,043	
Buildings, net		41,174	1,210,856	1,252,030	
Equipment, net	31,248	458,814	470,748	960,810	4,403,022
Construction in progress		2,441	1,348	3,789	
Total noncurrent assets	<u>1,651,582</u>	<u>5,852,970</u>	<u>9,867,655</u>	<u>17,372,207</u>	<u>4,403,022</u>
Total assets	<u>16,829,326</u>	<u>6,798,585</u>	<u>11,672,013</u>	<u>35,299,924</u>	<u>27,365,807</u>
Deferred outflows of resources					
Deferred outflow related to pensions	<u>30,577</u>	<u>24,026</u>	<u>119,391</u>	<u>173,994</u>	<u>321,975</u>
Total deferred outflows of resources	<u>30,577</u>	<u>24,026</u>	<u>119,391</u>	<u>173,994</u>	<u>321,975</u>
Liabilities					
Current liabilities:					
Accounts payable	99,749	5,370	139,963	245,082	879,104
Accrued payroll and employee benefits	19,039	11,917	63,373	94,329	157,644
Due to:					
Other funds			280	280	585
Other governments		4,302	(937)	3,365	
Deposits held for others		53,517	30,000	83,517	
Unearned revenues		15,930	-	15,930	
Current portion of:					
Capital leases payable					316,727
Compensated absences payable	28,292	12,784	93,931	135,007	269,248
Claims and judgments payable					1,897,449
Total current liabilities	<u>147,080</u>	<u>103,820</u>	<u>326,610</u>	<u>577,510</u>	<u>3,520,757</u>

See accompanying notes to the financial statements.

Mohave County
Statement of net position
Proprietary funds
June 30, 2016
(Concluded)

	<u>Business-type activities—enterprise funds</u>			<u>Total</u>	<u>Governmental activities— internal service funds</u>
	<u>Landfill fund</u>	<u>G.V.I.D. fund</u>	<u>Other enterprise funds</u>		
Noncurrent liabilities:					
Capital leases payable					\$ 312,799
Landfill closure and postclosure care costs payable	\$ 8,086,610			\$ 8,086,610	
Compensated absences payable	7,073	\$ 3,196	\$ 23,483	33,752	67,312
Net Pension Liability	<u>177,946</u>	<u>258,830</u>	<u>1,180,919</u>	<u>1,617,695</u>	<u>3,213,431</u>
Total noncurrent liabilities	<u>8,271,629</u>	<u>262,026</u>	<u>1,204,402</u>	<u>9,738,057</u>	<u>3,593,542</u>
Total liabilities	<u>8,418,709</u>	<u>365,846</u>	<u>1,531,012</u>	<u>10,315,567</u>	<u>7,114,299</u>
Deferred inflows of resources					
Deferred inflow related to pensions	<u>18,684</u>	<u>27,176</u>	<u>123,987</u>	<u>169,847</u>	<u>337,388</u>
Total deferred inflows of resources	<u>18,684</u>	<u>27,176</u>	<u>123,987</u>	<u>169,847</u>	<u>337,388</u>
Net position					
Net investment in capital assets	1,211,645	5,289,705	9,380,031	15,881,381	4,107,327
Restricted for:					
Capital projects		563,264	487,625	1,050,889	
Sanitation	7,376,918			7,376,918	
Unrestricted	<u>(166,053)</u>	<u>576,620</u>	<u>268,749</u>	<u>679,316</u>	<u>16,128,768</u>
Total net position	<u>\$ 8,422,510</u>	<u>\$ 6,429,589</u>	<u>\$ 10,136,405</u>	<u>\$ 24,988,504</u>	<u>\$ 20,236,095</u>

See accompanying notes to the financial statements.

Mohave County
Statement of revenues, expenses, and changes in fund net position
Proprietary funds
Year ended June 30, 2016

	Business-type activities—enterprise funds				Governmental activities—internal service funds
	Landfill fund	G.V.I.D. fund	Other enterprise funds	Total	
Operating revenues:					
Charges for services	\$ 1,307,180	\$ 583,591	\$ 3,606,968	\$ 5,497,739	\$ 22,058,010
Miscellaneous		12,174	5,004	17,178	11,205
Total operating revenues	<u>1,307,180</u>	<u>595,765</u>	<u>3,611,972</u>	<u>5,514,917</u>	<u>22,069,215</u>
Operating expenses:					
Personnel services	295,019	199,568	1,132,571	1,627,158	2,905,543
Supplies	6,591	18,846	232,977	258,414	803,743
Professional services	404,344	166,044	244,806	815,194	1,695,371
Communications	3,233	19,392	25,642	48,267	760,650
Insurance		13,289	93,986	107,275	944,517
Landfill closure and postclosure care costs	412,795			412,795	
Insurance claims					11,090,294
Lawsuit judgments					46,223
Repairs and maintenance	8,051	51,274	90,042	149,367	95,505
Public utility service	88,832	95,096	844,120	1,028,048	
Rents and leases	4,209	11,627	19,001	34,837	1,007,698
Depreciation	55,062	338,214	1,046,044	1,439,320	1,437,444
Other	108,678	42,283	101,571	252,532	855,461
Total operating expenses	<u>1,386,814</u>	<u>955,633</u>	<u>3,830,760</u>	<u>6,173,207</u>	<u>21,642,449</u>
Operating income (loss)	<u>(79,634)</u>	<u>(359,868)</u>	<u>(218,788)</u>	<u>(658,290)</u>	<u>426,766</u>
Nonoperating revenues (expenses):					
Investment earnings	78,671	3,648	7,961	90,280	74,229
Rent income		500		500	
Interest expense					(9,165)
Grants	476,427		600,000	1,076,427	
Gain (Loss) on disposal of capital assets			(1,011)	(1,011)	10,464
Total nonoperating revenues	<u>555,098</u>	<u>4,148</u>	<u>606,950</u>	<u>1,166,196</u>	<u>75,528</u>
Income (loss) before contributions, gains, losses, and transfers	475,464	(355,720)	388,162	507,906	502,294
Capital contributions					(1,574)
Transfers in			352,300	352,300	304,296
Transfers out	(68,207)		(354,184)	(422,391)	(3,054,717)
Increase (decrease) in net position	407,257	(355,720)	386,278	437,815	(2,249,701)
Net position, as restated, July 1, 2015	<u>8,015,253</u>	<u>6,785,309</u>	<u>9,750,127</u>	<u>24,550,689</u>	<u>22,485,796</u>
Net position, June 30, 2016	<u>\$ 8,422,510</u>	<u>\$ 6,429,589</u>	<u>\$ 10,136,405</u>	<u>\$ 24,988,504</u>	<u>\$ 20,236,095</u>

See accompanying notes to the financial statements.

Mohave County
Statement of cash flows
Proprietary funds
Year ended June 30, 2016

	Business-type activities- enterprise funds				Governmental activities- internal service funds
	Landfill fund	G.V.I.D. fund	Other enterprise funds	Total	
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,311,336	\$ 594,674	\$ 3,524,309	\$ 5,430,319	\$ 353,341
Receipts from interfund services provided					21,085,687
Payments to suppliers	(542,502)	(312,733)	(1,400,124)	(2,255,359)	(15,943,795)
Payments for employee wages and benefits	(300,054)	(201,931)	(1,147,919)	(1,649,904)	(2,985,368)
Payments for interfund services used	(46,196)	(99,922)	(155,377)	(301,495)	(415,297)
Net cash provided by (used for) operating activities	<u>422,584</u>	<u>(19,912)</u>	<u>820,889</u>	<u>1,223,561</u>	<u>2,094,568</u>
Cash flows from noncapital financing activities:					
Payment on advance to other fund	100,742			100,742	
Transfers from other funds			352,300	352,300	304,296
Transfers to other funds	(68,207)		(354,184)	(422,391)	(3,056,291)
Rent income		500		500	
Subsidy from noncapital grant	470,808	-	623,918	1,094,726	
Net cash provided by (used for) noncapital financing activities	<u>503,343</u>	<u>500</u>	<u>622,034</u>	<u>1,125,877</u>	<u>(2,751,995)</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(29,254)	(384,943)	(1,995,159)	(2,409,356)	(1,299,290)
Principal paid on capital debt					(18,890)
Proceeds from sales of capital assets					12,104
Interest paid on capital debt					(9,165)
Net cash (used for) capital and related financing activities	<u>(29,254)</u>	<u>(384,943)</u>	<u>(1,995,159)</u>	<u>(2,409,356)</u>	<u>(1,315,241)</u>
Cash flows from investing activities:					
Increase (decrease) in fair value of investments	55,975	1,060	5,137	62,172	(13,305)
Interest and dividends received	15,526	1,687	1,276	18,489	79,559
Net cash provided by investing activities	<u>71,501</u>	<u>2,747</u>	<u>6,413</u>	<u>80,661</u>	<u>66,254</u>
Net increase (decrease) in cash and cash equivalents	968,174	(401,608)	(545,823)	20,743	(1,906,414)
Cash and cash equivalents, July 1, 2015, as restated	13,950,145	1,734,087	2,709,322	18,393,554	23,838,362
Cash and cash equivalents, June 30, 2016	<u>\$ 14,918,319</u>	<u>\$ 1,332,479</u>	<u>\$ 2,163,499</u>	<u>\$ 18,414,297</u>	<u>\$ 21,931,948</u>

See accompanying notes to the financial statements.

