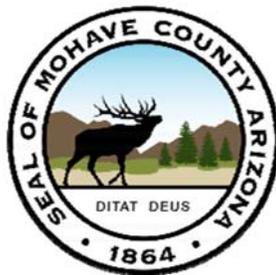


Mohave County
Annual Financial Report
Year Ended June 30, 2017



Mohave County
 Annual Financial Report
 Year ended June 30, 2017

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Independent Auditors' Report

The Auditor General of the State of Arizona

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, 2017, 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 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 of 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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, 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, 2017, 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.

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 56 through 61, Schedule of the County's Proportionate Share of the Net Pension Liability – Cost-Sharing Pension Plans on page 62, Schedule of Changes in the County's Net Pension Liability and Related Ratios – Agent Pension Plans on page 63 and 64, Schedule of County Pension Contributions on page 65 and 66, and Schedule of Agent OPEB Plans' Funding Progress on page 68 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 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 member of the Arizona State Legislature, the Auditor General of the State of Arizona, 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 have also issued our report dated April 23, 2018 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. The purpose of that report is solely 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 the effectiveness of the County's 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.

Fester & Chapman, PLLC

April 23, 2018

MOHAVE COUNTY FINANCIAL SERVICES

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Financial Services Director

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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, 2017. 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 slightly by \$141 thousand. The decrease is a net of a \$348 thousand increase in governmental activities net position and a decrease of \$489 thousand in business-type activities net position.
- Total liabilities increased by \$4.5 million government-wide and \$3.3 million in the governmental activities, over the prior year, primarily due to pension liability increases.
- The fund balance for the Library fund decreased again by \$916 thousand, due to a reduction of the secondary tax rate in 2016.
- The fund balance for the Road Fund increased \$1.6 million as a result of decreased expenditures for road projects and capital purchases.
- The General Fund, fund balance increased \$5.7 million due to an increase in intergovernmental and fee revenue, a decrease in expenditures, and transfers from other funds.
- The pension liability increased by \$9.7 million from the prior year. This includes liability for five different pension plans, which are discussed in detail in the notes to the financial statements.

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 utilities, 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 a finance corporation. The County's Board of Supervisors serves as the board of directors for all of the component units except for the finance corporation, which has 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 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 utilities, 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 utilities 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. Just slightly lower than last year.

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,				
	2016	2017	Increase (Decrease)	% Change
Current assets and other assets	\$ 133,641,520	\$ 137,074,126	\$ 3,432,606	2.57%
Capital assets	261,998,825	258,158,215	(3,840,610)	-1.47%
Net Pension asset	559,045	293,084	(265,961)	-47.57%
Total assets	<u>396,199,390</u>	<u>395,525,425</u>	<u>(673,965)</u>	<u>-0.17%</u>
Deferred outflows related to pensions	<u>15,166,726</u>	<u>23,934,562</u>	<u>8,767,836</u>	<u>57.81%</u>
Long-term liabilities outstanding	138,120,256	144,819,626	6,699,370	4.85%
Other liabilities	7,924,341	5,751,407	(2,172,934)	-27.42%
Total liabilities	<u>146,044,597</u>	<u>150,571,033</u>	<u>4,526,436</u>	<u>3.10%</u>
Deferred inflows related to pensions	<u>8,481,620</u>	<u>12,189,718</u>	<u>3,708,098</u>	<u>43.72%</u>
Net position:				
Net investment in capital assets	243,842,695	244,246,618	403,923	0.17%
Restricted	66,806,933	68,371,463	1,564,530	2.34%
Unrestricted	<u>(53,809,729)</u>	<u>(55,918,845)</u>	<u>(2,109,116)</u>	<u>3.92%</u>
Total net position	<u>\$ 256,839,899</u>	<u>\$ 256,699,236</u>	<u>\$ (140,663)</u>	<u>-0.05%</u>

The explanations for the changes between fund balance presentation and government-wide can be seen in the reconciliations on pages 4 and 6 of the financial statements.

The government-wide restricted net position increased from the prior year by \$1.6 million. This increase was spread throughout the restricted funds netting increases and decreases in various funds. The adjustments that have the greatest effect on the restricted funds are the adjustments for fixed assets and long-term debt.

The largest change was in the unrestricted net position, which reflects an increase of \$2.1 million in the negative net position. This is a result of a net pension adjustment increase of \$3.4 million in the negative fund balance, and \$1.3 million increase in expense for fixed asset adjustments and a reduction in revenue of \$600,000, offset by a \$3.2 million decrease in expense from the long-term debt adjustment.

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

	2016	2017	Increase (Decrease)	% Change
Current assets and other assets	\$ 114,223,257	\$ 117,071,560	\$2,848,303	2.49%
Capital assets	246,117,444	242,191,918	(3,925,526)	-1.59%
Net pension asset	559,045	293,084	(265,961)	-47.57%
Total assets	<u>360,899,746</u>	<u>359,556,562</u>	<u>(1,343,184)</u>	<u>-0.37%</u>
Deferred outflows related to pensions	<u>14,992,732</u>	<u>23,569,376</u>	<u>8,576,644</u>	<u>57.21%</u>
Long-term liabilities outstanding	128,247,192	134,186,881	5,939,689	4.63%
Other liabilities	7,482,118	4,858,757	(2,623,361)	-35.06%
Total liabilities	<u>135,729,310</u>	<u>139,045,638</u>	<u>3,316,328</u>	<u>2.44%</u>
Deferred inflows related to pensions	<u>8,311,773</u>	<u>11,880,187</u>	<u>3,568,414</u>	<u>42.93%</u>
Net position:				
Net investment in capital assets	227,961,314	228,280,321	319,007	0.14%
Restricted	58,379,126	60,175,428	1,796,302	3.08%
Unrestricted	(54,489,045)	(56,255,636)	(1,766,591)	3.24%
Total net position	<u>\$ 231,851,395</u>	<u>\$ 232,200,113</u>	<u>\$ 348,718</u>	<u>0.15%</u>

Governmental activities—net position highlights: As a result of an actuarial valuation of the total pension liability performed as of June 30, 2017, and a measurement date of June 30, 2016, deferred outflows and inflows of resources related to pensions increased by \$8.6 million and \$3.6 million, respectively. The pension liability increased by \$9.7 million and the Beneficial Interest Certificates liability decreased by \$4.1 million. Other Long-term debt increased by \$.34 million resulting in a net \$5.94 million total increase to Long-term liabilities. Other liabilities had a net decrease of \$2.6 million due to a reduction in accrued salaries and benefits payable at year end. The prior year had a payroll accrual of 15 days. The current year only had an accrual of 5 days, resulting in the lower liabilities. The increase in negative unrestricted net position is a result of the pension adjustments.

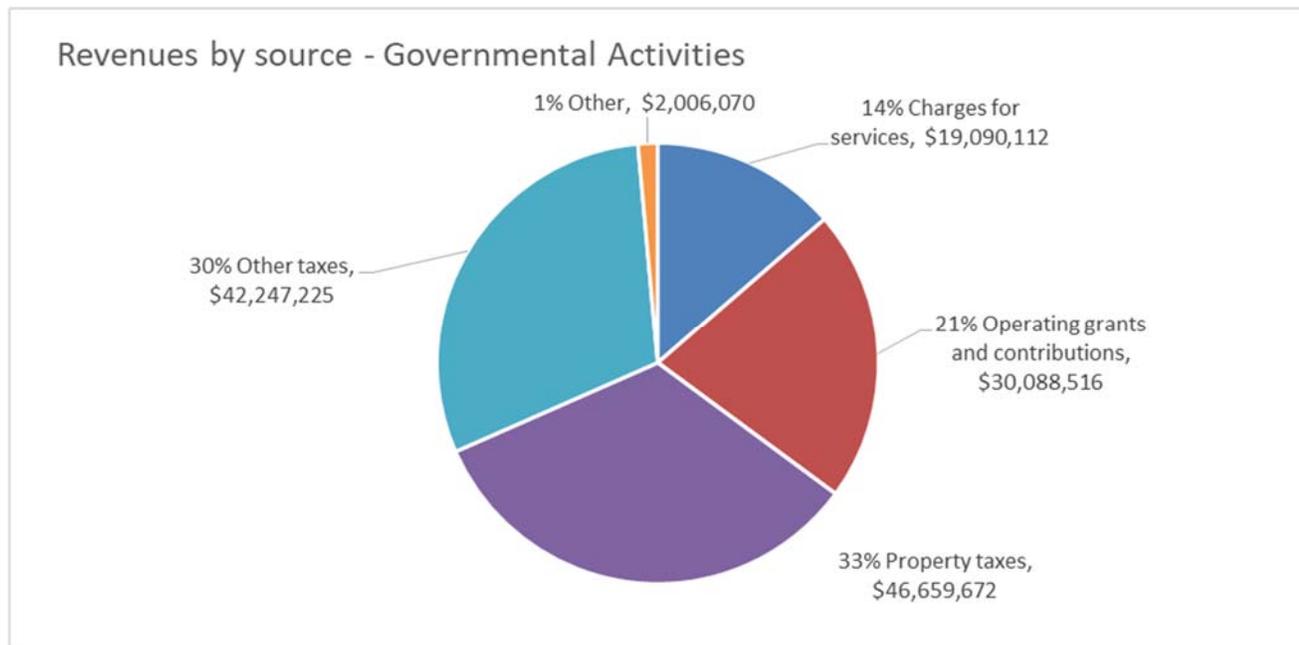
The explanations for the changes in the Governmental net position categories are the same as that described above for the Government-wide. The business-type accounted for a small percent of the changes in net position above.