Mohave County
Statement of cash flows
Proprietary funds
Year ended June 30, 2016
(Concluded)

	Business-type activities- enterprise funds				Governmental activities- internal service funds
	Landfill fund	G.V.I.D. fund	Other enterprise funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (79,634)	\$ (359,868)	\$ (218,788)	\$ (658,290)	\$ 426,766
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	55,062	338,214	1,046,044	1,439,320	1,437,444
Landfill closure and postclosure care costs	412,795			412,795	
Changes in assets deferred outflow of resources, liabilities, and deferred inflow of resources:					
Receivables, (increase) decrease	4,156	(258)	857	4,755	(598,682)
Due from other funds, decrease			92	92	7,984
Due from other governments, (increase)					(39,407)
Inventories, decrease		5,680	31,215	36,895	2,507
Prepaid items, (increase) decrease	895		358	1,253	(22,508)
Deferred outflows of resources related to pensions, (increase) decrease	(9,712)	6,322	19,076	15,686	54,809
Accounts payable, increase (decrease)	34,515	(484)	68,297	102,328	626,876
Due to other funds, increase (decrease)	(170)		(8,318)	(8,488)	410
Due to other governments, increase		292	3,435	3,727	
Accrued payroll and employee benefits, increase	8,887	2,006	14,998	25,891	18,232
Compensated absences payable, increase (decrease)	3,295	225	383	3,903	(17,340)
Net pension liability, increase	4,195	6,102	27,845	38,142	75,767
Unearned revenues, (decrease)		(2,467)	(91,955)	(94,422)	(82)
Deposits held for others, increase		1,342	5,000	6,342	
Claims and judgments payable increase					333,085
Deferred inflows of resources related to pensions, (decrease)	(11,700)	(17,018)	(77,650)	(106,368)	(211,293)
Total adjustments	<u>502,218</u>	<u>339,956</u>	<u>1,039,677</u>	<u>1,881,851</u>	<u>1,667,802</u>
Net cash provided by (used by) operating activities	<u>\$ 422,584</u>	<u>\$ (19,912)</u>	<u>\$ 820,889</u>	<u>\$ 1,223,561</u>	<u>\$ 2,094,568</u>
Cash at June 30, 2016, comprises of the following:					
Cash and investments	\$ 14,918,319	\$ 769,215	\$ 1,675,874	17,363,408	\$ 21,325,441
Restricted cash		563,264	487,625	1,050,889	606,507
Total	<u>\$ 14,918,319</u>	<u>\$ 1,332,479</u>	<u>\$ 2,163,499</u>	<u>\$ 18,414,297</u>	<u>\$ 21,931,948</u>

See accompanying notes to the financial statements.

Mohave County
Statement of fiduciary net position
Fiduciary funds
June 30, 2016

	<u>Investment trust funds</u>	<u>Agency fund</u>
Assets		
Cash and investments	\$ 54,656,448	\$ 259,646
Accrued interest receivable	<u>46,953</u>	<u>-</u>
Total assets	<u><u>54,703,401</u></u>	<u><u>259,646</u></u>
Liabilities		
Deposits held for others	<u>-</u>	<u>259,646</u>
Total liabilities	<u><u>-</u></u>	<u><u>259,646</u></u>
Net position		
Held in trust for investment trust participants	<u><u>\$ 54,703,401</u></u>	

See accompanying notes to the financial statements.

Mohave County
Statement of changes in fiduciary net position
Fiduciary funds
Year ended June 30, 2016

	<u>Investment trust funds</u>
Additions:	
Contributions from participants	\$ 273,727,609
Investment earnings:	
Interest and dividend income	230,673
Net increase in fair value of investments	<u>80,422</u>
Net investment earnings	<u>311,095</u>
 Total additions	 <u>274,038,704</u>
 Deductions:	
Distributions to participants	<u>(256,407,382)</u>
 Total deductions	 <u>(256,407,382)</u>
 Change in net position	 17,631,322
Net position, July 1, 2015	<u>37,072,079</u>
Net position, June 30, 2016	<u>\$ 54,703,401</u>

See accompanying notes to the financial statements.

Mohave County
Notes to the financial statements
June 30, 2016

Note 1 - Summary of significant accounting policies

Mohave County’s accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2016, the County implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain provisions of GASB Statements 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB Statement No. 72 establish standards for measuring fair value and applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 73 amended GASB Statement No. 68 requirements related to note disclosures for pension related required supplementary information and payables to defined benefit pension plans. GASB Statement No. 76 establishes the hierarchy of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles.

A. Reporting entity

Mohave County is a general purpose local government that a separately elected board of supervisors governs. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The County has no discretely presented component units. Each blended component unit discussed in the table has a June 30 year-end.

The following table describes the County’s component units:

Component unit	Description; criteria for inclusion	Reporting method	For separate financial statements
Mohave County Flood Control District	A tax-levying district that provides flood control systems; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available
Mohave County Library District	A tax-levying district that provides and maintains library services for county residents; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available
Mohave County Television District	A tax-levying district that provides and maintains communication equipment resources to provide television signals to residents; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available

Mohave County
Notes to the financial statements
June 30, 2016

Component unit	Description; criteria for inclusion	Reporting method	For separate financial statements
Mohave County Holiday Shores Light District	A tax-levying district that provides street lighting for the Holiday Shores area of Bullhead City in Mohave County; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available
Mohave County Special Assessment Districts	Constructs or improves roads, bridges, and water distribution systems; the County Board of Supervisors serves as the board of directors and has operational responsibility for the districts.	Blended	Not available
Mohave Administration Building—Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County administration building; the total debt outstanding, including leases, is expected to be repaid entirely with resources of the primary government.	Blended	Not available
Mohave Jail—Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County jail facility; the total debt outstanding, including leases, is expected to be repaid entirely with resources of the primary government.	Blended	Not available

Related organization—The Industrial Development Authority of Mohave County (Authority) is a legally separate entity that was created to assist in the financing of commercial and industrial enterprises; affordable housing; healthcare facilities; and various facilities. The Authority fulfills its function through the issuance of tax-exempt or taxable revenue bonds. The County's Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County, and the County is not financially accountable for the Authority. Therefore, the Authority's financial activities have not been included in the accompanying financial statements.

B. Basis of presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements—Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the County's governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include:

Mohave County

Notes to the financial statements

June 30, 2016

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges and insurance premiums, in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as noncapital grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *road fund* accounts for all taxes on gas and auto license fees collected for building and maintaining county roads.

The *flood control fund* accounts for all monies collected from local taxpayers in the form of a levy on real property. These funds are used in planning, engineering, constructing, repairing, and maintaining flood control channels in Mohave County.

The *library fund* accounts for all monies collected from local taxpayers in the form of a levy on real property. These funds are used to provide a network of resources and services offering the people of Mohave County access to global information and personal enrichment.

The *jail debt service fund* accounts for debt service payments on the 2008 Beneficial Interest Certificates and is funded from the ¼-cent sales tax fund.

Mohave County

Notes to the financial statements

June 30, 2016

The County reports the following major enterprise funds:

The *landfill fund* accounts for the operations of two landfills located in Mohave County.

The *golden valley improvement district fund (GVID)* accounts for the operations of a water company located in Golden Valley.

The County also reports the following fund types:

The *internal service funds* account for automotive maintenance and operation, insurance, computer services, janitorial services, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis.

The *investment trust funds* account for pooled assets the County Treasurer holds and invests on behalf of other governmental entities.

The *agency funds* account for assets the County holds as an agent for the public fiduciary clients, courts and school superintendent.

C. Basis of accounting

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus, but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues except where matching requirements exist.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The County's major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Mohave County

Notes to the financial statements

June 30, 2016

D. Cash and investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

All investments are stated at fair value.

E. Inventories and prepaid items

Inventories in the government-wide and the proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out method.

The County accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. They are also reflected as nonspendable fund balance in the fund financial statements.

F. Property tax calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital assets

Capital assets are reported at actual cost, (or estimated historical cost if historical records are not available). Certain infrastructure costs were estimated by calculating the current replacement cost of a similar asset and deflating this cost through the use of price-level indexes. Donated assets are reported at acquisition value. Certain types of road improvements are expensed rather than capitalized. The improvement types that are expensed are millings and soil stabilization.

Mohave County
Notes to the financial statements
June 30, 2016

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization threshold	Depreciation method	Estimated useful life
Land	All		
Construction in progress	\$5,000		
Buildings	\$5,000	Straight-line	20-50 years
Equipment	\$5,000	Straight-line	3-20 years
Infrastructure and improvements other than buildings	\$5,000	Straight-line	10-50 years
Utility systems	\$5,000	Straight-line	10-50 years
Intangibles	\$5,000	Straight-line	7-15 years

H. Deferred outflows and inflows of resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Pensions

For purposes of measuring the net pension (assets and) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Fund balance classifications

The governmental funds’ fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources’ use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County’s Board of Supervisors approved,

Mohave County
Notes to the financial statements
June 30, 2016

which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the County’s intent to be used for specific purposes, but that are neither restricted nor committed. The County does not have any assigned fund balances.

The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, the County will use restricted fund balance first. The County will use committed amounts first when disbursing unrestricted fund balances, followed by unassigned amounts.

K. Investment earnings

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments.

L. Compensated absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. The County uses personal time off, which is a combination of vacation and sick leave, for compensating employees. Personal time off benefits do not vest with employees until they have satisfactorily completed their probationary period. Public Safety employees and those employees covered under the Judicial Merit System have a 1-year probationary period. All other employees have a 6-month probationary period.

Effective April 4, 2016, the Board of Supervisors approved changes to the paid time off (PTO) policy modifying the accrual rates and maximum payout schedules for employees hired after January 23, 2016.

The table below summarizes the maximum carryover and payouts at separation of employment. Any unused PTO is forfeited. Benefits are accrued as a liability in the government-wide and proprietary funds’ financial statements. A liability for these amounts is reported in the governmental funds’ financial statements only if they have matured; for example, as a result of employee resignations and retirements by fiscal year-end.

	Maximum carryover at December 31	Maximum payout at separation of employment
Hired before January 23, 2016	900	400
At-will employees	900	600
Hired after January 23, 2016	300	300

Mohave County
Notes to the financial statements
June 30, 2016

Note 2 - Change in fund classification

Net position as of July 1, 2015, was restated, as follows, for the change in presentation of the court automation fund. This fund was included as another governmental fund in prior years and is now being shown as an internal service fund, to better reflect the functionality of the fund. This change had an effect on the fund-level statements, as the internal service funds are combined with the governmental funds on the statement of net position. The difference between the amount of the change on the governmental funds balance sheet versus the statement of net position proprietary funds, is due to the move of assets and long-term debt, which is presented only in the government-wide financials for governmental funds.