Governmental Activities
Comparative Statement of Activities
Year Ended June 30,

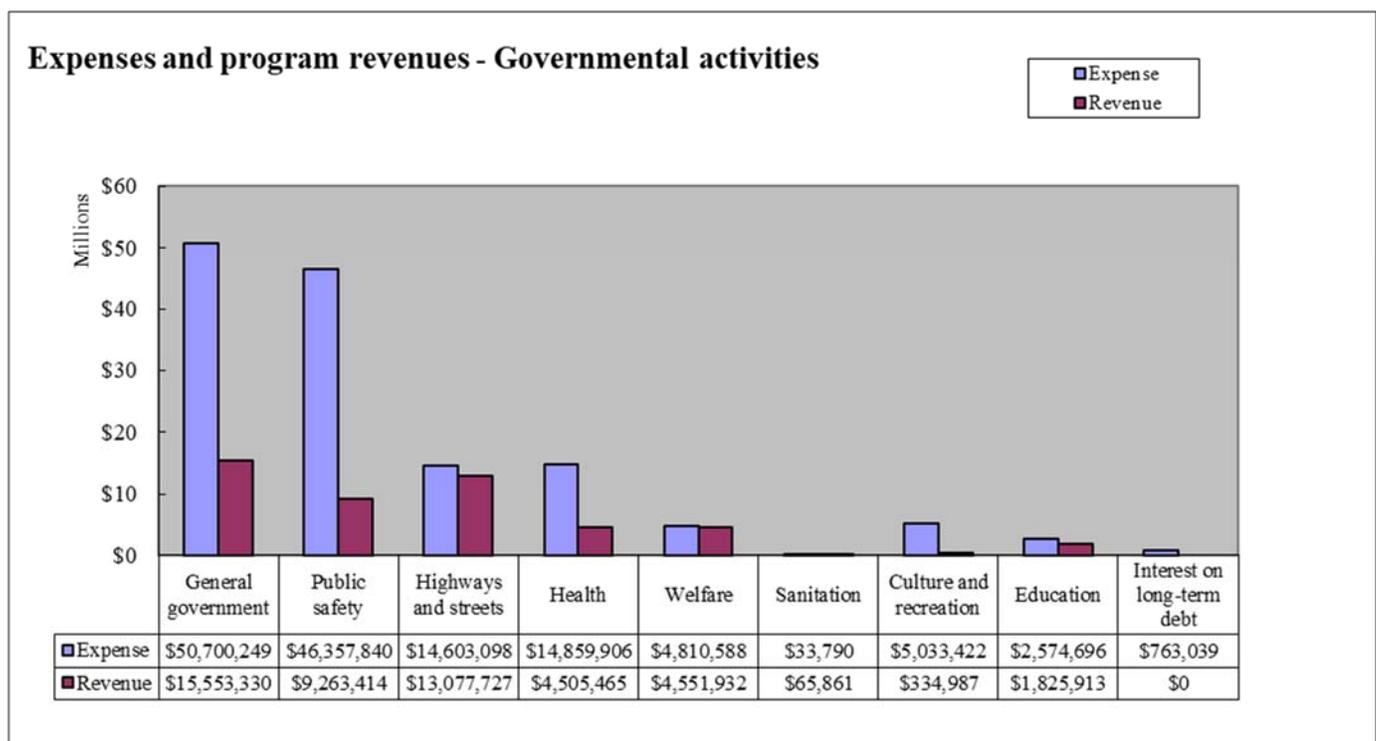
	2016	2017	Increase (Decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 17,628,016	\$ 19,090,112	\$ 1,462,096	8.29%
Operating grants and contributions	29,470,600	30,088,516	617,916	2.10%
Total program revenues	<u>47,098,616</u>	<u>49,178,629</u>	<u>2,080,013</u>	<u>4.42%</u>
General revenues				
Property taxes	46,364,894	46,659,672	294,778	0.64%
Other taxes	41,133,829	42,247,225	1,113,396	2.71%
Other revenues	1,374,215	2,006,070	631,855	45.98%
Total general revenues	<u>88,872,937</u>	<u>90,912,967</u>	<u>2,040,029</u>	<u>2.30%</u>
Total revenues	<u>135,971,553</u>	<u>140,091,596</u>	<u>4,120,042</u>	<u>3.03%</u>
Expenses:				
General government	53,132,528	50,700,249	(2,432,279)	-4.58%
Public safety	40,929,873	46,357,840	5,427,967	13.26%
Highways and streets	18,139,895	14,603,098	(3,536,797)	-19.50%
Health	14,985,684	14,859,906	(125,778)	-0.84%
Welfare	4,655,574	4,810,588	155,014	3.33%
Sanitation	9,347	33,790	24,443	261.51%
Culture and recreation	4,751,638	5,033,422	281,784	5.93%
Education	2,062,490	2,574,696	512,206	24.83%
Interest on long-term debt	927,429	763,039	(164,390)	-17.73%
Total expenses	<u>139,594,458</u>	<u>139,736,627</u>	<u>142,169</u>	<u>0.10%</u>
Inc. (Dec.) in net position before transfers	<u>(3,622,905)</u>	<u>354,968</u>	<u>3,977,873</u>	<u>-109.80%</u>
Transfers	70,091	(6,250)	(76,341)	-108.92%
Inc. (Dec.) in net position after transfers	<u>(3,552,814)</u>	<u>348,718</u>	<u>3,901,532</u>	<u>-109.82%</u>
Net position beginning of year	<u>235,404,208</u>	<u>231,851,395</u>	<u>(3,552,813)</u>	<u>-1.51%</u>
Net position end of year	<u>\$ 231,851,394</u>	<u>\$ 232,200,113</u>	<u>\$ 348,719</u>	<u>0.15%</u>

Governmental activities—comparative statement of activities highlights: The current year governmental activities financial statements reflect an increase in total revenues due to increases in intergovernmental revenue and charges for services. The other revenue increase is due to land sales and increases in insurance reimbursements. Expenses increased .1 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 at the fund level. The large decrease in General government expenses relates to government-wide adjustments for capital purchases, which were down this year. Public safety had significant increases in government-wide adjustments for pension and capital purchases. The Highways and streets expense decreased due to fund basis decreases in road projects. There is a new governmental Sanitation department that just started last year. It is fully operational this year and therefore expenses are up. The government-wide 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.

The chart below represents all revenues collected from governmental activities, including general revenues, as reported in the Statement of 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 \$140.1 million. General revenues of \$90.9 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 small increase to net position of \$348,718 for the fiscal year as indicated on the Statement of Activities.



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

	2016	2017	Increase (Decrease)	% Change
Current assets and other assets	\$ 19,418,263	\$ 20,002,566	\$ 584,303	3.01%
Capital assets	15,881,381	15,966,297	84,916	0.53%
Total assets	<u>35,299,644</u>	<u>35,968,863</u>	<u>669,219</u>	<u>1.90%</u>
Deferred outflows related to pensions	<u>173,994</u>	<u>365,186</u>	<u>191,192</u>	<u>109.88%</u>
Long-term liabilities outstanding	9,873,064	10,632,745	759,681	7.69%
Other liabilities	442,223	892,650	450,427	101.86%
Total liabilities	<u>10,315,287</u>	<u>11,525,395</u>	<u>1,210,108</u>	<u>11.73%</u>
Deferred inflows related to pensions	<u>169,847</u>	<u>309,531</u>	<u>139,684</u>	<u>82.24%</u>
Net position:				
Net investment in capital assets	15,881,381	15,966,297	84,916	0.53%
Restricted	8,427,807	8,196,035	(231,772)	-2.75%
Unrestricted	679,316	336,791	(342,525)	-50.42%
Total net position	<u>\$ 24,988,504</u>	<u>\$ 24,499,123</u>	<u>\$ (489,381)</u>	<u>-1.96%</u>

Business-type activities—net position highlights: Deferred outflows related to pensions and deferred inflows related to pensions should be netted together for net increase of \$56 thousand. This is a \$52 thousand increase from the prior year in changes from pension adjustments. 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. In addition, the long-term liabilities increased due to pension liability adjustments. Other liabilities increased \$450 thousand due to an increase in accounts payable claims paid after June 30th and accrued to fiscal year 2017. The decrease to unrestricted net position was due to billing related to the I-40 water corridor and pension adjustments.

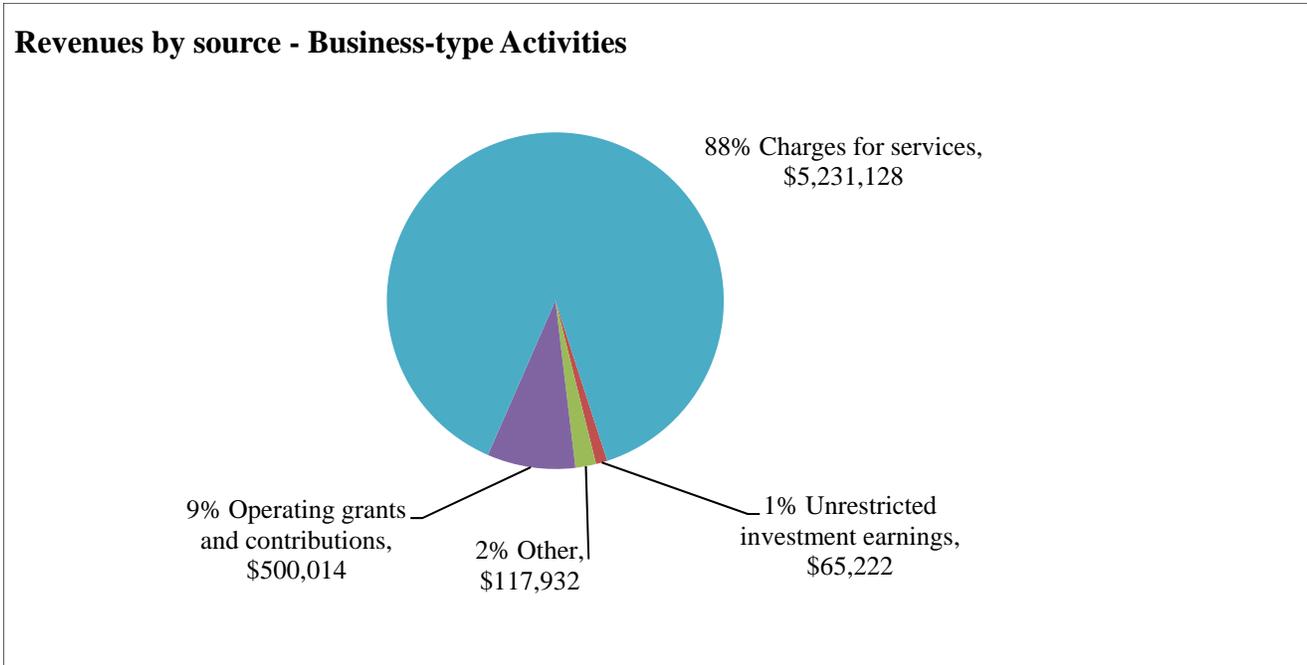
Business-type Activities
Comparative Statement of Activities
Year Ended June 30,

	2016	2017	Increase (Decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 5,497,739	\$ 5,231,128	\$ (266,611)	-4.85%
Operating grants and contributions	476,427	500,014	23,587	4.95%
Capital grants and contributions	500,000	0	(500,000)	-100.00%
Total program revenues	<u>6,474,166</u>	<u>5,731,142</u>	<u>(743,024)</u>	<u>-11.48%</u>
General revenues				
Other taxes	100,000	100,000	-	0.00%
Other revenues	106,947	83,154	(23,793)	-22.25%
Total general revenues	<u>206,947</u>	<u>183,154</u>	<u>(23,793)</u>	<u>-11.50%</u>
Total revenues	<u>6,681,113</u>	<u>5,914,296</u>	<u>(766,817)</u>	<u>-11.48%</u>
Expenses:				
Landfill	1,386,814	1,880,032	493,218	35.56%
Recreation	1,930,589	1,905,962	(24,627)	-1.28%
Water companies	2,855,804	2,623,933	(231,871)	-8.12%
Total expenses	<u>6,173,207</u>	<u>6,409,927</u>	<u>236,720</u>	<u>3.83%</u>
Increase in net position before transfers	507,906	(495,631)	(1,003,537)	-197.58%
Transfers	(70,091)	6,250	76,341	-108.92%
Decrease in net position after transfers	437,815	(489,381)	(927,196)	-211.78%
Net position beginning of year	<u>24,550,689</u>	<u>24,988,504</u>	<u>437,815</u>	<u>1.78%</u>
Net position end of year	<u>\$ 24,988,504</u>	<u>\$ 24,499,123</u>	<u>\$ (489,381)</u>	<u>-1.96%</u>

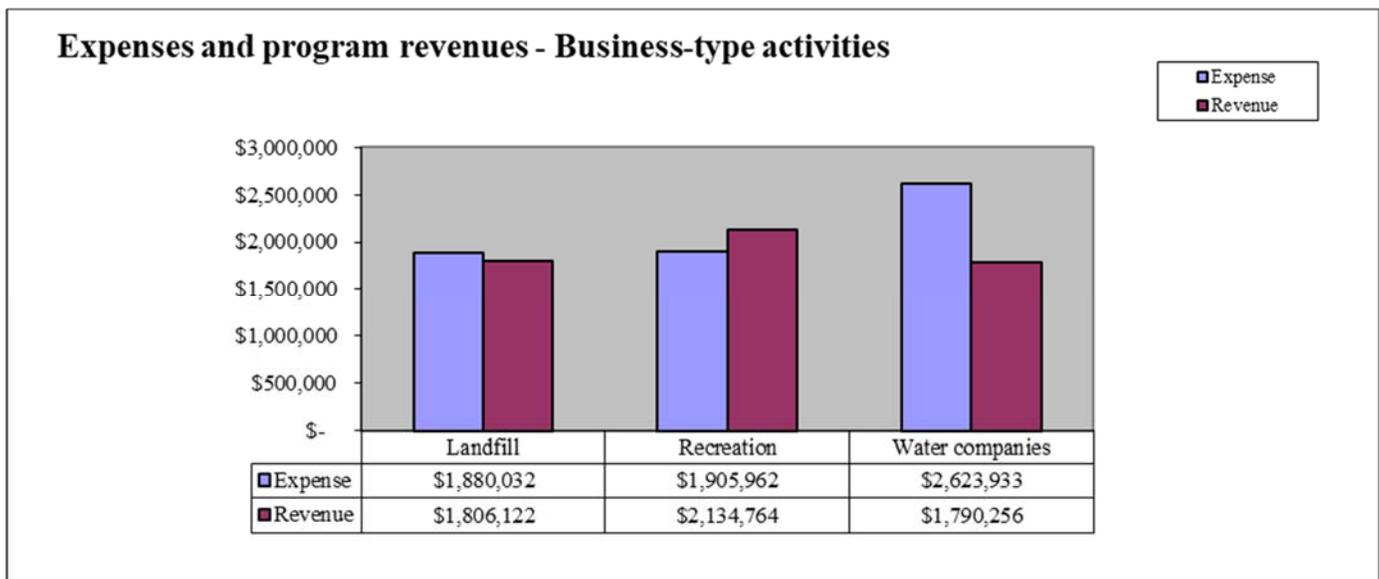
Business-type activities—comparative statement of activities highlights:

Analysis of revenue and expense changes—The Business-type activities comparative statement of activities schedule above shows an 11 percent decrease in total revenues for the year. Capital grants and contributions decreased because the Other Enterprise funds (I-40 water corridor) received a one-time \$500 thousand grant for well site improvements in the prior year. Other revenues decreased \$24 thousand due to a negative market adjustment on investments. Landfill expenses increased \$500 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. This was offset by a transfer in from the General fund to Parks for fairground improvements.

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



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 that are nonspendable, restricted, or committed and can only be used for specific purposes. The Other Governmental Funds unassigned fund balance is negative and therefore also unavailable to spend.

**Comparative Balance Sheet
Governmental Funds
As of June 30,**

	General Fund	Road Fund	Flood Control Fund	Library Fund	Jail Debt Service Fund	Other Governmental Funds	Total Governmental Funds
2016							
Assets	\$ 23,121,408	\$ 14,230,151	\$ 6,742,097	\$ 9,227,928	\$ 15,713,923	\$ 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>8,567,907</u>	<u>15,713,923</u>	<u>18,884,276</u>	<u>78,673,936</u>
2017							
Assets	28,011,813	15,722,024	6,632,641	8,197,315	15,725,656	21,819,940	96,109,389
Liabilities	2,606,569	775,336	130,156	68,872	-	1,432,742	5,013,675
Deferred inflows	2,577,686	-	778,425	476,568	-	462,089	4,294,768
Fund balance	<u>22,827,558</u>	<u>14,946,688</u>	<u>5,724,060</u>	<u>7,651,875</u>	<u>15,725,656</u>	<u>19,925,109</u>	<u>86,800,946</u>
Increase (decrease)							
Assets	4,890,405	1,491,873	(109,456)	(1,030,613)	11,733	450,140	5,704,082
Liabilities	(920,588)	(113,427)	(312,296)	(102,579)	-	(471,945)	(1,920,835)
Deferred inflows	79,328	-	(450,671)	(12,002)	-	(118,748)	(502,093)
Fund balance	<u>\$ 5,731,665</u>	<u>\$ 1,605,300</u>	<u>\$ 653,511</u>	<u>\$ (916,032)</u>	<u>\$ 11,733</u>	<u>\$ 1,040,833</u>	<u>\$ 8,127,010</u>
% change							
Assets	21.15%	10.48%	-1.62%	-11.17%	0.07%	2.11%	6.31%
Liabilities	-26.10%	-12.76%	-70.58%	-59.83%	0.00%	-24.78%	-27.70%
Deferred inflows	3.18%	0.00%	-36.67%	-2.46%	0.00%	-20.44%	-10.47%
Fund balance	33.53%	12.03%	12.89%	-10.69%	0.07%	5.51%	10.33%

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 \$22.8 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 31.1 percent of total General Fund expenditures. The deferred inflows represent deferred property tax collections and accounted for the increase in deferred inflows. Collections of delinquent property tax revenue picked up slightly.

The Road Funds total fund balance is restricted for road maintenance and other approved highway user funds projects. The current year road project expenses were less than the current year road revenues, which is reflected by a corresponding increase in the fund balance. Delays in road projects and fewer capital purchases accounted for the decrease in expenditures.

The Flood Control Fund total fund balance increased from the prior year. The increase in fund balance corresponds with increases in non-program revenue including auction proceeds, cost share revenue from the cities and increases in federal grants.

The Library Fund total fund balance has decreased for two years in a row, as a result of a board approved reduction to the secondary tax rate of 10 cents per \$100 in 2016.

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,

	General Fund	Road Fund	Flood Control Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total Governmental Funds
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)	2,760,848	1,884	(575,530)	4,871,179	(330,028)	\$ (3,857,052)	\$ 2,871,301
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>
2017							
Revenues	77,979,460	16,326,737	8,632,710	14,328	4,162,922	29,041,111	136,157,268
Expenditures	73,395,346	14,723,815	7,412,076	4,874,513	4,738,469	25,215,189	130,359,408
Other financing sources (uses)	1,147,551	-	(567,123)	4,871,918	(340,485)	(2,785,089)	2,326,772
Net change in fund balance	<u>5,731,665</u>	<u>1,602,922</u>	<u>653,511</u>	<u>11,733</u>	<u>(916,032)</u>	<u>1,040,833</u>	<u>8,124,632</u>
Increase (decrease)							
Revenues	1,555,491	846,845	697,289	10,258	(49,889)	796,433	3,856,427
Expenditures	(932,811)	(3,500,410)	412,815	1,000	(55,998)	614,866	(3,460,538)
Other financing sources (uses)	(1,613,297)	(1,884)	8,407	739	(10,457)	1,071,963	(544,529)
% change							
Revenues	2.04%	5.47%	8.79%	252.04%	-1.18%	2.82%	2.91%
Expenditures	-1.25%	-19.21%	5.90%	0.02%	-1.17%	2.50%	-2.59%
Other financing sources (uses)	-58.43%	-100.00%	-1.46%	0.02%	3.17%	-27.79%	-18.96%

County-wide expenditures:

The Road Fund experienced a 5.47 percent increase in revenue and had a 19.21 percent decrease in expenditures. The fund spent less on capital purchases, compared to the prior year. There was a large percentage of heavy equipment replaced in 2016. There was also a decrease in the number of road projects, as some experienced delays in being started and some were cancelled. There were no other financing sources of revenue for the current year. The prior year reflects the sale of an asset.

The Library Fund revenues were consistent with the prior year, because it is the second year of revenue decreases, due to the board approved secondary tax rate reduction. The fund was able to keep expenditures slightly lower than the previous year, but not low enough to maintain the fund balance. Other financing uses, transfers to the General fund, put additional strain on the fund balance.

The Jail Debt Service Fund's only revenue source is interest, which increased by 252 percent over the prior year due to better investment returns with the funds held by trustee.

The Other Governmental Funds experienced a \$1.1 million increase in other financing uses. There was a sale of property for \$470 thousand. Also a net favorable increase in the operating transfers in and out from other funds, for the balance of the increase.

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, decreased slightly from the prior year. The decrease in net position, for the Landfill and Other Enterprise Funds was less than the depreciation expense, which does not affect available cash. Excluding the non-cash depreciation adjustment, all the funds, except GVID, would have had an increase in net position. GVID has been operating at a loss (before depreciation) for a couple of years. The Board of Supervisors and Management are addressing this through a public process at the conclusion of a formal rate analysis.

Statement of Net Position—Governmental Activities-Internal Service Funds—Net position for the internal service funds decreased by \$1.8 million from the prior year. Most of this was attributed to a \$1.6 million operating transfer back to the General fund. Internal service funds are designed to break even. Prior to the transfers, the internal service funds reflected a slight increase in net position, as expected. In addition to the transfers to the General fund there were additional transfers out that accounted for the balance of the decrease in net position.

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 decreased by \$1.2 million and operating expenses decreased by approximately \$800 thousand in total for all the internal service funds. The funds intentionally reduced the fees charged to get back to a break even position. The fund balances had been growing. The decrease in net position is attributed to the changes discussed above.

General Fund Budgetary Highlights

Variations between Original Budget and Final Revised Budget

Revenues: There were no changes between the original budget and final revised budget revenues. Total revenue budgeted was less than 2016 by \$500 thousand.

Expenditures: There were no significant changes between the original budget and final revised budget total expenditures. Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments. Budgeted expenditures decreased \$3.5 million compared to 2016. It was necessary to reduce budgeted expenditures to match expected revenue decreases from continued State mandated cost shifts and fund sweeps.

Variations between Final Revised Budget and Actual Revenues or Expenditures

Revenues: The General Fund revenue was less than the total amount budgeted by \$.7 million. The largest difference was in miscellaneous revenue, whereby \$1.1 million budgeted for reduced insurance premiums was reflected as a contra expense in the financial statements. Offsetting that, also in miscellaneous, was a sale of property that was unbudgeted. Investment earnings were down due to a negative market adjustment at year-end.

Expenditures: Actual expenditures were less than budgeted expenditures by \$7.4 million. The prior year difference was \$10 million. General administration budgeted expenditures decreased \$2.1 million because State cost shift amounts were known prior to final budget adoption thereby allowing the County to budget for actual costs. The County contingency was budgeted at \$2.0 million but only \$644 thousand was utilized during the year. The largest portion, \$599 thousand, was used for legal defense for State mandated court services. Public Safety expenditures were \$1.7 million less than the budget primarily as a result of personnel savings from retirements and new recruitment efforts. Many departments, including the Treasurer, Public Defender, Jail and Sheriff, had significant vacancy savings in their personnel costs. In total, for the General fund, there was over \$3 million in vacancy savings. Planning and Zoning expenditures were \$518 thousand less than budget primarily due to \$300,000 that was available for outsourcing plan reviews that was not needed during the year.

Actual expenditures decreased from the prior year \$933 thousand. A reduction in the health insurance premium accounts for the expenditure decrease. Most departments were able to maintain or reduce operating expenses compared to the prior year. Vacancy savings and reducing staff by attrition and department reorganization were also employed as a cost reduction methods.

Other financing sources (uses): Transfers in from other funds decreased \$1.6 million from the prior year. The prior year included a one-time, \$3 million, transfer of seed money deposited to the Vehicle Use Fund being returned to the General Fund. The current year includes a one-time return of General Fund monies from Janitorial Services, Fleet Services, and Communications totaling \$1.6 million.

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, 2017, is \$258 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. Capital assets not being depreciated in the governmental activities increased due to design work performed for the construction of a new judicial facility that will take several years to complete.

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

	2016	2017	Increase (Decrease)	% Change
Governmental activities				
Capital assets, not being depreciated	\$ 30,484,429	\$ 31,930,042	\$ 1,445,613	4.74%
Capital assets, being depreciated	215,633,015	210,261,876	(5,371,139)	-2.49%
Total governmental capital assets	<u>246,117,444</u>	<u>242,191,918</u>	<u>(3,925,526)</u>	<u>-1.59%</u>
Business-type activities				
Capital assets, not being depreciated	1,964,498	2,004,306	39,808	2.03%
Capital assets, being depreciated	13,916,883	13,961,991	45,108	0.32%
Total business-type capital assets	<u>15,881,381</u>	<u>15,966,297</u>	<u>84,916</u>	<u>0.53%</u>
Total governmental and business-type activities				
Capital assets, not being depreciated	32,448,927	33,934,348	1,485,421	4.58%
Capital assets, being depreciated	229,549,898	224,223,867	(5,326,031)	-2.32%
Total capital assets	<u>\$ 261,998,825</u>	<u>\$ 258,158,215</u>	<u>\$ (3,840,610)</u>	<u>-1.47%</u>

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

- The County replaced 50 aging vehicles from the fleet at a total cost of \$1.5 million. Various sources funded these purchases; 41 from the Vehicle Use Fund, 3 from the Road fund, 3 from the Park fund, and 3 from other governmental funds.
- The Road fund also purchased 16 pieces of heavy equipment totaling \$2.4 million. This included motor graders, street brooms, compactor/rollers, a 15 yard dump truck and a semi-tractor and slide axle trailer.
- Major construction projects included additional work on the Sunrise Vistas flood control channel and design work for the Law and Justice Facility.
- Installation of a solar photovoltaic parking structure at the Bullhead City justice court.