	Governmental activities other governmental funds	Internal service funds
Net position as previously reported at June 30, 2015	\$19,897,952	\$21,580,786
Prior period adjustment from change in fund classification	<u>(800,979)</u>	<u>905,010</u>
Total prior period adjustments	<u>(800,979)</u>	<u>905,010</u>
Net position as restated, July 1, 2015	<u>\$19,096,973</u>	<u>\$22,485,796</u>

Note 3 - Stewardship, compliance, and accountability

Deficit fund balances—At June 30, 2016, the following nonmajor funds reported deficit fund balances:

Fund	Deficit
Governmental funds:	
Kingman 2100 CFD	\$ 2,561
Federal emergency management grant	44,355
Senior programs	34,569
Golden valley improvement district construction in progress	<u>373,101</u>
Total	<u>\$454,586</u>

The Golden Valley Improvement District (GVID) construction-in-progress fund borrowed funds from the landfill fund to cover expenditures of an improvement district instead of issuing bonds. These funds are reflected as a liability rather than revenue, resulting in a negative fund balance. The liability is to be paid back to the Landfill fund through collections from the property owners. The Kingman 2100 Community Facilities District (CFD) fund has property taxes receivable to cover the deficit fund balance; however, the CFD has been dissolved and future collections are uncertain. The senior programs and federal emergency management grants reflect negative fund balances due to timing differences.

Note 4 - Deposits and investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state

Mohave County

Notes to the financial statements

June 30, 2016

and local government bonds, notes and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated “A” or better, at the time of purchase, by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody’s investors service and Standard and Poor’s rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover. The Arizona State Treasurer’s office administers a Statewide Pooled Collateral Program. The County’s deposits are covered under the Statewide Pooled Collateral program.

Concentration of credit risk—Statutes do not include any requirements for concentration of credit risk.

Interest rate risk—Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2016, the carrying amount of the County’s deposits was \$33,613,787 and the bank balance was \$37,504,103. There was cash on hand of \$13,991. It is the County’s policy to collateralize all deposits not covered by depository insurance.

Investments—The County’s investments at June 30, 2016, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

Mohave County
Notes to the financial statements
June 30, 2016

Investments by fair value level	Fair value measurement using		
	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
U.S. Treasury notes	\$ 39,468,490	\$ 39,468,490	
U.S. agency securities	84,090,738		\$84,090,738
Corporate bonds	387,500		387,500
Agency money market funds	<u>15,654,982</u>	<u>15,654,982</u>	
Total investments by fair value level	<u>\$139,601,710</u>	<u>\$ 55,123,472</u>	<u>\$84,478,238</u>
External investment pools measured at fair value			
State Treasurer's investment pools	<u>1,045,578</u>		
Total investments measured at fair value	<u>\$140,647,288</u>		

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. The investments categorized at Level 2 of the fair value hierarchy are valued using a conservative methodology based on multiple criteria, including asset class and observability of price. Inputs are observable but do not solely rely on quoted market prices to establish fair value. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Credit risk—It is the County's investment policy to invest to preserve the principal value of the portfolio. This is to be accomplished through limiting the types of securities purchased, the percent of the portfolio of each type of security, and the length of time they can be held. Investments allowed are obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities. The County can also invest in certificates of deposits, commercial paper, obligations of Arizona state and local governments, repurchase agreements, money market mutual funds, and corporate bonds, debentures, or notes issued by United States companies with AA or greater ratings by Standard & Poor's or Moody's rating services.

At June 30, 2016, credit risk for the County's investment was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. Treasury notes	AAA	Moody's	\$ 39,468,490
U.S. agency securities	AAA/Unrated	Moody's	84,090,738
Corporate bonds	Unrated	Not applicable	387,500
Money market funds	Unrated	Not applicable	15,654,982
State Treasurer's Investment Pool 7	Unrated	Not applicable	<u>1,045,578</u>
			<u>\$140,647,288</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's formal policy for custodial credit risk states that an independent third-party custodian, selected by the Mohave County Treasurer, will hold the securities in the County's name.

Mohave County
Notes to the financial statements
June 30, 2016

Concentration of credit risk—The County’s formal investment policy requires at least 10 percent of the overall portfolio to be invested in highly liquid accounts such as local government pools, money market funds, or overnight repurchase agreements to ensure the ability to meet ongoing obligations. It also limits the total amount of corporate securities to 20 percent of the total portfolio, with not more than 5 percent invested in any single corporation. Corporate bonds represented less than 1 percent of the total portfolio at June 30, 2016. All other securities are structured with varying maturity dates, not to exceed 5 years, and in various types of investments described under credit risk. The County had investments at June 30, 2016, of 5 percent or more in Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank. These investments were 8 percent, 23.10 percent, and 26.56 percent, respectively, of the County’s total investments.

Interest rate risk—The County’s formal policy with respect to interest rate risk minimizes the risk by structuring the portfolio into two accounts to meet cash needs. The return on investment is secondary to safety and liquidity. One account consists of highly liquid securities with maturities of 120 days or less. The second account has maturities of greater than 120 days. Both accounts will have active secondary markets.

At June 30, 2016, the County had the following investments in debt securities:

Investment type	Investment maturities		
	Amount	Less than 1 year	1 to 5 Years
State Treasurer’s Investment Pool 7	\$ 1,045,578	\$ 1,045,578	
U.S. Treasury notes	39,468,490	36,951,830	\$ 2,516,660
U.S. agency securities	84,090,738	35,507,295	48,583,443
Corporate bonds	387,500	387,500	
Money market funds	<u>15,654,982</u>	<u>15,654,982</u>	
Total	<u>\$140,647,288</u>	<u>\$89,547,185</u>	<u>\$51,100,103</u>

At June 30, 2016, no investments in U.S. agency securities were considered to be highly sensitive to interest rate changes.

A reconciliation of cash, deposits, and investments to amounts shown on the statements of net position follows:

Cash, deposits, and investments:

	Amount
Cash on hand	\$ 13,991
Amount of deposits	33,613,787
Amount of investments	<u>140,647,288</u>
Total	<u>\$174,275,066</u>

Statements of net position:

	Governmental activities	Business-type activities	Investment trust Funds	Agency fund	Total
Cash and investments	\$ 84,583,185	\$17,363,408	\$54,656,448	\$259,646	\$156,862,687
Cash held by trustee	16,261,490				16,261,490
Restricted cash	<u>100,000</u>	<u>1,050,889</u>			<u>1,150,889</u>
Total	<u>\$100,944,675</u>	<u>\$18,414,297</u>	<u>\$54,656,448</u>	<u>\$259,646</u>	<u>\$174,275,066</u>

Mohave County
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Note 5 - Property taxes receivable

Property taxes receivable consist of uncollected real and personal property taxes as determined from the records of the County Treasurer's Office and at June 30, 2016, were as follows:

	General fund	Flood control fund	Library fund	Other governmental funds	Total governmental funds
Fiscal year 2015	\$1,452,783	\$358,311	\$164,928	\$ 15,142	\$1,991,164
Fiscal year 2014	276,313	76,201	52,106	11,274	415,894
Prior	<u>1,297,681</u>	<u>489,525</u>	<u>333,169</u>	<u>93,510</u>	<u>2,213,885</u>
Total receivable	<u>\$3,026,777</u>	<u>\$924,037</u>	<u>\$550,203</u>	<u>\$119,926</u>	<u>\$4,620,943</u>

The portion of property taxes receivable, not collected within 60 days after June 30, 2016, has been deferred, and consequently is not included in current-year revenues on the fund statements. For the government-wide statements, the entire receivable balance has been recognized as revenue. Total receivable amount is considered collectable, as the property can be sold for non-payment of taxes.

Note 6 - Capital assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 28,107,276	\$ 249,667		\$ 28,356,943
Construction in progress	<u>2,759,172</u>	<u>2,376,869</u>	<u>\$3,008,555</u>	<u>2,127,486</u>
Total capital assets not being depreciated	<u>30,866,448</u>	<u>2,626,536</u>	<u>3,008,555</u>	<u>30,484,429</u>
Capital assets being depreciated:				
Buildings	161,603,636	660,376	1,897,207	160,366,805
Infrastructure and improvements other than buildings	166,155,515	3,767,499	200,989	169,722,025
Intangibles	64,501			64,501
Equipment	<u>48,899,813</u>	<u>6,024,040</u>	<u>2,245,164</u>	<u>52,678,689</u>
Total	<u>376,723,465</u>	<u>10,451,915</u>	<u>4,343,360</u>	<u>382,832,020</u>
Less accumulated depreciation for:				
Buildings	36,100,381	4,634,723		40,735,104
Infrastructure and improvements other than buildings	91,214,575	3,608,071	\$ 50,844	94,771,802
Intangibles	44,536	9,214		53,750
Equipment	<u>30,440,903</u>	<u>3,225,597</u>	<u>2,028,151</u>	<u>31,638,349</u>
Total	<u>157,800,395</u>	<u>11,477,605</u>	<u>2,078,995</u>	<u>167,199,005</u>
Total capital assets being depreciated, net	<u>218,923,070</u>	<u>(1,025,690)</u>	<u>2,264,365</u>	<u>215,633,015</u>
Governmental activities capital assets, net	<u>\$249,789,518</u>	<u>\$ 1,600,846</u>	<u>\$5,272,920</u>	<u>\$246,117,444</u>

Mohave County
Notes to the financial statements
June 30, 2016

	Balance			Balance
	July 1, 2015	Increases	Decreases	June 30, 2016
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,960,709			\$ 1,960,709
Construction in progress	<u> </u>	\$ 3,789	<u> </u>	<u> </u>
Total capital assets not being depreciated	<u>1,960,709</u>	<u>3,789</u>	<u> </u>	<u>1,964,498</u>
Capital assets being depreciated:				
Buildings	2,240,274	62,405		2,302,679
Utility systems	24,227,701	1,773,935		26,001,636
Equipment	<u>1,441,369</u>	<u>584,484</u>	\$ 31,931	<u>1,993,922</u>
Total	<u>27,909,344</u>	<u>2,420,824</u>	<u>31,931</u>	<u>30,298,237</u>
Less accumulated depreciation for:				
Buildings	990,870	59,779		1,050,649
Utility systems	12,995,462	1,302,131		14,297,593
Equipment	<u>971,365</u>	<u>77,410</u>	15,663	<u>1,033,112</u>
Total	<u>14,957,697</u>	<u>1,439,320</u>	<u>15,663</u>	<u>16,381,354</u>
Total capital assets being depreciated, net	<u>12,951,647</u>	<u>981,504</u>	<u>16,268</u>	<u>13,916,883</u>
Business-type activities capital assets, net	<u>\$ 14,912,356</u>	<u>\$ 985,293</u>	<u>\$ 16,268</u>	<u>\$ 15,881,381</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,330,459
Public safety	4,034,189
Highways and streets	4,270,924
Health	19,831
Welfare	52,796
Culture and recreation	331,962
Internal service funds	<u>1,437,444</u>
Total governmental activities depreciation expense	<u>\$11,477,605</u>
Business-type activities:	
Landfill	\$ 55,062
Recreation	167,123
Water companies	<u>1,217,135</u>
Total business-type activities depreciation expense	<u>\$ 1,439,320</u>