Notes 5 and 6 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 \$145 million. \$13.5 million is related to completed construction projects fully backed by \$14.7 million of funds set aside for early repayment of debt. The remainder of Mohave County’s long-term liabilities is 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 8.

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 2017 was \$104 million (6 percent of \$1.740 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt.

Note 8 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, and going forward, 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 2017 was 6.1 percent, a decrease of .7 percent from the prior year. The unemployment rate in Mohave County is higher than the State's 2017 unemployment rate of 5.1 percent and also higher than the national average rate 4.7 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 2018 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, 2017

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
Assets			
Cash and investments	\$ 87,593,321	\$ 18,557,203	\$ 106,150,524
Receivables (net of allowances for uncollectibles):			
Property taxes	4,659,676	6	4,659,682
Accounts	858,837	248,273	1,107,110
Accrued interest	35,972	7,249	43,221
Due from other governments	5,443,055	117,839	5,560,894
Inventories	281,726	138,124	419,850
Prepaid items	729,805	2,274	732,079
Cash and investments held by trustee	16,326,063	-	16,326,063
Restricted cash	100,000	594,921	694,921
Internal balances	(336,677)	336,677	-
Restricted assets - HUD properties	1,379,782	-	1,379,782
Capital assets, not being depreciated	31,930,042	2,004,306	33,934,348
Capital assets, being depreciated, net	210,261,876	13,961,991	224,223,867
Net Pension Asset	293,084	-	293,084
Total assets	<u>359,556,562</u>	<u>35,968,863</u>	<u>395,525,425</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	23,569,376	365,186	23,934,562
Total deferred outflows of resources	<u>23,569,376</u>	<u>365,186</u>	<u>23,934,562</u>
Liabilities			
Accounts payable	2,878,691	732,040	3,610,731
Accrued payroll and employee benefits	1,403,654	39,070	1,442,724
Due to other governments	-	3,489	3,489
Deposits held for others	569,422	89,394	658,816
Unearned revenue	6,990	28,657	35,647
Noncurrent liabilities			
Due within 1 year	13,012,903	128,616	13,141,519
Due in more than 1 year	121,173,978	10,504,129	131,678,107
Total liabilities	<u>139,045,638</u>	<u>11,525,395</u>	<u>150,571,033</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	11,880,187	309,531	12,189,718
Total deferred inflows of resources	<u>11,880,187</u>	<u>309,531</u>	<u>12,189,718</u>
Net Position			
Net investment in capital assets	228,280,321	15,966,297	244,246,618
Restricted for:			
General government	5,701,464	-	5,701,464
Public safety	10,507,611	-	10,507,611
Highways and streets	14,735,024	-	14,735,024
Health	2,157,998	-	2,157,998
Welfare	1,123,171	-	1,123,171
Sanitation	-	7,601,114	7,601,114
Culture and recreation	7,479,379	-	7,479,379
Education	364,062	-	364,062
Debt service	14,709,682	-	14,709,682
Capital projects	1,005,725	594,921	1,600,646
Other purposes	2,391,313	-	2,391,313
Unrestricted (deficit)	(56,255,636)	336,791	(55,918,845)
Total net position	<u>\$ 232,200,113</u>	<u>\$ 24,499,123</u>	<u>\$ 256,699,236</u>

See accompanying notes to the financial statements

Mohave County
Statement of activities
Year ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 50,700,249	\$ 12,418,121	\$ 3,135,209	\$ (35,146,919)	\$ -	\$ (35,146,919)
Public safety	46,357,840	4,161,638	5,101,776	(37,094,426)	-	(37,094,426)
Highways and streets	14,603,098	92,409	12,985,318	(1,525,371)	-	(1,525,371)
Health	14,859,906	1,659,572	2,845,893	(10,354,441)	-	(10,354,441)
Welfare	4,810,588	545,946	4,005,986	(258,656)	-	(258,656)
Sanitation	33,790	65,861	-	32,071	-	32,071
Culture and recreation	5,033,422	113,790	221,197	(4,698,435)	-	(4,698,435)
Education	2,574,696	32,776	1,793,137	(748,783)	-	(748,783)
Interest on long-term debt	763,039	-	-	(763,039)	-	(763,039)
Total governmental activities	139,736,627	19,090,112	30,088,516	(90,557,998)	-	(90,557,998)
Business-type activities:						
Landfill	1,880,032	1,391,578	414,544	-	(73,910)	(73,910)
Recreation	1,905,962	2,074,764	60,000	-	228,802	228,802
Water companies	2,623,933	1,764,786	25,470	-	(833,677)	(833,677)
Total business-type activities	6,409,927	5,231,128	500,014	-	(678,785)	(678,785)
Total primary government	\$ 146,146,554	\$ 24,321,240	\$ 30,588,530	(90,557,998)	(678,785)	(91,236,783)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				39,213,392	-	39,213,392
Property taxes, levied for flood control				7,355,727	-	7,355,727
Property taxes, levied for debt service				90,553	-	90,553
Share of state sales taxes				21,289,519	-	21,289,519
Special county sales tax for capital projects				6,486,959	-	6,486,959
Shared revenue - state vehicle license tax				10,372,519	-	10,372,519
Federal in-lieu tax				3,567,246	100,000	3,667,246
Local in-lieu tax				18,615	-	18,615
Utilities franchise tax				512,367	-	512,367
County equalization revenue				85,379	-	85,379
Investment earnings				282,730	65,222	347,952
Miscellaneous				1,340,126	17,932	1,358,058
Rent				234,775	-	234,775
Gain on sale/trade of capital assets				63,060	-	63,060
Transfers				(6,250)	6,250	0
Total general revenues				90,906,717	189,404	91,096,121
Change in net position				348,718	(489,381)	(140,663)
Net position, July 1, 2016				231,851,395	24,988,504	256,839,899
Net position, June 30, 2017				\$ 232,200,113	\$ 24,499,123	\$ 256,699,236

See accompanying notes to the financial statements

Mohave County
Balance sheet
Governmental funds
June 30, 2017

Assets	General Fund	Road Fund	Flood Control Fund	Library Fund	Jail Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 22,686,247	\$ 14,168,856	\$ 5,691,411	\$ 7,535,430	\$ 1,015,597	\$ 17,938,027	\$ 69,035,568
Cash and investments held by trustee	-	-	-	-	14,709,682	1,005,725	15,715,407
Receivables (net of allowances for uncollectibles):							
Property taxes	3,090,991	-	912,660	542,231	-	113,794	4,659,676
Accounts	335,545	9,644	100	2,497	-	301,808	649,594
Accrued interest	9,166	5,721	3,565	3,025	377	6,805	28,659
Due from:							
Other funds	811	10,930	1,972	-	-	33,393	47,106
Other governments	1,765,988	1,315,209	-	-	-	2,315,812	5,397,009
Inventories	-	211,069	22,333	-	-	-	233,402
Prepaid items	23,065	595	600	114,132	-	104,576	242,968
Restricted cash	100,000	-	-	-	-	-	100,000
Total assets	\$ 28,011,813	\$ 15,722,024	\$ 6,632,641	\$ 8,197,315	\$ 15,725,656	\$ 21,819,940	\$ 96,109,389
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 1,323,525	\$ 632,125	\$ 107,054	\$ 20,390	\$ -	\$ 642,841	\$ 2,725,935
Accrued payroll and employee benefits	893,428	140,549	23,102	48,482	-	237,245	1,342,806
Due to:							
Other funds	3,309	2,662	-	-	-	30,205	36,176
Deposits held for others	386,307	-	-	-	-	178,784	565,091
Unearned revenue	-	-	-	-	-	6,990	6,990
Advances payable - Landfill	-	-	-	-	-	336,677	336,677
Total liabilities	2,606,569	775,336	130,156	68,872	-	1,432,742	5,013,675
Deferred Inflows of Resources:							
Unavailable revenue-property taxes	2,577,686	-	778,425	476,568	-	133,821	3,966,500
Unavailable revenue-intergovernmental	-	-	-	-	-	328,268	328,268
Total deferred inflows of resources	2,577,686	-	778,425	476,568	-	462,089	4,294,768
Fund balances							
Nonspendable	23,065	211,664	22,933	114,132	-	104,576	476,370
Restricted	-	14,735,024	5,701,127	7,537,743	14,709,682	14,830,635	57,514,211
Committed	-	-	-	-	1,015,974	5,312,731	6,328,705
Unassigned	22,804,493	-	-	-	-	(322,833)	22,481,660
Total fund balances	22,827,558	14,946,688	5,724,060	7,651,875	15,725,656	19,925,109	86,800,946
Total liabilities, deferred inflows of resources and fund balances	\$ 28,011,813	\$ 15,722,024	\$ 6,632,641	\$ 8,197,315	\$ 15,725,656	\$ 21,819,940	96,109,389

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, 2017

Fund balances - total governmental funds		\$ 86,800,946
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.		239,155,842
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Property taxes receivable	3,966,500	
Grant receivables	<u>328,268</u>	4,294,768
Long-term liabilities, such as net pension liabilities, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(107,728,298)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		11,612,237
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.		18,440,536
Some assets and liabilities, including beneficial interest certificates payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Beneficial interest certificates	(13,460,000)	
Claims Payable	(1,127,657)	
Net pension assets held in trust	293,084	
Capital leases payable	(219,867)	
Compensated absences	<u>(5,861,478)</u>	<u>(20,375,918)</u>
Net position of governmental activities		<u>\$ 232,200,113</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, 2017

	General Fund	Road Fund	Flood Control Fund	Library Fund	Jail Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 35,525,201	\$ -	\$ 7,355,727	\$ 3,803,543	\$ -	\$ 6,924,638	\$ 53,609,109
Special assessments	-	-	-	-	-	63,245	63,245
Licenses and permits	994,162	39,273	3,055	-	-	719,693	1,756,183
Intergovernmental	32,423,872	15,985,206	852,534	26,756	-	14,981,266	64,269,634
Charges for services	6,708,483	52,789	133,250	50,572	-	4,513,711	11,458,805
Fines and forfeits	1,424,209	347	-	63,218	-	1,291,733	2,779,507
Investment earnings	53,838	45,017	36,100	15,173	14,328	63,253	227,709
Rents	-	70,593	-	-	-	213,805	284,398
Contributions	8,750	-	-	196,197	-	186,346	391,293
Miscellaneous	840,945	133,512	252,044	7,463	-	83,420	1,317,384
Total revenues	77,979,460	16,326,737	8,632,710	4,162,922	14,328	29,041,111	136,157,268
Expenditures:							
Current:							
General government	38,047,105	-	-	-	-	3,970,669	42,017,774
Public safety	25,222,852	-	7,412,076	-	-	8,070,134	40,705,062
Highways and streets	-	14,723,815	-	-	-	-	14,723,815
Sanitation	-	-	-	-	-	33,790	33,790
Health	9,626,146	-	-	-	-	5,234,335	14,860,481
Welfare	-	-	-	-	-	4,759,444	4,759,444
Culture and recreation	-	-	-	4,710,229	-	-	4,710,229
Education	390,508	-	-	-	-	2,184,188	2,574,696
Capital outlay	-	-	-	-	-	951,631	951,631
Debt service:							
Principal retirement	105,263	-	-	27,272	4,135,000	-	4,267,535
Interest and fiscal charges	3,472	-	-	968	739,513	10,999	754,952
Total expenditures	73,395,346	14,723,815	7,412,076	4,738,469	4,874,513	25,215,189	130,359,408
Excess (deficiency) of revenues over expenditures	4,584,114	1,602,922	1,220,634	(575,547)	(4,860,185)	3,825,922	5,797,860
Other financing sources (uses):							
Transfers in	2,875,413	-	-	-	4,871,918	3,012,640	10,759,971
Transfers out	(1,727,862)	-	(567,123)	(376,663)	-	(6,267,728)	(8,939,376)
Capital leases	-	-	-	36,178	-	-	36,178
Sale of Capital assets	-	-	-	-	-	470,000	470,000
Total other financing sources (uses)	1,147,551	-	(567,123)	(340,485)	4,871,918	(2,785,089)	2,326,772
Net change in fund balances	5,731,665	1,602,922	653,511	(916,032)	11,733	1,040,833	8,124,632
Fund balances, July 1, 2016	17,095,893	13,341,388	5,070,549	8,567,907	15,713,923	18,884,276	78,673,936
Changes in nonspendable resources:							
Increase in inventories	-	2,378	-	-	-	-	2,378
Fund balances, June 30, 2017	\$ 22,827,558	\$ 14,946,688	\$ 5,724,060	\$ 7,651,875	\$ 15,725,656	\$ 19,925,109	\$ 86,800,946

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, 2017

Net change in fund balances - total governmental funds		\$ 8,124,632
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>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.</p>		
Other financing sources - Capital lease	(36,178)	
Capital outlay	5,257,984	
Depreciation expense	<u>(8,760,117)</u>	(3,538,311)
<p>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.</p>		
		(401,338)
<p>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 changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
County pension contributions	6,590,457	
Pension expense	<u>(12,634,863)</u>	(6,044,406)
<p>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.</p>		
Capital lease-principal repaid	132,535	
Beneficial interest certificates-principal repaid	<u>4,135,000</u>	4,267,535
<p>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.</p>		
Decrease in compensated absences		55,432
Increase in claims payable		<u>(1,127,657)</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		806,011
<p>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.</p>		
Increase in supply inventory		2,378
<p>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 (expense) of certain internal service funds is reported with governmental activities in the Statement of Activities.</p>		
		<u>(1,795,558)</u>
Change in net position of governmental activities		<u>\$ 348,718</u>

See accompanying notes to the financial statements

Mohave County
Statement of net position
Proprietary funds
June 30, 2017

	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	\$15,765,185	\$ 405,862	\$ 2,386,156	\$ 18,557,203	\$ 18,557,753
Cash and investments held by trustee	-	-	-	-	610,656
Receivables (net of allowances for uncollectibles):					
Property taxes	-	6	-	6	-
Accounts	149,399	45,248	53,626	248,273	209,243
Accrued interest	5,961	379	909	7,249	7,313
Due from:					
Other funds	-	-	-	-	1,042
Other governments	100,583	-	17,256	117,839	46,046
Inventories	-	77,557	60,567	138,124	48,324
Prepaid items	-	690	1,584	2,274	486,837
Total current assets	16,021,128	529,742	2,520,098	19,070,968	19,967,214
Noncurrent assets:					
Restricted cash	-	566,348	28,573	594,921	-
Advance to other funds	336,677	-	-	336,677	-
Capital assets, net of accumulated depreciation, where applicable:					
Land	438,549	40,388	1,481,772	1,960,709	-
Infrastructure, net	704,520	4,483,695	6,203,194	11,391,409	-
Buildings, net	-	39,961	1,152,288	1,192,249	-
Equipment, net	25,747	771,178	581,408	1,378,333	4,415,858
Construction in progress	-	43,597	-	43,597	-
Total noncurrent assets	1,505,493	5,945,167	9,447,235	16,897,895	4,415,858
Total assets	17,526,621	6,474,909	11,967,333	35,968,863	24,383,072
Deferred outflows of resources					
Deferred outflow related to pensions	79,817	47,260	238,109	365,186	632,163
Total deferred outflows of resources	79,817	47,260	238,109	365,186	632,163
Liabilities					
Current liabilities:					
Accounts payable	192,049	39,971	500,020	732,040	152,756
Accrued payroll and employee benefits	9,522	5,355	24,193	39,070	60,848
Due to:					
Other funds	-	-	-	-	11,972
Other governments	-	3,950	(461)	3,489	-
Deposits held for others	-	59,394	30,000	89,394	4,331
Unearned revenues	-	28,657	-	28,657	-
Current portion of:					
Capital leases payable	-	-	-	-	234,079
Compensated absences payable	40,530	11,590	76,496	128,616	245,255
Claims and judgments payable	-	-	-	-	1,604,702
Total current liabilities	242,101	148,917	630,248	1,021,266	2,313,943

See accompanying notes to the financial statements

Mohave County
Statement of net position
Proprietary funds
June 30, 2017
(Concluded)

	<u>Business-Type Activities-Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Landfill Fund</u>	<u>G.V.I.D. Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Noncurrent liabilities:					
Capital leases payable	-	-	-	-	75,553
Landfill closure and postclosure care costs payable	8,514,590	-	-	8,514,590	-
Compensated absences payable	-	-	-	-	61,313
Net pension liability	407,053	254,123	1,328,363	1,989,539	3,568,679
Total noncurrent liabilities	<u>8,921,643</u>	<u>254,123</u>	<u>1,328,363</u>	<u>10,504,129</u>	<u>3,705,545</u>
Total liabilities	<u>9,163,744</u>	<u>403,040</u>	<u>1,958,611</u>	<u>11,525,395</u>	<u>6,019,488</u>
Deferred inflows of resources					
Deferred inflow related to Pensions	63,329	39,536	206,666	309,531	555,211
Total deferred inflows of resources	<u>63,329</u>	<u>39,536</u>	<u>206,666</u>	<u>309,531</u>	<u>555,211</u>
Net position					
Net investment in capital assets	1,168,816	5,378,819	9,418,662	15,966,297	4,125,764
Restricted for:					
Capital projects	-	566,348	28,573	594,921	-
Sanitation	7,601,114	-	-	7,601,114	-
Unrestricted	(390,565)	134,426	592,930	336,791	14,314,772
Total net position	<u>\$ 8,379,365</u>	<u>\$6,079,593</u>	<u>\$10,040,165</u>	<u>\$24,499,123</u>	<u>\$ 18,440,536</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, 2017

	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	\$1,391,578	\$ 559,916	\$ 3,279,634	\$ 5,231,128	\$ 20,804,458
Miscellaneous	-	10,550	7,382	17,932	22,743
Total operating revenues	1,391,578	570,466	3,287,016	5,249,060	20,827,201
Operating expenses:					
Personnel services	631,671	212,182	1,176,617	2,020,470	3,162,230
Supplies	13,602	72,762	212,544	298,908	471,718
Professional services	518,935	133,823	247,323	900,081	1,770,768
Communications	6,028	20,313	29,925	56,266	644,412
Insurance	-	14,828	95,263	110,091	1,075,226
Landfill closure and postclosure care costs	427,980	-	-	427,980	-
Insurance claims	-	-	-	-	10,424,170
Law suit judgments	-	-	-	-	13,370
Repairs and maintenance	1,506	20,930	52,875	75,311	95,568
Public utility service	109,598	97,296	869,366	1,076,260	-
Rents and leases	5,974	11,154	17,371	34,499	1,060,906
Depreciation	58,412	291,219	863,104	1,212,735	1,301,345
Other	106,326	49,104	41,896	197,326	817,532
Total operating expenses	1,880,032	923,611	3,606,284	6,409,927	20,837,245
Operating Income (loss)	(488,454)	(353,145)	(319,268)	(1,160,867)	(10,044)
Nonoperating revenues (expenses):					
Investment earnings	49,515	5,961	9,746	65,222	55,021
Interest expense	-	-	-	-	(8,087)
Grants	414,544	-	185,470	600,014	-
Gain (Loss) on disposal of capital assets	-	-	-	-	(5,602)
Total nonoperating revenues	464,059	5,961	195,216	665,236	41,332
Income (loss) before contributions and transfers	(24,395)	(347,184)	(124,052)	(495,631)	31,288
Capital contributions	-	(2,812)	2,812	-	-
Transfers in	-	-	25,000	25,000	329,199
Transfers out	(18,750)	-	-	(18,750)	(2,156,044)
Increase (decrease) in net position	(43,145)	(349,996)	(96,240)	(489,381)	(1,795,557)
Total net position, July 1, 2016	8,422,510	6,429,589	10,136,405	24,988,504	20,236,093
Total net position, June 30, 2017	\$8,379,365	\$ 6,079,593	\$ 10,040,165	\$ 24,499,123	\$ 18,440,536

See accompanying notes to the financial statements

Mohave County
Statement of cash flows
Proprietary funds
Year ended June 30, 2017

	Business-type Activities- Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Cash flow s from operating activities:					
Receipts from customers and users	\$ 1,376,776	\$ 594,877	\$ 3,280,392	\$ 5,252,045	\$ 1,285,180
Receipts from interfund services provided	-	-	-	-	20,065,062
Payments to suppliers	(649,773)	(278,823)	(1,083,341)	(2,011,937)	(17,360,007)
Payments for employee wages and benefits	(411,511)	(238,715)	(1,145,310)	(1,795,536)	(3,071,121)
Payments for interfund services used	(19,896)	(61,581)	(125,029)	(206,506)	(271,401)
Net cash provided by operating activities	295,596	15,758	926,712	1,238,066	647,713
Cash flow s from noncapital financing activities:					
Payment on advance to other fund	103,260	-	-	103,260	-
Transfers from other funds	-	-	25,000	25,000	329,199
Transfers to other funds	(18,750)	-	-	(18,750)	(2,156,044)
Subsidy from non-capital grant	426,627	-	187,052	613,679	-
Net cash provided (used) by noncapital financing activities	511,137	-	212,052	723,189	(1,826,845)
Cash flow s from capital and related financing activities:					
Purchases of capital assets	(15,583)	(383,144)	(898,924)	(1,297,651)	(1,409,969)
Principal paid on capital debt	-	-	-	-	(319,894)
Interest paid on capital debt	-	-	-	-	(8,087)
Proceeds from sales of capital assets	-	-	-	-	90,185
Net cash used for capital and related financing activities	(15,583)	(383,144)	(898,924)	(1,297,651)	(1,647,765)
Cash flow s from investing activities:					
Increase (decrease) in fair value of investments	(9,626)	(2,322)	(7,175)	(19,123)	(88,711)
Interest and dividends received	65,342	9,439	18,565	93,346	152,069
Net cash provided by investing activities	55,716	7,117	11,390	74,223	63,358
Net increase (decrease) in cash and cash equivalents	846,866	(360,269)	251,230	737,827	(2,763,539)
Cash and cash equivalents, July 1, 2016	14,918,319	1,332,479	2,163,499	18,414,297	21,931,948
Cash and cash equivalents, June 30, 2017	\$15,765,185	\$ 972,210	\$ 2,414,729	\$19,152,124	\$19,168,409

See accompanying notes to the financial statements

Mohave County
Statement of cash flows
Proprietary funds
Year ended June 30, 2017

(Concluded)

	Business-type Activities- Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (488,454)	\$ (353,145)	\$ (319,268)	\$(1,160,867)	\$ (10,044)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	58,412	291,219	863,104	1,212,735	1,301,345
Landfill closure and postclosure care costs	427,980	-	-	427,980	-
Changes in assets and deferred outflow of resources, liabilities, and deferred inflow of resources:					
Receivables, (increase) decrease	(14,802)	6,159	(7,100)	(15,743)	526,439
Due from other funds, (increase)	-	-	-	-	(1,042)
Due from other governments, (increase)	-	-	-	-	(2,355)
Inventories, decrease	-	45,895	-	45,895	1,847
Prepaid items, (increase)	-	(690)	(1,584)	(2,274)	(301,194)
Deferred outflows of resources related to pensions, (increase)	(49,240)	(23,234)	(118,718)	(191,192)	(310,188)
Accounts payable, increase (decrease)	92,300	34,601	360,057	486,958	(726,348)
Due to other funds, increase (decrease)	-	-	(280)	(280)	11,387
Due to other governments, increase (decrease)	-	(352)	476	124	-
Accrued payroll and employee benefits, (decrease)	(9,517)	(6,562)	(39,180)	(55,259)	(96,796)
Compensated absences payable, increase (decrease)	5,165	(4,390)	(40,918)	(40,143)	(29,992)
Net pension liability, increase (decrease)	229,107	(4,707)	147,444	371,844	355,248
Unearned revenue, increase	-	12,727	-	12,727	-
Deposits held for others, increase	-	5,877	-	5,877	4,331
Claims and judgments payable, (decrease)	-	-	-	-	(292,747)
Deferred inflows of resources related to pensions, increase	44,645	12,360	82,679	139,684	217,823
Total adjustments	784,050	368,903	1,245,980	2,398,933	657,758
Net cash provided by operating activities	\$ 295,596	\$ 15,758	\$ 926,712	\$ 1,238,066	\$ 647,714
Cash at June 30, 2017 is comprised of the following:					
Cash and investments	\$15,765,185	\$ 405,862	\$ 2,386,156	\$18,557,203	\$18,557,753
Cash held by trustee	-	566,348	28,573	594,921	610,656
Total	\$15,765,185	\$ 972,210	\$ 2,414,729	\$19,152,124	\$19,168,409