Mohave County
Notes to the financial statements
June 30, 2016

Note 7 - Construction and other significant commitments

The County had six major contractual commitments at June 30, 2016, as follows:

Contractual commitments	Funding source	Expenditures to date	Total contractual commitments	Remaining commitments
Prison food services 11/04/15 - 11/03/16	Tax revenues	\$445,039	\$ 802,000	\$ 356,961
Prison health care contract 07/01/16 - 06/30/17	Tax revenues		2,642,626	2,642,626
Malibu Pacific General Contractor- Sunrise Vistas flood control project	Tax revenues	143,751	768,911	625,160
Medical Examiner 07/01/16-06/30/17	Tax revenues		727,500	727,500
Western Arizona Humane Society 07/01/16-06/30/17	Tax revenues		260,000	260,000
Kingman Regional Medical Center- senior meals 07/01/16-06/30/17	Federal grants Tax revenues		215,000	215,000
Total		<u>\$588,790</u>	<u>\$5,416,037</u>	<u>\$4,827,247</u>

Note 8 - Restricted assets

As of June 30, 2016, the County had restricted assets as follows:

Governmental activities assets:

Cash and investments held by trustee	\$15,654,983	Cash held by trustees restricted by agreements for construction, debt payments, loans, or major maintenance.
Restricted cash	100,000	Restricted use designated by donor
HUD properties	<u>1,344,891</u>	U.S. Housing and Urban Development (HUD) rehabilitated homes restricted for sale to qualified buyers.
Total governmental activities	<u>\$17,099,874</u>	

Business-type activities assets:

Restricted cash	\$ 487,625	I-40 collections restricted for future repairs of infrastructure by agreement with customers.
Restricted cash	<u>563,264</u>	GVID water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities	<u>\$ 1,050,889</u>	

Mohave County
Notes to the financial statements
June 30, 2016

Note 9 - Long-term liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within 1 year
Governmental activities:					
Beneficial interest certificates payable	\$ 21,570,000		\$ (3,975,000)	\$ 17,595,000	\$ 4,135,000
Net pension liabilities	97,705,728	\$ 3,849,795		101,555,523	
Capital leases payable	1,059,180	384,217	(497,647)	945,750	447,522
Compensated absences payable	6,662,345	5,993,504	(6,402,379)	6,253,470	6,000,000
Claims and judgments payable	<u>1,564,364</u>	<u>11,195,043</u>	<u>(10,861,958)</u>	<u>1,897,449</u>	<u>1,897,449</u>
Total governmental activities long-term liabilities	<u>\$128,561,617</u>	<u>\$21,422,559</u>	<u>\$(21,736,984)</u>	<u>\$128,247,192</u>	<u>\$12,479,971</u>
Business-type activities:					
Landfill closure and postclosure care costs payable	\$ 7,673,815	\$ 412,795		\$ 8,086,610	
Net pension liabilities	1,579,553	38,142		1,617,695	
Compensated absences payable	<u>164,856</u>	<u>176,373</u>	<u>(172,470)</u>	<u>168,759</u>	<u>\$ 135,007</u>
Total business-type activities long-term liabilities	<u>\$ 9,418,224</u>	<u>\$ 627,310</u>	<u>\$ (172,470)</u>	<u>\$ 9,873,064</u>	<u>\$ 135,007</u>

Beneficial Interest Certificates—The County has one remaining issuance of 12-year Series 2008 Beneficial Interest Certificates (BIC) that are callable at specific future dates. The principal is payable in annual installments, and interest is payable semiannually. The proceeds were used to construct jail facilities. The BICs are secured, for the life of the certificates by the ¼ percent sales tax revenue up to the amount of the annual debt payments. Current-year debt payments were \$3.98 million and were made from current year sales tax revenue and comprised approximately 63 percent of current year sales tax revenue.

The County projects sales tax revenues of approximately \$6 million per year to cover future debt payments.

Beneficial interest certificates outstanding at June 30, 2016, were as follows:

Description	Amount issued	Maturity ranges	Interest rates	Outstanding principal June 30, 2016
Beneficial interest certificates				
Series 2008	<u>\$46,000,000</u>	10/2017-4/2020	4.00%-4.25%	<u>\$17,595,000</u>
Total	<u>\$46,000,000</u>			<u>\$17,595,000</u>

Mohave County
Notes to the financial statements
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The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2016:

Year Ending June 30,	Governmental activities	
	Beneficial interest certificates	
	Principal	Interest
2017	\$4,135,000	\$ 737,013
2018	4,305,000	566,444
2019	4,485,000	383,481
2020	<u>4,670,000</u>	<u>198,475</u>
Total	<u>\$17,595,000</u>	<u>\$1,885,413</u>

Capital leases—The County has acquired copiers and computers under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

The following assets were acquired through capital leases:

	Governmental activities
Machinery & equipment-copiers	\$ 522,471
Machinery & equipment-computers	<u>1,191,657</u>
Total capital assets	1,714,128
Less: accumulated depreciation	<u>(1,120,367)</u>
Carrying value	<u>\$ 593,761</u>

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2016:

	Governmental activities
Year ending June 30	
2017	\$458,320
2018	363,193
2019	<u>141,993</u>
Total minimum lease payments	963,506
Less amount representing interest	<u>(17,756)</u>
Present value of net minimum lease payments	<u>\$945,750</u>

The present value of net minimum lease payments at June 30, 2016, of \$945,750 exceeds the total capital assets of \$593,761 because a significant portion of the assets acquired through capital leases were for computer equipment that fell below the County's capitalization threshold.

Landfill closure and postclosure care costs—The County owns two landfill sites. Cerbat is 160-acres and Mohave Valley is 320 acres. Both are operated by independent contractors under contract with the County

Mohave County

Notes to the financial statements

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and began operations in January 1989. The County operates its landfills on a cell basis. The County owns additional unused parcels of land adjacent to the existing landfill sites that will (or may) be used, as needed, to open additional cells.

State and federal laws and regulations require the County to place a final cover on its Cerbat and Mohave Valley landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfills. These costs will be paid from the enterprise fund.

The amount of cost recognized each year is based on landfill capacity used at the end of each fiscal year. The \$8,086,610 reported as landfill closure and postclosure care liability at June 30, 2016, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills. The calculation is based on the use of 93.7 percent and 95.3 percent of the estimated capacity of the open cells of the landfills, respectively. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$412,795 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2016 for existing open cells. The actual costs may be higher because of inflation, changes in technology, or changes in regulations. The County expanded the Cerbat Cell #5 in fiscal year 2015. The existing open cells at the Cerbat landfill, are expected to reach capacity sometime after 2018. The existing open cells at the Mohave landfill are expected to reach capacity by mid-2017. The County expects to reach capacity of the landfills' unopened cells in the years 2065 and 2066, respectively. The landfills are expected to have in excess of 50 years remaining, considering unopened cells. According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure that the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Insurance internal service funds—The County established two internal service funds, Employee Benefits Trust (EBT) and Self-Insured Trust (SIR). The EBT fund accounts for employee health benefits through a combination of self-insured and commercial insurance. The SIR fund provides property, casualty, and general liability coverage up to \$50,000 per claim and also accounts for premium payments to the Arizona Counties Workers' Compensation Pool for workers' compensation coverage.

The SIR fund accounts for the risk financing of certain benefits and losses through combinations of cost-reimbursement, self-insurance for losses up to certain limits, participation in public entity risk pools, and the purchase of insurance for losses above the limits. Settled claims have not exceeded risk pool coverage or the purchased commercial insurance in any of the past 3 fiscal years. The EBT Fund accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive major medical, prescriptions, dental, life, and accidental death and dismemberment) to eligible employees and their dependents. The County is self-insured up to certain limits, with commercial insurance to cover losses above the limits. The life insurance is 100 percent commercial insurance. Under the health insurance program, the employees have a preferred provider organization program. The County is fully self-insured for dental, which is administered by Delta Dental. A third party, AFLAC, administers a short-term disability program offered directly to employees that are interested. This is not a comprehensive program. Settled medical and dental claims have not exceeded available self-insurance funds, or the purchased commercial insurance, in any of the past 3 fiscal years.

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June 30, 2016

Compensated absences and insurance claims—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Insurance claims are paid from the internal service funds. During fiscal year 2016, the County’s liability for compensated absences is allocated as follows: 60 percent to the general fund, 17 percent to other major funds, and 23 percent to other nonmajor funds.

The County paid for health insurance claims through the EBT Fund. The claims paid from the EBT Fund were medical claims funded through payroll deductions and contributions from county funds. In prior years the administration cost for processing claims was included with the claims expense. This was separated out for fiscal year 2016. The self-insured trust fund was funded \$1,261,543 (69 percent) by the general fund, \$380,966 (21 percent) by the road fund, \$34,103 (2 percent) by the flood control fund, \$61,462 (4 percent) by the library fund, \$24,417 (1 percent) by internal service funds, \$41,758 (2 percent) by enterprise funds, and \$16,100 (1 percent) by other governmental funds this past year to cover insurance expense and possible settlements.

The insurance claims payable liability of the SIR and EBT Funds totaling \$1,897,449 included in the balance below at June 30, 2016, is the estimated ultimate cost of settling claims that have been reported but not settled, and claims that have been incurred but not reported. This estimate is based on actuarial estimates provided by the County’s healthcare administrator (based on claims received subsequent to June 30, 2016) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences).