See accompanying notes to the financial statements

Mohave County
Statement of fiduciary net position
Fiduciary funds
June 30, 2017

	Investment Trust Funds	Agency Fund
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 111,684,744	\$ 273,560
Accrued Interest receivable	23,619	-
	<u> </u>	<u> </u>
Total assets	<u>111,708,363</u>	<u>273,560</u>
Liabilities		
Deposits held for others	-	273,560
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>\$ 273,560</u>
Net position		
Held in trust for investment trust participants	<u>\$ 111,708,363</u>	

See accompanying notes to the financial statements

Mohave County
Statement of changes in fiduciary net position
Fiduciary funds
Year ended June 30, 2017

	Investment Trust Funds
	<u> </u>
Additions:	
Contributions from participants	\$ 307,236,286
Investment earnings:	
Interest and dividend income	473,647
Net decrease in fair value of investments	<u>(257,238)</u>
Net investment earnings	<u>216,409</u>
Total additions	<u>307,452,695</u>
Deductions:	
Distributions to participants	<u>(250,447,733)</u>
Total deductions	<u>(250,447,733)</u>
Change in net position	57,004,962
Net position, July 1, 2016	<u>54,703,401</u>
Net position, June 30, 2017	<u><u>\$ 111,708,363</u></u>

See accompanying notes to the financial statements

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).

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:

<u>Component unit</u>	<u>Description; criteria for inclusion</u>	<u>Reporting method</u>	<u>For separate financial statements</u>
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

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<u>Component unit</u>	<u>Description; criteria for inclusion</u>	<u>Reporting method</u>	<u>For separate financial statements</u>
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:

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- 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 County capital improvement-sales tax fund.

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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.

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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.

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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, which is the highest level of decision-making authority within the County. Only the Board can remove or

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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

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Note 2 - Stewardship, compliance, and accountability

Deficit fund balances or net position—At June 30, 2017, the following nonmajor funds reported deficit fund balances:

Fund	Deficit
Governmental funds:	
Kingman 2100 CFD	\$ 2,360
Golden valley improvement district-const.	<u>320,473</u>
Total	<u>\$322,833</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.

Note 3 - 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 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.

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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, 2017, the carrying amount of the County's deposits was \$21,588,526 and the bank balance was \$24,555,010. There was cash on hand of \$12,820. It is the County's policy to collateralize all deposits not covered by depository insurance.

Investments—The County's investments at June 30, 2017, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

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	\$ 83,248,824	\$ 83,248,824	
U.S. agency securities	69,816,298		\$69,816,298
Corporate bonds	312,500		312,500
Agency money market funds	15,715,408	15,715,408	
Total investments by fair value level	<u>\$169,093,030</u>	<u>\$ 98,964,232</u>	<u>\$70,128,798</u>
External investment pools measured at fair value			
State Treasurer's investment pools	44,435,436		
Total investments measured at fair value	<u>\$213,528,466</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.

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At June 30, 2017, credit risk for the County's investment was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. Treasury notes	AAA	Moody's	\$ 83,248,824
U.S. agency securities	AAA/Unrated	Moody's	69,816,298
Corporate bonds	Unrated	Not applicable	312,500
Money market funds	Unrated	Not applicable	15,715,408
State Treasurer's Investment Pool 7	Unrated	Not applicable	<u>44,435,436</u>
			<u>\$ 213,528,466</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.

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, 2017. 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, 2017, of 5 percent or more in Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank. These investments were 8.07 percent, 16.10 percent, and 8.53 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, 2017, the County had the following investments in debt securities:

Investment type	Amount	Investment maturities	
		Less than 1 year	1 to 5 Years
State Treasurer's Investment Pool 7	\$44,435,436	\$44,435,436	
U.S. Treasury notes	83,248,824	52,381,076	\$30,867,748
U.S. agency securities	69,816,298	26,033,310	43,782,988
Corporate bonds	312,500	312,500	
Money market funds	<u>15,715,408</u>	<u>15,715,408</u>	
Total	<u>\$213,528,466</u>	<u>\$138,877,730</u>	<u>\$74,650,736</u>

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At June 30, 2017, 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	\$ 12,820
Amount of deposits	21,588,526
Amount of investments	<u>213,528,466</u>
Total	<u>\$235,129,812</u>

Statements of net position:

	Governmental activities	Business-type activities	Investment trust Funds	Agency fund	Total
Cash and investments	\$ 87,593,321	\$18,557,203	\$111,684,744	\$273,560	\$218,108,828
Cash held by trustee	16,326,063				16,326,063
Restricted cash	<u>100,000</u>	<u>594,921</u>			<u>694,921</u>
Total	<u>\$104,019,384</u>	<u>\$19,152,124</u>	<u>\$111,684,744</u>	<u>\$273,560</u>	<u>\$235,129,812</u>

Note 4 - 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, 2017, were as follows:

	General fund	Flood control fund	Library fund	Other governmental funds	Total governmental funds
Fiscal year 2016	\$ 1,349,953	\$314,681	\$ 153,250	\$ 14,076	\$1,831,960
Fiscal year 2015	330,997	79,826	37,577	3,363	451,763
Prior	<u>1,410,041</u>	<u>518,153</u>	<u>351,404</u>	<u>96,355</u>	<u>2,375,953</u>
Total receivable	<u>\$ 3,090,991</u>	<u>\$912,660</u>	<u>\$ 542,231</u>	<u>\$ 113,794</u>	<u>\$4,659,676</u>

The portion of property taxes receivable, not collected within 60 days after June 30, 2017, 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.

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Notes to financial statements
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Note 5 - Capital assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 28,356,943	\$ 182,895	\$ 252,044	\$ 28,287,794
Construction in progress	2,127,486	1,514,762		3,642,248
Total capital assets not being depreciated	<u>30,484,429</u>	<u>1,697,567</u>	<u>252,044</u>	<u>31,930,042</u>
Capital assets being depreciated:				
Buildings	160,366,805	144,688	237,181	160,274,312
Infrastructure and improvements other than buildings	169,722,025	941,978		170,664,003
Intangibles	64,501			64,501
Equipment	<u>52,678,689</u>	<u>4,351,893</u>	<u>3,136,159</u>	<u>53,894,423</u>
Total	<u>382,832,020</u>	<u>5,438,559</u>	<u>3,373,340</u>	<u>384,897,239</u>
Less accumulated depreciation for:				
Buildings	40,735,104	4,639,226	166,224	45,208,106
Infrastructure and improvements other than buildings	94,771,802	2,273,655		97,045,457
Intangibles	53,750	9,214		62,964
Equipment	<u>31,638,349</u>	<u>3,139,366</u>	<u>2,458,879</u>	<u>32,318,836</u>
Total	<u>167,199,005</u>	<u>10,061,461</u>	<u>2,625,103</u>	<u>174,635,363</u>
Total capital assets being depreciated, net	<u>215,633,015</u>	<u>(4,622,902)</u>	<u>748,237</u>	<u>210,261,876</u>
Governmental activities capital assets, net	<u>\$246,117,444</u>	<u>(\$2,925,245)</u>	<u>\$ 1,000,281</u>	<u>\$242,191,918</u>

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	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,960,709			\$ 1,960,709
Construction in progress	<u>3,789</u>	\$ 41,157	\$ 1,349	<u>43,597</u>
Total capital assets not being depreciated	<u>1,964,498</u>	<u>41,157</u>	<u>1,349</u>	<u>2,004,306</u>
Capital assets being depreciated:				
Buildings	2,302,679			2,302,679
Utility systems	26,001,636	741,067		26,742,703
Equipment	<u>1,993,922</u>	<u>516,777</u>	<u>23,285</u>	<u>2,487,414</u>
Total	<u>30,298,237</u>	<u>1,257,844</u>	<u>23,285</u>	<u>31,532,796</u>
Less accumulated depreciation for:				
Buildings	1,050,649	59,781		1,110,430
Utility systems	14,297,593	1,053,701		15,351,294
Equipment	<u>1,033,112</u>	<u>99,254</u>	<u>23,285</u>	<u>1,109,081</u>
Total	<u>16,381,354</u>	<u>1,212,736</u>	<u>23,285</u>	<u>17,570,805</u>
Total capital assets being depreciated, net	<u>13,916,883</u>	<u>45,108</u>		<u>13,961,991</u>
Business-type activities capital assets, net	<u>\$ 15,881,381</u>	<u>\$ 86,265</u>	<u>\$ 1,349</u>	<u>\$ 15,966,297</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 1,312,588
Public safety	3,974,712
Highways and streets	3,078,390
Health	20,089
Welfare	51,144
Culture and recreation	323,193
Internal service funds	<u>1,301,345</u>
Total governmental activities depreciation expense	<u>\$10,061,461</u>

Business-type activities:

Landfill	\$ 58,413
Recreation	180,024
Water companies	<u>974,299</u>
Total business-type activities depreciation expense	<u>\$ 1,212,736</u>

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Notes to financial statements
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Note 6 - Construction and other significant commitments

The County had six major contractual commitments at June 30, 2017, as follows:

Contractual commitments	Funding source	Expenditures to date	Total contractual commitment	Remaining commitment
Prison food services 11/04/16 - 11/03/17	Tax revenues	\$ 530,529	\$ 765,505	\$ 234,976
Prison health care contract 07/01/17 - 06/30/18	Tax revenues		2,642,826	2,642,826
Medical Examiner 07/01/16-06/30/18	Tax revenues	727,500	1,343,100	615,600
Superior Court Architectural design	¼ Sales tax revenues	807,131	2,197,698	1,390,567
Western Arizona Humane Society 07/01/17-06/30/19	Tax revenues	260,000	520,000	260,000
Kingman Regional Medical Center- senior meals 07/01/17-6/30/18	Federal grants tax		<u>215,000</u>	<u>215,000</u>
Total		<u>\$2,325,160</u>	<u>\$7,684,129</u>	<u>\$5,358,969</u>

Note 7 - Restricted assets

As of June 30, 2017, the County had restricted assets as follows:

Governmental activities assets:

Cash and investments held by trustee	\$15,715,407	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>1,379,782</u>	U.S. Housing and Urban Development (HUD) rehabilitated homes restricted for sale to qualified buyers.
Total governmental activities	<u>\$17,195,189</u>	

Business-type activities assets:

Restricted cash	\$ 28,573	I-40 collections restricted for future repairs of infrastructure by agreement with customers.
Restricted cash	<u>566,348</u>	GVID water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities	<u>\$ 594,921</u>	

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Note 8 - Long-term liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due within 1 year
Governmental activities:					
Beneficial interest certificates payable	\$ 17,595,000		\$ (4,135,000)	\$ 13,460,000	\$ 4,305,000
Net pension liabilities	101,555,523	\$ 9,741,454		111,296,977	
Capital leases payable	945,750	36,178	(452,429)	529,499	375,544
Compensated absences payable	6,253,470	5,773,935	(5,859,359)	6,168,046	5,800,000
Claims and judgments payable	<u>1,897,449</u>	<u>11,705,969</u>	<u>(10,871,059)</u>	<u>2,732,359</u>	<u>2,532,359</u>
Total governmental activities long-term liabilities	<u>\$128,247,192</u>	<u>\$27,257,536</u>	<u>\$(21,317,847)</u>	<u>\$134,186,881</u>	<u>\$13,012,903</u>
Business-type activities:					
Landfill closure and postclosure care costs payable	\$ 8,086,610	\$ 427,980		\$ 8,514,590	
Net pension liabilities	1,617,695	371,844		1,989,539	
Compensated absences payable	<u>168,759</u>	<u>147,180</u>	<u>\$ (187,323)</u>	<u>128,616</u>	<u>\$ 128,616</u>
Total business-type activities long-term liabilities	<u>\$ 9,873,064</u>	<u>\$ 947,004</u>	<u>\$ (187,323)</u>	<u>\$ 10,632,745</u>	<u>\$ 128,616</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 \$4.87 million and were made from current year sales tax revenue and comprised approximately 75 percent of the current year ¼ percent sales tax revenue.