Changes in the funds’ claims payable for the years ended June 30, 2015, and 2016, were as follows:

	2015	2016
Claims payable, beginning of year	\$ 1,732,310	\$ 1,564,364
Claims incurred and changes in estimates	8,826,555	11,195,043
Claims paid	<u>(8,994,501)</u>	<u>(10,861,958)</u>
Claims payable, end of year	<u>\$ 1,564,364</u>	<u>\$ 1,897,449</u>

Note 10 - Fund balance classifications of the governmental funds

The fund balance classifications of the governmental funds as of June 30, 2016, were as follows:

	General fund	Road fund	Flood control fund	Library fund	Jail debt service fund	Other governmental funds	Total
Fund balances:							
Nonspendable							
Inventories		\$ 208,691	\$ 42,026				\$ 250,717
Prepaid items	\$ 7,726			\$ 2,710		\$ 6,361	16,797
Total nonspendable	<u>7,726</u>	<u>208,691</u>	<u>42,026</u>	<u>2,710</u>		<u>6,361</u>	<u>267,514</u>
Restricted for:							
General government						5,746,215	5,746,215
Public safety			5,028,523			4,714,331	9,742,854
Highways and streets		13,132,697					13,132,697
Health						1,603,193	1,603,193
Welfare						981,828	981,828
Education						252,345	252,345
Culture and recreation				8,565,197			8,565,197
Debt service					\$14,695,001		14,695,001
Capital projects						959,982	959,982
Total restricted		<u>13,132,697</u>	<u>5,028,523</u>	<u>8,565,197</u>	<u>14,695,001</u>	<u>14,257,894</u>	<u>55,679,312</u>

Mohave County
Notes to the financial statements
June 30, 2016

	General fund	Road fund	Flood control fund	Library fund	Jail debt service fund	Other governmental funds	Total
Committed to:							
Sanitation						\$ 208,505	\$ 208,505
Capital projects						4,821,748	4,821,748
Debt service					<u>\$ 1,018,922</u>		<u>1,018,922</u>
Total committed					<u>1,018,922</u>	<u>5,030,253</u>	<u>6,049,175</u>
Unassigned	<u>\$17,088,167</u>					<u>(410,232)</u>	<u>16,677,935</u>
Total fund balances	<u>\$17,095,893</u>	<u>\$13,341,388</u>	<u>\$5,070,549</u>	<u>\$8,567,907</u>	<u>\$15,713,923</u>	<u>\$18,884,276</u>	<u>\$78,673,936</u>

Note 11 - Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by two public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool, which are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible ranging from \$10,000 to \$500,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties with workers' compensation coverage, as law requires, and risk management services. The County is responsible for paying a premium, based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

Note 12 - Pensions and other postemployment benefits

The County contributes to the five plans described below. The plans are component units of the State of Arizona.

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At June 30, 2016, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension assets	\$ 559,045		\$ 559,045
Net pension liabilities	101,555,523	\$1,617,695	103,173,218
Deferred outflows of resources	14,992,732	173,994	15,166,726
Deferred inflows of resources	8,311,773	169,847	8,481,620
Pension expense	11,271,120	74,546	11,345,666

The County's accrued payroll and employee benefits includes \$644,013 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2016. Also, the County reported \$6,384,435 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* with actuarially reduced benefits

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Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, statute required active ASRS members to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members’ annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members’ annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 percent for retirement, 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County’s contributions to the pension plan for the year ended June 30, 2016, were \$3,771,411. The County’s OPEB contribution for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

ASRS	Health benefit	Long-term
Year ended June 30	supplement fund	disability fund
2016	\$173,798	\$41,711
2015	207,404	42,184
2014	212,176	84,870

During fiscal year 2016, the County paid for ASRS pension and OPEB contributions as follows: 53.1 percent from the general fund, 20.6 percent from other major funds, and 26.3 percent from all other funds.

Pension liability—At June 30, 2016, the County reported a liability of \$59,256,251 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The County’s proportion of the net pension liability was based on the County’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2015. The County’s proportion, measured as of June 30, 2015, was 0.38 percent, which was a decrease of .01 from its proportion measured as of June 30, 2014.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2016, the County recognized pension expense for ASRS of \$2,730,582. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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ASRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$1,616,975	\$3,105,087
Net difference between projected and actual earnings on pension plan investments		1,899,032
Changes in proportion and differences between county contributions and proportionate share of contributions	101,291	1,217,384
County contributions subsequent to the measurement date	<u>3,771,411</u>	
Total	<u>\$5,489,677</u>	<u>\$6,221,503</u>

The \$3,771,411 reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2017	\$(1,732,982)
2018	(2,658,202)
2019	(1,482,917)
2020	1,370,864

Actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the

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expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS Asset class	Target allocation	Long-term expected arithmetic real rate of return
Equity	58%	6.79%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	<u>2%</u>	3.93%
Total	<u>100%</u>	

Discount rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the County’s proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current discount rate (8%)	1% Increase (9%)
County’s proportionate share of the net pension liability	\$77,645,939	\$59,256,251	\$46,653,289

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issue is a publicly available financial reports that includes financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits provided—The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability		
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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CORP	Initial membership date	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	2.0% to 2.5% for each year of credited service not to exceed 80%	
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service	
Ordinary disability retirement	2.5% per year of credited service	
Survivor benefit		
Retired members	80% of retired member's pension benefit	
Active members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. In addition, from and after December 31, 2015, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms—At June 30, 2016, the following employees were covered by the agent pension plans' benefit terms

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	39	15
Inactive employees entitled to but not yet receiving benefits	30	53
Active employees	<u>70</u>	<u>122</u>
Total	<u>139</u>	<u>190</u>

Contributions and annual OPEB cost—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

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	PSPRS Sheriff	CORP Detention	CORP AOC
Active members pension	11.05%	8.41%	8.41%
County pension	38.48%	7.03%	19.1%
Health insurance premium benefit	0%	0%	.85%

In addition, the County was required by statute to contribute at the actuarially determined rate of 28.62 percent for the PSPRS of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium for the year ended June 30, 2016, were:

	PSPRS Sheriff	CORP Detention
Pension		
Contributions made	\$1,611,839	\$274,918
Health insurance premium benefit		
Annual OPEB cost and contributions made	0	0

Contributions to the CORP AOC pension plan for the year ended June 30, 2016, were \$564,751. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC Year ended June 30	Health insurance fund
2016	\$26,303
2015	39,823
2014	35,520

During fiscal year 2016, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 81.6 percent from the general fund, and 18.4 percent from other funds.

Pension liability (asset)—At June 30, 2016, the County reported the following new pension liabilities (and asset):

	Net pension liability (asset)
PSPRS Sheriff	\$18,936,673
CORP Detention	(559,045)
CORP AOC (County's proportionate share)	6,438,542

The net pension liabilities (and asset) were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living

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adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent. The change in the County's net pension liability as a result of the statutory adjustments is not known.

Pension actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP-pension

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%-7.25% for CORP
Inflation	4%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP Asset class	Target allocation	Long-term expected geometric real rate of return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	<u>100%</u>	

Pension discount rates—The discount rate used to measure the PSPRS and CORP total pension liabilities was 7.85 percent. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member

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rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability
PSPRS-Sheriff

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2015	\$37,588,720	\$19,207,808	\$18,380,912
Changes for the year:			
Service cost	856,128		856,128
Interest on the total pension liability	2,908,448		2,908,448
Differences between expected and actual experience in the measurement of the pension liability	(797,687)		(797,687)
Contributions—employer		1,232,825	(1,232,825)
Contributions—employee		476,318	(476,318)
Net investment income		708,906	(708,906)
Benefit payments, including refunds of employee contributions	(1,932,983)	(1,932,983)	
Administrative expense		(17,672)	17,672
Other changes		10,751	(10,751)
Net changes	<u>1,033,906</u>	<u>478,145</u>	<u>555,761</u>
Balances at June 30, 2016	<u>\$38,622,626</u>	<u>\$19,685,953</u>	<u>\$18,936,673</u>

Changes in the net pension asset
CORP-Detention

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension asset (a) – (b)
Balances at June 30, 2015	\$5,975,988	\$6,532,878	\$(556,890)
Changes for the year:			
Service cost	527,226		527,226
Interest on the total pension liability	476,424		476,424
Differences between expected and actual experience in the measurement of the pension liability	(255,141)		(255,141)
Contributions—employer		265,631	(265,631)
Contributions—employee		330,465	(330,465)
Net investment income		243,014	(243,014)
Benefit payments, including refunds of employee contributions	(341,013)	(341,013)	
Administrative expense		(6,374)	6,374
Other changes		(82,072)	82,072
Net changes	<u>407,496</u>	<u>409,651</u>	<u>(2,155)</u>
Balances at June 30, 2016	<u>\$6,383,484</u>	<u>\$6,942,529</u>	<u>\$(559,045)</u>

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The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2015. The County's proportion measured as of June 30, 2015, was 2.65 percent, which was an decrease of 0.06 from its proportion measured as of June 20, 2014.

Sensitivity of the County's net pension liability (asset) to changes in the discount rate—The following table presents the County's net pension liabilities (assets) calculated using the discount rate of 7.85 percent, as well as what the County's net pension liabilities (assets) would be if it were calculated using a discount rate that is 1 percentage point lower (6.85 percent) or 1 percentage point higher (8.85 percent) than the current rate:

	1% Decrease 6.85%	Current discount rate 7.85%	1% Increase 8.85%
PSPRS Sheriff			
Net pension liability	\$23,285,026	\$18,936,673	\$15,297,546
CORP Detention			
Net pension liability (asset)	\$276,282	\$(559,045)	\$(1,243,409)
CORP AOC			
County's proportionate share of the net pension liability	\$8,418,428	\$6,438,542	\$4,790,770

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense—For the year ended June 30, 2016, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$2,127,565
CORP Detention	234,374
CORP AOC (County's proportionate share)	836,379

Pension deferred outflows/inflows of resources—At June 30, 2016, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
PSPRS		
Differences between expected and actual experience		\$1,207,132
Changes of assumptions or other inputs	\$2,252,945	
Net difference between projected and actual earnings on pension plan investments	46,312	
County contributions subsequent to the measurement date	<u>1,611,839</u>	
Total	<u>\$3,911,096</u>	<u>\$1,207,132</u>