The County has a deposit set aside in a trust account that exceeds the balance necessary to cover future debt payments. The intent is to pay off the certificates early, on June 30, 2018.

Beneficial interest certificates outstanding at June 30, 2017, were as follows:

Description	Amount issued	Maturity ranges	Interest rates	Outstanding principal June 30, 2017
Beneficial interest certificates Series 2008	<u>\$46,000,000</u>	10/2017-4/2020	4.125%-4.25%	<u>\$13,460,000</u>
Total	<u>\$46,000,000</u>			<u>\$13,460,000</u>

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The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2017:

Year Ending June 30,	Governmental activities	
	Beneficial interest certificates	
	Principal	Interest
2018	\$ 4,305,000	\$ 566,444
2019	4,485,000	383,481
2020	<u>4,670,000</u>	<u>198,475</u>
Total	<u>\$ 13,460,000</u>	<u>\$1,148,400</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>(1,437,376)</u>
Carrying value	<u>\$ 276,752</u>

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2017:

Year ending June 30	Governmental activities
2018	\$ 375,544
2019	154,353
2020	<u>6,187</u>
Total minimum lease payments	536,084
Less amount representing interest	<u>(6,585)</u>
Present value of net minimum lease payments	<u>\$ 529,499</u>

The present value of net minimum lease payments at June 30, 2017, of \$529,499 exceeds the total capital assets of \$276,752 because a significant portion of the assets acquired through capital leases were for computer equipment that fell below the County's capitalization threshold.

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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 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 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 \$8,514,590 reported as landfill closure and postclosure care liability at June 30, 2017, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills. The calculation is based on the use of 97 percent and 98.75 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 \$194,488 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 2017 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-2018. 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 4 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 4 fiscal years.

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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 2017, the County’s liability for compensated absences is allocated as follows: 53 percent to the general fund, 15 percent to other major funds, and 33 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. The self-insured trust fund was funded \$1.5 million (72 percent) by the general fund, \$394,987 (19 percent) by the road fund, \$45,000 (2 percent) by the flood control fund, \$61,246 (3 percent) by the library fund, \$25,296 (1 percent) by internal service funds, \$43,544 (2 percent) by enterprise funds, and \$4,754 (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 \$1,604,702 included in the balance below at June 30, 2017, 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, 2017) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences). Also included below are estimated claims totaling \$1.1 million related to the Hall-Parker pension refunds to eligible employees with PSPRS and elected official retirement plans, for excess contributions paid into their pension plans.

Changes in the funds’ claims payable for the years ended June 30, 2016, and 2017, were as follows:

	<u>2016</u>	<u>2017</u>
Claims payable, beginning of year	\$ 1,564,364	\$ 1,897,449
Claims incurred and changes in estimates	11,195,043	11,705,969
Claims paid	<u>(10,861,958)</u>	<u>(10,871,059)</u>
Claims payable, end of year	<u>\$ 1,897,449</u>	<u>\$ 2,732,359</u>

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Note 9 - Fund balance classifications of the governmental funds

The fund balance classifications of the governmental funds as of June 30, 2017, were as follows:

	General Fund	Road Fund	Flood Control Fund	Library Fund	Jail Debt Service Fund	Other Governmental Funds	Total
Fund balances:							
Nonspendable:							
Inventories	-	\$ 211,069	\$ 22,333	-	-	-	\$ 233,402
Prepaid items	\$ 23,065	595	600	\$ 114,132	-	\$ 104,576	242,968
Total nonspendable	<u>23,065</u>	<u>211,664</u>	<u>22,933</u>	<u>114,132</u>	<u>-</u>	<u>104,576</u>	<u>476,370</u>
Restricted for:							
Government services	-	-	-	-	-	5,701,464	5,701,464
Public safety	-	-	5,701,127	-	-	4,754,454	10,455,581
Highways and streets	-	14,735,024	-	-	-	-	14,735,024
Health	-	-	-	-	-	1,996,150	1,996,150
Welfare	-	-	-	-	-	1,123,171	1,123,171
Education	-	-	-	-	-	249,672	249,672
Culture and recreation	-	-	-	7,537,743	-	-	7,537,743
Debt service	-	-	-	-	\$ 14,709,682	-	14,709,682
Capital projects	-	-	-	-	-	1,005,725	1,005,725
Total restricted	<u>-</u>	<u>14,735,024</u>	<u>5,701,127</u>	<u>7,537,743</u>	<u>14,709,682</u>	<u>14,830,635</u>	<u>57,514,211</u>
Committed to:							
Sanitation	-	-	-	-	-	241,887	241,887
Capital projects	-	-	-	-	-	5,070,844	5,070,844
Debt service	-	-	-	-	1,015,974	-	1,015,974
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,015,974</u>	<u>5,312,731</u>	<u>6,328,705</u>
Unassigned:	22,804,493	-	-	-	-	(322,833)	22,481,660
Total fund balances	<u>\$ 22,827,558</u>	<u>\$ 14,946,688</u>	<u>\$ 5,724,060</u>	<u>\$ 7,651,875</u>	<u>\$ 15,725,656</u>	<u>\$ 19,925,109</u>	<u>\$ 86,800,946</u>

Note 10 - 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

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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 11 - Pensions and other postemployment benefits

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

At June 30, 2017, 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	\$ 293,084		\$ 293,084
Net pension liabilities	111,296,977	\$ 1,989,539	113,286,516
Deferred outflows of resources	23,569,376	365,186	23,934,562
Deferred inflows of resources	11,880,187	309,531	12,189,718
Pension expense	13,120,095	457,050	13,577,145

The County's accrued payroll and employee benefits includes \$154,173 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2017. Also, the County reported \$6,590,457 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.

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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

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, 2017, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 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 9.47 percent (9.17 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.09 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, 2017, were \$3,742,898. 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
2017	\$194,436	\$48,609
2016	173,798	41,711
2015	207,404	42,184

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During fiscal year 2017, the County paid for ASRS pension and OPEB contributions as follows: 53.1 percent from the general fund, 21.7 percent from other major funds, and 25.2 percent from all other funds.

Pension liability—At June 30, 2017, the County reported a liability of \$59,477,988 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

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, 2016. The County’s proportion, measured as of June 30, 2016, was 0.37 percent, which was a decrease of .01 from its proportion measured as of June 30, 2015.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2017, the County recognized pension expense for ASRS of \$1,913,196. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$361,444	\$4,091,651
Changes of assumptions or other inputs		3,146,861
Net difference between projected and actual earnings on pension plan investments	6,445,434	
Changes in proportion and differences between county contributions and proportionate share of contributions	23,374	2,015,025
County contributions subsequent to the measurement date	<u>3,742,898</u>	
Total	<u>\$ 10,573,150</u>	<u>\$9,253,537</u>

The \$3,742,898 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, 2018. 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	
2018	(3,942,782)
2019	(2,791,206)
2020	2,503,422
2021	1,807,281

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

ASRS	
Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
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, 2015, 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 8.75 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 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%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	<u>2%</u>	3.84%
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 8.75 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	\$75,838,951	\$59,477,988	\$46,360,072

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 nine-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.

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 issues 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.

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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:

	Initial membership date	
	Before January 1, 2012	On or after January 1, 2012
PSPRS		
Retirement and disability	Before January 1, 2012	On or after January 1, 2012
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	
CORP		
Retirement and disability	Initial membership date	
Years of service and age required to receive benefit	Before January 1, 2012	On or after January 1, 2012
	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	50% or normal retirement if more than 25 years of credited
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	

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Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. In addition, 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, 2017, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	47	18
Inactive employees entitled to but not yet receiving benefits	33	63
Active employees	<u>68</u>	<u>112</u>
Total	<u>148</u>	<u>193</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, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Sheriff	CORP Detention	CORP AOC
Active members pension			
PSPRS members with an initial membership date on or before July 19, 2011			
July 2016 through March 31, 2017	11.65%	n/a	n/a
April 1, 2017 through June 2017	7.65%	n/a	n/a
PSPRS members with an initial membership date after July 19, 2011, and all CORP members	11.65%	8.41%	8.41%
County			
Pension	42.90%	6.00%	20.08%
Health insurance premium benefit	0%	0%	.80%

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In addition, the County was required by statute to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill.

	PSPRS Sheriff	CORP Detention	CORP AOC
Pension	30.63%	6.0%	13.68%
Health insurance premium benefit			.53%

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, 2017, were:

	PSPRS Sheriff	CORP Detention
Pension		
Contributions made	\$1,862,504	\$221,835
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, 2017, were \$609,950. 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
2017	\$25,309
2016	26,303
2015	39,823

During fiscal year 2017, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 82.6 percent from the general fund, and 17.4 percent from other funds.

Pension liability (asset)—At June 30, 2017, the County reported the following net pension liabilities and asset:

	Net pension liability (asset)
PSPRS Sheriff	\$22,543,836
CORP Detention	(293,084)
CORP AOC (County's proportionate share)	7,523,107

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The net pension liabilities and asset were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The total pension liabilities as of June 30, 2016, reflect the following changes of benefits terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments changed the basis for cost-of-living from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.
- The investment rate of return actuarial assumption as decreased from 7.85 percent to 7.50 percent for PSPRS and CORP plans.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County's net pension liabilities as a result of these changes 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, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
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, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

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The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.50 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 arithmetic 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 arithmetic real rate of return
Shortterm 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>	

Pension discount rates— At June 30, 2016, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.50 percent, which was a decrease of 0.35 from the discount rate used as of June 30, 2015. 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 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.

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**Changes in the net pension liability
PSPRS-Sheriff**

	Total pension liability (a)	Increase (decrease)	
		Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2016	\$38,622,626	\$ 19,685,953	\$18,936,673
Changes for the year:			
Service cost	738,110		738,110
Interest on the total pension liability	2,932,447		2,932,447
Changes in benefit terms	1,255,658		1,255,658
Differences between expected and actual experience in the measurement of the pension liability	(569,078)		(569,078)
Contributions—employer		1,623,099	(1,623,099)
Contributions—employee		510,843	(510,843)
Net investment income		110,794	(110,794)
Changes of assumptions or other inputs	1,409,917		1,409,917
Benefit payments, including refunds of employee contributions	(3,271,340)	(3,271,340)	
Administrative expense		(16,343)	16,343
Other changes		(68,502)	68,502
Net changes	<u>2,495,714</u>	<u>(1,111,449)</u>	<u>3,607,163</u>
Balances at June 30, 2017	<u>\$41,118,340</u>	<u>\$ 18,574,504</u>	<u>\$22,543,836</u>

**Changes in the net pension asset
CORP-Detention**

	Total pension liability (a)	Increase (decrease)	
		Plan fiduciary net position (b)	Net pension asset (a) – (b)
Balances at June 30, 2016	\$6,383,484	\$ 6,942,529	\$ (559,045)
Changes for the year:			
Service cost	522,178		522,178
Interest on the total pension liability	502,287		502,287
Changes of benefit terms	23,016		23,016
Differences between expected and actual experience in the measurement of the pension liability	(441,945)		(441,945)
Contributions—employer		277,167	(277,167)
Contributions—employee		331,483	(331,483)
Changes of assumptions or other inputs	238,838		238,838
Net investment income		42,247	(42,247)
Benefit payments, including refunds of employee contributions	(492,035)	(492,035)	
Administrative expense		(6,374)	6,374
Other changes		(66,110)	66,110
Net changes	<u>352,339</u>	<u>86,378</u>	<u>265,961</u>
Balances at June 30, 2017	<u>\$ 6,735,823</u>	<u>\$ 7,028,907</u>	<u>\$(293,084)</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, 2016. The County's proportion measured as of June 30, 2016, was 2.67 percent, which was an increase of 0.02 from its proportion measured as of June 20, 2015.