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	Deferred outflows of resources	Deferred inflows of resources
CORP-Detention		
Differences between expected and actual experience		\$237,599
Changes of assumptions or other inputs	\$195,468	
Net difference between projected and actual earnings on pension plan investments	26,149	
County contributions subsequent to the measurement date	<u>274,918</u>	
Total	<u>\$496,535</u>	<u>\$237,599</u>
	Deferred outflows of resources	Deferred inflows of resources
CORP-AOC		
Differences between expected and actual experience	\$ 220,493	\$36,340
Changes of assumptions or other inputs	682,448	
Net difference between projected and actual earnings on pension plan investments	35,401	
Changes in proportion and differences between county contributions and proportionate share of contributions		94,296
County contributions subsequent to the measurement date	<u>564,751</u>	
Total	<u>\$1,503,093</u>	<u>\$130,636</u>

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30			
2017	335,692	(5,526)	210,646
2018	335,692	(5,526)	210,646
2019	335,692	(5,527)	210,646
2020	95,652	31,077	186,850
2021		(26,656)	(11,082)

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Agent plan OPEB actuarial assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2016, were established by the June 30, 2014, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amount’s value and assumptions about the probability of events in the future. Amounts determined regarding the plans’ funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan’s assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as the County and plans’ members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans’ members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2016 contribution requirements:

PSPRS and CORP—OPEB contribution requirements

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8% for PSPRS and 4%-7.25% for CORP
Wage growth	4% for PSPRS and CORP

Agent plan OPEB trend information—Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year ended June 30	Annual OPEB cost	Percentage of annual cost contributed	Net OPEB obligation
PSPRS Sheriff			
2016	\$ 0	100%	\$0
2015	64,432	100%	0
2014	67,620	100%	0
CORP Detention			
2016	\$ 0	100%	\$0
2015	33,536	100%	0
2014	33,216	100%	0

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Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2016, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	\$1,369,082	\$ 629,940
Actuarial accrued liability (b)	726,615	252,116
Unfunded actuarial accrued liability (funding excess) (b) – (a)	(642,467)	(377,824)
Funded ratio (a)/(b)	188.4%	249.9%
Annual covered payroll (c)	\$3,796,862	\$3,664,408
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	(16.9%)	(10.3%)

The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefits plans (unless noted), and for the most recent valuation date are as follows:

PSPRS and CORP—OPEB funded status

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability and 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80% / 120% market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes its financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

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Benefits provided—The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor benefit		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25 percent for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30 percent.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, from and after December 31, 2015, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2016, statute required active EORP members to contribute 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of active EORP members' annual covered payroll. Also, statute required the County to contribute 12.15 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 17.50 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. The County's contributions to the pension plan for the year ended June 30, 2016, were \$491,094. No OPEB contributions were required or made for the year ended June 30, 2015 and 2016. The County's OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

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EORP Year ended June 30	Health insurance fund
2016	\$ 0
2015	0
2014	36,919

During fiscal year 2016, the County paid for EORP pension contributions as follows: 94.5 percent from the general fund and 5.5 percent from other funds.

Pension liability—At June 30, 2016, the County reported a liability for its proportionate share of the EORP’s net pension liability that reflected a reduction for the County’s proportionate share of the State’s appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County’s proportionate share of the EORP net pension liability	\$18,541,752
State’s proportionate share of the EORP net pension liability associated with the County	<u>5,780,547</u>
Total	<u>\$24,322,299</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The County’s proportion of the net pension liability was based on the County’s actual contributions to the plan relative to the total of all participating employers’ actual contributions for the year ended June 30, 2015. The County’s proportion measured as of June 30, 2015, was 2.37 percent, which was a decrease of .16 from its proportion measured as of June 30, 2014.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2016, the County recognized pension expense for EORP of \$5,416,766 and revenue of \$1,555,332 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 29,650	\$206,436
Changes of assumptions or other inputs	3,106,822	
Net difference between projected and actual earnings on pension plan investments	112,456	
Changes in proportion and differences between county contributions and proportionate share of contributions		478,314
County contributions subsequent to the measurement date	<u>491,094</u>	
Total	<u>\$3,740,022</u>	<u>\$684,750</u>

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The \$491,094 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2017	\$2,248,788
2018	221,454
2019	9,260
2020	84,676

Actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

EORP

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP	Target	Long-term expected
Asset class	allocation	geometric real rate of
		return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	<u>16%</u>	6.23%
Total	<u>100%</u>	

Mohave County
Notes to the financial statements
June 30, 2016

Discount rate—At June 30, 2015, the discount rate used to measure the EORP total pension liability was 4.86 percent, which was a decrease of 0.81 from the discount rate used as of June 30, 2014. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2028. A municipal bond rate of 3.80 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2015, was applied to periods of projected benefit payments after June 30, 2028.

Sensitivity of the County’s proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 4.86 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.86 percent) or 1 percentage point higher (5.86 percent) than the current rate:

EORP	1% Decrease (3.86%)	Current discount rate (4.86%)	1% Increase (5.86%)
County’s proportionate share of the net pension liability	\$21,584,939	\$18,541,752	\$15,982,592

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued EORP financial report.

EODCRS Plan—Elected officials and judges that are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Define Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provision of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by state statute.

For the year ended June 30, 2016, active EODCRS members were required by statute to contribute 8 percent of the members’ annual covered payroll, and the County was required by statute to contribute 6 percent of the active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County’s contributions to the individual employee account and the earnings on those contributions. In addition, statute required active EODCRS members and the County to each contribute at the actuarially determined rate of 0.125 percent of the members’ annual covered payroll to the EODCDP plan. For the year ended June 30, 2016, the County recognized pension expense of \$73,936. The County’s OPEB contributions for the current and 2 preceding years, all of the which were equal to the required contributions, were as follows:

Mohave County
Notes to the financial statements
June 30, 2016

EODCDP		Disability
Year ended June 30		fund
2016		\$ 274
2015		125
2014		0

Note 13 - Interfund balances and activity

Interfund receivables and payables—Interfund balances as of June 30, 2016, were as follows:

	Payable to				Total
	General fund	Road fund	Other governmental funds	Landfill fund	
Payable from					
General fund			\$ 4,776		\$ 4,776
Flood control fund		\$ 928			928
Other governmental funds	\$11,534		31,965	\$439,937	483,436
Other enterprise funds		280			280
Internal service funds			585		585
Total	<u>\$11,534</u>	<u>\$1,208</u>	<u>\$37,326</u>	<u>\$439,937</u>	<u>\$490,005</u>

The majority of the interfund receivables and payables result from year-end accruals and adjustments. Cash will be transferred within the first few months of the next fiscal year for these transactions.

The balance of \$439,937 due to the landfill fund from other governmental funds is an advance from the landfill to cover special assessment engineering fees. This expense is to be reimbursed over the next 6 years, from property owners, through collections assessed on tax bills.

Interfund transfers—Interfund transfers for the year ended June 30, 2016, were as follows:

	Transfer to						Total
	General fund	Road fund	Jail debt service fund	Other governmental funds	Other enterprise funds	Internal service funds	
Transfer from							
General fund				\$1,378,528		\$304,296	\$ 1,682,824
Flood control fund	\$ 442,817			132,713			575,530
Library fund	380,817						380,817
Other governmental funds	551,831		\$4,871,179	820,223			6,243,233
Landfill fund	68,207						68,207
Other enterprise funds		\$1,884			\$352,300		354,184
Internal service funds	<u>3,000,000</u>			<u>54,717</u>			<u>3,054,717</u>
Total	<u>\$4,443,672</u>	<u>\$1,884</u>	<u>\$4,871,179</u>	<u>\$2,386,181</u>	<u>\$352,300</u>	<u>\$304,296</u>	<u>\$12,359,512</u>

The general fund transfers monies to other funds to provide support for such items as matching funds for grants or to make up the shortfall of grant-funded programs that the County feels are important. The County capital improvement sales tax fund transfers monies to the jail debt service fund for payments on the jail

Mohave County
Notes to the financial statements
June 30, 2016

BICs (see Note 9 for more information on issued BICs). Other funds also transfer monies to reimburse for shared expenses and to cover matching grants.

Note 14 - County Treasurer’s investment pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County’s monies under her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

The County Treasurer’s investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool’s structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants’ investments. The Treasurer allocates interest earnings to each of the pool’s participants.

The deposits and investments held by the County are included in the County Treasurer’s investment pool, except for \$4,689,638 of deposits held by other county departments and \$16,261,490 held by trustees in the County’s name. Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 4 for disclosure of the County’s deposit and investment risks.

Details of each major investment classification follow:

Investment type	Principal	Interest rate(s)	Maturities	Amount
U.S. agency securities	\$ 83,851,235	0.5-1.62%	8/16-06/19	\$ 84,090,738
U.S. Treasury notes	39,430,885	0.5-3.25%	9/16-4/18	39,468,490
Corporate bonds	3,070,055	N/A	N/A	387,500
State Treasurer’s Investment Pool	<u>1,041,257</u>	None stated	N/A	<u>1,045,578</u>
	<u>\$127,393,432</u>			<u>\$124,992,306</u>

A condensed statement of the investment pool’s net position and changes in net position follows:

Statement of net position	
Assets	<u>\$ 153,466,056</u>
Net position	<u>\$ 153,466,056</u>
Net position held in trust for:	
Internal participants	\$ 100,493,984
External participants	<u>52,972,072</u>
Total net position held in trust	<u>\$ 153,466,056</u>

Mohave County
Notes to the financial statements
June 30, 2016

Statement of changes in net position

Total additions	\$ 402,507,950
Total deductions	<u>(385,299,992)</u>
Net increase	17,207,958
Net position held in trust:	
July 1, 2015	<u>136,258,098</u>
June 30, 2016	<u>\$ 153,466,056</u>

Note 15 - Loss contingency

The County is currently in tax litigation with a major taxpayer that may create a liability for all the taxing districts in Mohave County. Legal counsel has advised that if the prior tax years' assessed valuations are lowered by a tax court, there is a probability that between \$3.7 million and \$7.3 million may be owed back to the taxpayers. Mohave County and its blended component units' share of the liability would be between \$0.9 million and \$1.8 million of the total.

Note 16 - Credit card payments by governmental entities

A.R.S. §35-391 requires the annual financial report to disclose the amount of any reward, discount, incentive, or other financial consideration received resulting from the use of credit card payments by governmental entities. During fiscal year 2016, \$71,457 in rebates were received from the use of credit card payments by the County.

Other required supplementary information

Mohave County
Required supplementary information
Budgetary comparison schedule
General fund
Year ended June 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 36,193,984	\$ 36,193,984	\$ 36,133,532	\$ (60,452)
Licenses and permits	798,720	798,720	802,859	4,139
Intergovernmental	31,233,528	31,233,528	31,584,428	350,900
Charges for services	6,682,460	6,682,460	6,017,342	(665,118)
Fines and forfeits	1,543,000	1,543,000	1,584,607	41,607
Investment earnings	70,000	70,000	82,987	12,987
Contributions			59,187	59,187
Miscellaneous	2,669,200	2,669,200	159,027	(2,510,173)
Total revenues	<u>79,190,892</u>	<u>79,190,892</u>	<u>76,423,969</u>	<u>(2,766,923)</u>
Expenditures:				
General government				
Assessor	3,317,346	3,317,346	3,176,300	141,046
County attorney	3,758,963	3,758,963	3,721,330	37,633
Board of Supervisors	299,307	299,307	281,039	18,268
Clerk of board	227,089	227,089	205,422	21,667
Housing community development	418,527	418,527	417,848	679
General administration	5,745,567	5,851,556	3,158,264	2,693,292
Clerk of superior court	2,142,318	2,142,318	2,076,403	65,915
Constables	420,001	424,701	418,207	6,494
Contingency	4,959,569	4,167,404		4,167,404
Elections	421,263	579,313	539,378	39,935
Finance	1,021,337	1,026,437	1,026,291	146
Building and grounds maintenance	2,711,445	2,711,445	2,657,551	53,894
Justice courts	3,023,175	3,029,575	2,958,896	70,679
Juvenile detention	1,308,766	1,308,766	1,200,385	108,381
Personnel	466,228	466,228	401,831	64,397
Development services	2,121,270	2,127,270	1,714,120	413,150
Public fiduciary	485,898	494,298	479,623	14,675
Public defender	4,750,755	5,148,354	5,129,817	18,537
Public legal defender	1,051,936	984,337	980,888	3,449
Building inspector	1,217,653	1,217,653	1,011,767	205,886
Procurement	398,446	399,746	399,605	141
Recorder	762,088	762,088	665,377	96,711
Superior courts	3,256,724	3,268,724	3,152,601	116,123
Treasurer	1,607,340	1,516,568	1,369,067	147,501
Voter registration	381,338	441,538	393,329	48,209
Supervisory districts	1,106,118	1,106,118	930,635	175,483
Total general government	<u>47,380,467</u>	<u>47,195,669</u>	<u>38,465,974</u>	<u>8,729,695</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
Required supplementary information
Budgetary comparison schedule
General fund
Year ended June 30, 2016
(Continued)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Public safety				
Animal control	\$ 615,342	\$ 615,342	\$ 601,208	\$ 14,134
Jail	12,269,387	12,435,364	11,442,172	993,192
Medical examiner	627,600	627,600	627,600	
Probation	1,670,731	1,670,731	1,589,820	80,911
Sheriff	11,543,199	11,543,199	11,338,100	205,099
Total public safety	<u>26,726,259</u>	<u>26,892,236</u>	<u>25,598,900</u>	<u>1,293,336</u>
Health				
AHCCCS	<u>9,705,400</u>	<u>9,705,400</u>	<u>9,705,354</u>	<u>46</u>
Education				
School superintendent	<u>470,042</u>	<u>488,863</u>	<u>449,194</u>	<u>39,669</u>
Debt service:				
Principal retirement			103,602	(103,602)
Interest and fiscal charges			5,133	(5,133)
Total debt service			<u>108,735</u>	<u>(108,735)</u>
Total expenditures	<u>84,282,168</u>	<u>84,282,168</u>	<u>74,328,157</u>	<u>9,954,011</u>
Excess (deficiency) of revenues over expenditures	<u>(5,091,276)</u>	<u>(5,091,276)</u>	<u>2,095,812</u>	<u>7,187,088</u>
Other financing sources (uses):				
Transfers in	4,581,482	4,581,482	4,443,672	(137,810)
Transfers out	<u>(2,009,673)</u>	<u>(2,009,673)</u>	<u>(1,682,824)</u>	<u>326,849</u>
Total other financing sources and uses	<u>2,571,809</u>	<u>2,571,809</u>	<u>2,760,848</u>	<u>189,039</u>
Net change in fund balances	(2,519,467)	(2,519,467)	4,856,660	7,376,127
Fund balances, July 1, 2015	<u>12,325,115</u>	<u>12,325,115</u>	<u>12,239,233</u>	<u>(85,882)</u>
Fund balances, June 30, 2016	<u>\$ 9,805,648</u>	<u>\$ 9,805,648</u>	<u>\$ 17,095,893</u>	<u>\$ 7,290,245</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
Required supplementary information
Budgetary comparison schedule
Road fund
Year ended June 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 36,200	\$ 6,200
Intergovernmental	14,440,824	14,440,824	14,922,126	481,302
Charges for services	75,072	75,072	60,827	(14,245)
Fines and forfeits	500	500	776	276
Investment earnings	130,200	130,200	49,913	(80,287)
Rents	78,722	78,722	73,191	(5,531)
Miscellaneous	<u>752,500</u>	<u>752,500</u>	<u>336,859</u>	<u>(415,641)</u>
Total revenues	<u>15,507,818</u>	<u>15,507,818</u>	<u>15,479,892</u>	<u>(27,926)</u>
Expenditures:				
Highways and streets	<u>21,624,679</u>	<u>21,624,679</u>	<u>18,224,225</u>	<u>3,400,454</u>
Total expenditures	<u>21,624,679</u>	<u>21,624,679</u>	<u>18,224,225</u>	<u>3,400,454</u>
Excess (deficiency) of revenues over expenditures	<u>(6,116,861)</u>	<u>(6,116,861)</u>	<u>(2,744,333)</u>	<u>3,372,528</u>
Other financing sources (uses):				
Transfers in	<u> </u>	<u> </u>	<u>1,884</u>	<u>1,884</u>
Total other financing sources and uses	<u> </u>	<u> </u>	<u>1,884</u>	<u>1,884</u>
Net change in fund balances	(6,116,861)	(6,116,861)	(2,742,449)	3,374,412
Fund balances, July 1, 2015	6,116,861	6,116,861	16,090,861	9,974,000
Increase in reserve for inventory	<u> </u>	<u> </u>	<u>(7,024)</u>	<u>(7,024)</u>
Fund balances, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,341,388</u>	<u>\$ 13,341,388</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
Required supplementary information
Budgetary comparison schedule
Flood control fund
Year ended June 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,830,000	\$ 7,830,000	\$ 7,338,504	\$ (491,496)
Licenses and permits	5,000	5,000	3,600	(1,400)
Intergovernmental	1,301,961	1,301,961	524,346	(777,615)
Charges for services	120,000	120,000	19,962	(100,038)
Investment earnings	30,000	30,000	43,140	13,140
Fines and forfeits	-	-	210	210
Contributions	-	-	123	123
Miscellaneous	-	-	5,536	5,536
Total revenues	<u>9,286,961</u>	<u>9,286,961</u>	<u>7,935,421</u>	<u>(1,351,540)</u>
Expenditures:				
Public safety	<u>13,701,993</u>	<u>13,662,913</u>	<u>6,999,261</u>	<u>6,663,652</u>
Total expenditures	<u>13,701,993</u>	<u>13,662,913</u>	<u>6,999,261</u>	<u>6,663,652</u>
Excess (deficiency) of revenues over expenditures	<u>(4,415,032)</u>	<u>(4,375,952)</u>	<u>936,160</u>	<u>5,312,112</u>
Other financing sources (uses):				
Transfers out	<u>(601,772)</u>	<u>(640,852)</u>	<u>(575,530)</u>	<u>65,322</u>
Total other financing sources and uses	<u>(601,772)</u>	<u>(640,852)</u>	<u>(575,530)</u>	<u>65,322</u>
Net change in fund balances	(5,016,804)	(5,016,804)	360,630	5,377,434
Fund balances, July 1, 2015	<u>5,016,804</u>	<u>5,016,804</u>	<u>4,709,919</u>	<u>(306,885)</u>
Fund balances, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,070,549</u>	<u>\$ 5,070,549</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
Required supplementary information
Budgetary comparison schedule
Library fund
Year ended June 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 3,745,481	\$ 3,745,481	\$ 3,880,208	\$ 134,727
Intergovernmental	32,960	32,960	32,819	(141)
Charges for services	38,700	38,700	52,894	14,194
Fines and forfeits	49,800	49,800	61,377	11,577
Investment earnings	29,400	29,400	30,081	681
Contributions	5,000	15,525	155,394	139,869
Miscellaneous			38	38
Total revenues	<u>3,901,341</u>	<u>3,911,866</u>	<u>4,212,811</u>	<u>300,945</u>
Expenditures:				
Culture and recreation	<u>13,084,456</u>	<u>13,094,981</u>	<u>4,751,638</u>	<u>8,343,343</u>
Debt service:				
Principal retirement			41,727	(41,727)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,102</u>	<u>(1,102)</u>
Total expenditures	<u>13,084,456</u>	<u>13,094,981</u>	<u>4,794,467</u>	<u>8,300,514</u>
Excess (deficiency) of revenues over expenditures	<u>(9,183,115)</u>	<u>(9,183,115)</u>	<u>(581,656)</u>	<u>8,601,459</u>
Other financing sources (uses):				
Transfers out	(380,817)	(380,817)	(380,817)	-
Capital leases	<u>-</u>	<u>-</u>	<u>50,789</u>	<u>(50,789)</u>
Total other financing sources and uses	<u>(380,817)</u>	<u>(380,817)</u>	<u>(330,028)</u>	<u>(50,789)</u>
Net change in fund balances	(9,563,932)	(9,563,932)	(911,684)	8,652,248
Fund balances, July 1, 2015	<u>9,563,932</u>	<u>9,563,932</u>	<u>9,479,591</u>	<u>(84,341)</u>
Fund balances, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,567,907</u>	<u>\$ 8,567,907</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
Required supplementary information
Notes to budgetary comparison schedules
June 30, 2016

Note 1 - Budgeting and budgetary control

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the general fund, each fund includes only one department.

Note 2 - Budgetary basis of accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles. There are no differences between the budget and the annual financial report based on the basis of accounting used.

Note 3 - Expenditures in excess of appropriations

For the year ended June 30, 2016, there were no expenditures that exceeded final budget amounts at the department level (the legal level of budgetary control) in the general fund or in any of the major special revenue funds presented.

Mohave County
Required supplementary information
Schedule of the County's proportionate share of the net pension liability
Cost-sharing pension plans
June 30, 2016

Arizona State Retirement System	Reporting fiscal year (measurement date)		
	2016 (2015)	2015 (2014)	2014 through 2007
County's proportion of the net pension liability	.38%	.39%	
County's proportionate share of the net pension liability	\$59,256,251	\$57,859,101	Information
County's covered payroll	\$35,153,250	\$35,362,673	not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	168.57%	163.62%	
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%	
 Corrections Officer Retirement Plan- Administrative Office of the Courts	 Reporting fiscal year (measurement date)		
	2016 (2015)	2015 (2014)	2014 through 2007
County's proportion of the net pension liability	2.65%	2.71%	Information
County's proportionate share of the net pension liability	\$6,438,542	\$6,077,411	not available
County's covered payroll	\$2,943,898	\$2,914,858	
County's proportionate share of the net pension liability as a percentage of its covered payroll	218.71%	189.24%	
Plan fiduciary net position as a percentage of the total pension liability	57.89%	58.59%	
 Elected Officials Retirement Plan	 Reporting fiscal year (measurement date)		
	2016 (2015)	2015 (2014)	2014 through 2007
County's proportion of the net pension liability	2.37%	2.53%	Information
County's proportionate share of the net pension liability	\$18,541,752	\$16,967,857	not available
State's proportionate share of the net pension liability associated with the County	<u>5,780,547</u>	<u>5,202,503</u>	
Total	<u>\$24,322,299</u>	<u>\$22,170,360</u>	
County's covered payroll	\$ 2,157,272	\$ 2,366,603	
County's proportionate share of the net pension liability as a percentage of its covered payroll	859.50%	712.91 %	
Plan fiduciary net position as a percentage of the total pension liability	28.32%	31.91%	

See accompanying notes to pension plan schedules

Mohave County
Required supplementary information
Schedule of changes in the County's
net pension liability (asset) and related ratios
Agent pension plans
June 30, 2016

PSPRS-Sheriff

	Reporting fiscal year (measurement date)		
	2016 (2015)	2015 (2014)	2014 through 2007 Information Not Available
Total pension liability			
Service cost	\$ 856,128	\$ 841,853	
Interest on the total pension liability	2,908,448	2,507,303	
Changes of benefits terms	0	743,169	
Difference between expected and actual experience in the measurement of the pension liability	(797,687)	(926,693)	
Changes of assumptions or other inputs	0	3,668,599	
Benefit payments, including refunds of employee contributions	<u>(1,932,983)</u>	<u>(1,529,492)</u>	
Net change in total pension liability	1,033,906	5,304,739	
Total pension liability-beginning	<u>37,588,720</u>	<u>32,283,981</u>	
Total pension liability-ending (a)	<u>\$38,622,626</u>	<u>\$37,588,720</u>	
Plan fiduciary net position			
Contributions-employer	\$ 1,232,825	\$ 1,174,898	
Contributions-employee	476,318	485,480	
Net investment income	708,906	2,343,758	
Benefits payments, including refunds of employee contributions	(1,932,983)	(1,529,492)	
Administrative expense	(17,672)	(18,876)	
Other changes	<u>10,751</u>	<u>(180,019)</u>	
Net change in plan fiduciary net position	478,145	2,275,749	
Plan fiduciary net position-beginning	<u>19,207,808</u>	<u>16,932,059</u>	
Plan fiduciary net position-ending (b)	<u>19,685,953</u>	<u>19,207,808</u>	
County's net pension liability – ending (a) – (b)	<u>\$18,936,673</u>	<u>\$18,380,912</u>	
Plan fiduciary net position as a percentage of the total pension liability	50.97%	51.1%	
Covered payroll	\$ 4,310,395	\$ 4,486,194	
County's net pension liability as a percentage of covered payroll	439.33%	409.72%	

See accompanying notes to pension plan schedules.

Mohave County
Required supplementary information
Schedule of changes in the County's
net pension liability (asset) and related ratios
Agent pension plans
June 30, 2016
(Continued)

CORP-Detention	Reporting fiscal year (measurement date)		
	2016 (2015)	2015 (2014)	2014 through 2007 Information not available
Total pension liability			
Service cost	\$ 527,226	\$ 535,075	
Interest on the total pension liability	476,424	404,294	
Changes of benefits terms	0	52,115	
Difference between expected and actual experience in the measurement of the pension liability	(255,141)	(44,513)	
Changes of assumptions or other inputs	0	309,034	
Benefit payments, including refunds of employee contributions	<u>(341,013)</u>	<u>(325,442)</u>	
Net change in total pension liability	407,496	930,563	
Total pension liability-beginning	<u>5,975,988</u>	<u>5,045,425</u>	
Total pension liability-ending (a)	<u>\$6,383,484</u>	<u>\$5,975,988</u>	
Plan fiduciary net position			
Contributions-employer	\$ 265,631	\$ 288,751	
Contributions-employee	330,465	328,515	
Net investment income	243,014	782,383	
Benefits payments, including refunds of employee contributions	(341,013)	(325,442)	
Administrative expense	(6,374)	(6,151)	
Other changes	<u>(82,072)</u>	<u>6,111</u>	
Net change in plan fiduciary net position	409,651	1,074,167	
Plan fiduciary net position-beginning	<u>6,532,878</u>	<u>5,458,711</u>	
Plan fiduciary net position-ending (b)	<u>6,942,529</u>	<u>6,532,878</u>	
County's net pension liability (asset) – ending (a) – (b)	<u>\$ (559,045)</u>	<u>\$ (556,890)</u>	
Plan fiduciary net position as a percentage of the total pension liability	108.76%	109.32%	
Covered payroll	\$3,910,769	\$4,107,411	
County's net pension liability (asset) as a percentage of covered payroll	(14.30%)	(13.56%)	

See accompanying notes to pension plan schedules.

Mohave County
Required supplementary information
Schedule of county pension contributions
June 30, 2016

Arizona State Retirement System

	Reporting fiscal year			2013 through 2007
	2016	2015	2014	
Statutorily required contribution	\$ 3,771,411	\$ 3,828,189	\$ 3,771,598	Information Not available
County's contributions in relation to the statutorily required contribution	<u>3,771,411</u>	<u>3,828,189</u>	<u>3,771,598</u>	
County's contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$34,138,216	\$35,153,250	\$35,362,373	
County's contributions as a percentage of covered payroll	10.85%	10.89%	10.67%	

**Corrections Officer Retirement Plan-
Administrative Office of the Courts**

	Reporting fiscal year			2013 through 2006
	2016	2015	2014	
Statutorily required contribution	\$ 564,751	\$ 438,052	\$ 421,197	Information Not available
County's contributions in relation to the statutorily required contribution	<u>564,751</u>	<u>438,052</u>	<u>421,197</u>	
County's contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$2,936,852	\$2,943,898	\$2,914,858	
County's contributions as a percentage of covered payroll	19.23%	14.88%	14.45%	

Elected Officials Retirement Plan

	Reporting fiscal year			2013 through 2006
	2016	2015	2014	
Statutorily required contribution	\$ 421,134	\$ 506,959	\$ 539,153	Information Not available
County's contributions in relation to the statutorily required contribution	<u>421,134</u>	<u>506,959</u>	<u>539,153</u>	
County's contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$1,753,759	\$2,157,272	\$2,366,603	
County's contributions as a percentage of covered payroll	23.5%	23.5%	22.78%	

See accompanying notes to pension plan schedules.

Mohave County
Required supplementary information
Schedule of county pension contributions
June 30, 2016
(Continued)

PSPRS	Reporting fiscal year			2013 through 2006
	2016	2015	2014	
Actuarially required contribution	\$1,611,839	\$1,232,773	\$1,174,898	Information
County's contributions in relation to the actuarially required contribution	<u>1,611,839</u>	<u>1,232,773</u>	<u>1,174,898</u>	Not available
County's contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$4,188,771	\$4,310,395	\$4,486,194	
County's contributions as a percentage of covered payroll	38.48%	28.6%	26.18%	

CORP	Reporting fiscal year			2013 through 2006
	2016	2015	2014	
Actuarially required contribution	\$ 274,918	\$ 264,368	\$ 288,751	Information
County's contributions in relation to the actuarially required contribution	<u>274,918</u>	<u>264,368</u>	<u>288,751</u>	not available
County's contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$3,910,641	\$3,910,769	\$4,107,411	
County's contributions as a percentage of covered payroll	7.03%	6.76%	7.03%	

See accompanying notes to pension plan schedules.

Mohave County
Required supplementary information
Notes to pension plan schedules
June 30, 2016

Note 1 – Change in accounting principle

For the year ended June 30, 2016, the County implemented the provisions of GASB Statement No. 82, *Pension Issues*. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedule and related ratios for prior periods have been restated.

Note 2 – Actuarially determined contribution rates

Actuarially determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2014 actuarial valuation	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS and from 5.0%-8.25% to 4.5%-7.75% for CORP.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0%-4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Mohave County
Required supplementary information
Schedule of agent OPEB plans' funding progress
June 30, 2016

Health insurance premium benefit

<u>Actuarial Valuation Date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (b)</u>	<u>Unfunded actuarial accrued liability (UAAL) (funding excess) (b)-(a)</u>	<u>Funded ratio (a)/(b)</u>	<u>Annual covered payroll (c)</u>	<u>UAAL (funding excess) as a percentage of covered payroll (b)-(a)/(c)</u>
PSPRS						
Sheriff						
6/30/16	\$1,369,082	\$726,615	\$(642,467)	188.4%	\$3,796,862	(16.9%)
6/30/15	1,300,696	782,355	(518,341)	166.3%	3,902,844	(13.3%)
6/30/14	1,195,069	896,475	(298,594)	133.3%	4,440,966	(6.7%)
CORP						
Detention						
6/30/16	\$629,940	\$252,116	\$(377,824)	249.9%	\$3,664,408	(10.3%)
6/30/15	596,823	259,587	(337,236)	229.9%	3,991,615	(8.4%)
6/30/14	536,633	253,412	(286,221)	212.9%	3,830,354	(7.5%)