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 7.50 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 (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
PSPRS Sheriff			
Net pension liability	\$27,526,625	\$22,543,836	\$18,420,470
CORP Detention			
Net pension liability (asset)	\$612,436	\$(293,084)	\$(1,026,695)
CORP AOC			
County's proportionate share of the net pension liability	\$9,668,802	\$7,523,107	\$5,750,853

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, 2017, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$3,775,245
CORP Detention	298,073
CORP AOC (County's proportionate share)	1,155,453

Pension deferred outflows/inflows of resources—At June 30, 2017, 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		\$1,319,510
Changes of assumptions or other inputs	\$2,662,065	
Net difference between projected and actual earnings on pension plan investments	1,193,327	
County contributions subsequent to the measurement date	<u>1,862,504</u>	
Total	<u>\$5,717,896</u>	<u>\$1,319,510</u>

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	Deferred outflows of resources	Deferred inflows of resources
CORP-Detention		
Differences between expected and actual experience		\$548,352
Changes of assumptions or other inputs	\$ 335,740	
Net difference between projected and actual earnings on pension plan investments	439,436	
County contributions subsequent to the measurement date	<u>221,835</u>	
Total	<u>\$ 997,011</u>	<u>\$548,352</u>
	Deferred outflows of resources	Deferred inflows of resources
CORP-AOC		
Differences between expected and actual experience	\$ 159,970	\$ 378,826
Changes of assumptions or other inputs	1,021,114	
Net difference between projected and actual earnings on pension plan investments	568,125	
Changes in proportion and differences between county contributions and proportionate share of contributions	30,211	72,722
County contributions subsequent to the measurement date	<u>609,950</u>	
Total	<u>\$2,389,370</u>	<u>\$ 451,548</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, 2018. 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			
2018	784,459	58,561	391,665
2019	784,460	58,562	391,665
2020	547,688	96,439	367,708
2021	419,275	38,705	168,345
2022		(25,443)	8,489

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Agent plan OPEB actuarial assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, 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 2017 contribution requirements:

PSPRS and CORP—OPEB contribution requirements

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 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	7.85%
Projected salary increases	4%-8% for PSPRS and 4%-7.25% for CORP
Wage growth	4% for PSPRS and CORP

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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			
2017	\$ 0	100%	\$0
2016	0	100%	0
2015	64,432	100%	0
CORP Detention			
2017	\$ 0	100%	\$0
2016	0	100%	0
2015	33,536	100%	0

Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2017, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	\$1,437,190	\$ 664,254
Actuarial accrued liability (b)	743,644	229,702
Unfunded actuarial accrued liability (funding excess) (b)–(a)	(693,546)	(434,552)
Funded ratio (a)/(b)	193.30%	289.2%
Annual covered payroll (c)	\$4,297,227	\$3,466,038
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll b)–(a)/ (c)	(16.14%)	(12.54%)

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, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	19 years for unfunded actuarial accrued liability and 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/ 120% market corridor
Actuarial assumptions:	
Investment rate of return	7.40%
Projected salary increases	3.5%–7.5% for PSPRS and 3.5%–6.5% for CORP
Wage growth	3.5% 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 financial statements and required supplementary information for the EORP plans. The report is available on PSPRS’s website at www.psprs.com.

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% for each month early retirement precedes the member’s normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, 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, 2017, statute required active EORP members with an initial membership date on or before July 19, 2011, to contribute 13 percent of the member’s annual covered payroll for July 2016 through April 14, 2017 and 7 percent of the member’s annual covered payroll for April 14, 2017 through June

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2017. Statute required active EORP members with an initial membership date after July 19, 2011, to contribute 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 12.16 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, 2017, were \$512,333. No OPEB contributions were required or made for the year ended June 30, 2015, 2016 and 2017.

During fiscal year 2017, the County paid for EORP pension contributions as follows: 94.6 percent from the general fund and 5.4 percent from other funds.

Pension liability—At June 30, 2017, 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	\$23,741,585
State's proportionate share of the EORP net pension liability associated with the County	<u>4,899,011</u>
Total	<u>\$28,640,596</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2016, reflects a decrease in the investment rate of return actuarial assumption from 7.85 percent to 7.50 percent.

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, 2016. The County's proportion measured as of June 30, 2016, was 2.51 percent, which was an increase of .14 from its proportion measured as of June 30, 2015.

The collective net pension liability measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County's proportionate share of the collective net pension liability as a result of these changes is not known.

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Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2017, the County recognized pension expense for EORP of \$6,435,178 and revenue of \$1,308,104 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees. At June 30, 2017, 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	\$ 0	\$446,470
Changes of assumptions or other inputs	2,665,591	
Net difference between projected and actual earnings on pension plan investments	549,972	
Changes in proportion and differences between county contributions and proportionate share of contributions	529,239	170,301
County contributions subsequent to the measurement date	<u>512,333</u>	
Total	<u>\$4,257,135</u>	<u>\$616,771</u>

The \$512,333 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, 2018. 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	
2018	\$2,068,187
2019	749,825
2020	199,849
2021	110,170

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

EORP	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
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, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

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The long-term expected rate of return on EORP pension plan investments was determined to be 7.50 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 arithmetic real rates of return for each major asset class are summarized in the following table:

EORP Asset class	Target allocation	Long-term expected arithmetic real rate of return
Shortterm 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>	

Discount rate—At June 30, 2016, the discount rate used to measure the EORP total pension liability was 3.68 percent, which was a decrease of 1.18 from the discount rate used as of June 30, 2015. 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 7.50 percent was applied to periods of projected benefit payments through the year ended June 30, 2027. A municipal bond rate of 2.85 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2016, was applied to periods of projected benefit payments after June 30, 2027.

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 3.68 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 (2.68 percent) or 1 percentage point higher (4.68 percent) than the current rate:

EORP	1% Decrease (2.68%)	Current discount rate (3.68%)	1% Increase (4.68%)
County’s proportionate share of the net pension liability	\$27,636,377	\$23,741,585	\$20,490,424

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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 who 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, 2017, 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, 2017, the County recognized pension expense of \$77,185. The County’s OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

EODCDP Year ended June 30	Disability fund
2017	\$ 426
2016	274
2015	125

Note 12 - Interfund balances and activity

Interfund receivables and payables—Interfund balances as of June 30, 2017, were as follows:

	Payable to						Total
	General fund	Road fund	Flood Control fund	Other governmental funds	Landfill fund	Internal service funds	
Payable from							
General fund				\$ 3,309			\$ 3,309
Road fund	\$ 690		\$ 1,972				2,662
Other governmental funds	121			30,084	\$336,677		366,882
Internal service funds	_____	\$ 10,930	_____	_____	_____	\$ 1,042	11,972
Total	<u>\$ 811</u>	<u>\$ 10,930</u>	<u>\$ 1,972</u>	<u>\$ 33,393</u>	<u>\$ 336,677</u>	<u>\$ 1,042</u>	<u>\$ 384,825</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.

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The balance of \$336,677 advance payable 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 3 years, from property owners, through collections assessed on tax bills.

Interfund transfers—Interfund transfers for the year ended June 30, 2017, were as follows:

Transfer from	Transfer to					Total
	General fund	Jail debt service fund	Other governmental funds	Other enterprise funds	Internal service funds	
General fund		\$1,727,862				\$ 1,727,862
Flood control fund	\$376,663		\$190,460			567,123
Library fund	376,663					376,663
Other governmental funds	478,094	3,144,056	2,291,379	\$25,000	\$329,199	6,267,728
Landfill fund	18,750					18,750
Internal service funds	<u>1,625,243</u>		<u>530,801</u>			<u>2,156,044</u>
Total	<u>\$ 2,875,413</u>	<u>\$4,871,918</u>	<u>\$ 3,012,640</u>	<u>\$ 25,000</u>	<u>\$329,199</u>	<u>\$11,114,170</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 BICs (see Note 8 for more information on issued BICs). Other funds also transfer monies to reimburse for shared expenses and to cover matching grants.

Note 13 - 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 \$2,625,574 of deposits held by other county departments and \$16,326,063 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 3 for disclosure of the County's deposit and investment risks.

Mohave County
Notes to financial statements
June 30, 2017

Details of each major investment classification follow:

Investment type	Principal	Interest rate(s)	Maturities	Amount
U.S. agency securities	\$ 70,045,191	.625-1.625%	7/17-06/20	\$ 69,816,298
U.S. Treasury notes	83,380,447	.5-3.25%	7/17-4/20	83,248,824
Corporate bonds	2,900,242	N/A	N/A	312,500
State Treasurer's Investment Pool	<u>44,435,436</u>	None stated	N/A	<u>44,435,436</u>
	<u>\$200,761,316</u>			<u>\$197,813,058</u>

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

Statement of net position	
Assets	<u>\$ 216,233,769</u>
Net position	<u>\$ 216,233,769</u>
Net position held in trust for:	
Internal participants	\$ 106,269,532
External participants	<u>109,964,237</u>
Total net position held in trust	<u>\$ 216,233,769</u>
Statement of changes in net position	
Total additions	\$ 439,766,820
Total deductions	<u>(376,999,107)</u>
Net increase	62,767,713
Net position held in trust:	
July 1, 2016	<u>153,466,056</u>
June 30, 2017	<u>\$ 216,233,769</u>

Note 14 - 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 15 - 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 2017, \$72,168 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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 35,499,352	\$ 35,499,352	\$ 35,525,201	\$ 25,849
Licenses and permits	833,400	833,400	994,162	160,762
Intergovernmental	32,477,606	32,477,606	32,423,872	(53,734)
Charges for services	6,813,705	6,813,705	6,708,483	(105,222)
Fines and forfeits	1,544,000	1,544,000	1,424,209	(119,791)
Investment earnings	173,137	173,137	53,838	(119,299)
Contributions	-	-	8,750	8,750
Miscellaneous	1,321,872	1,321,872	840,945	(480,927)
Total revenues	<u>78,663,072</u>	<u>78,663,072</u>	<u>77,979,460</u>	<u>(683,612)</u>
Expenditures:				
General government:				
Assessor	3,386,315	3,386,315	3,192,843	193,472
County attorney	3,995,491	3,995,491	3,727,437	268,054
Board of supervisors	300,447	300,447	278,785	21,662
Clerk of board	209,319	209,319	169,841	39,478
Community services department	418,527	418,527	417,090	1,437
General administration	3,572,653	3,547,653	1,963,230	1,584,423
Clerk of superior court	2,247,509	2,247,509	2,183,764	63,745
Constables	430,800	430,800	425,501	5,299
Contingency	2,000,000	1,356,454	-	1,356,454
Elections	877,864	877,864	667,706	210,158
Finance	1,101,164	1,101,164	1,083,213	17,951
Facilities maintenance	2,668,531	2,668,531	2,617,473	51,058
Justice courts	3,140,693	3,140,693	3,116,038	24,655
Juvenile detention	1,311,784	1,311,784	1,185,841	125,943
Human resources	407,652	407,652	397,796	9,856
Planning & zoning department	2,210,317	2,210,317	1,692,572	517,745
Public fiduciary	506,025	506,025	470,580	35,445
Public defender	5,120,967	5,719,513	5,395,573	323,940
Public legal defender	1,047,428	1,047,428	896,240	151,188
Building inspector	1,157,764	1,157,764	1,093,813	63,951
Procurement	455,711	455,711	432,295	23,416
Recorder	751,928	751,928	647,640	104,288
Superior courts	3,347,740	3,347,740	3,194,792	152,948
Treasurer	1,615,342	1,650,342	1,415,448	234,894
Voter registration	483,273	483,273	415,822	67,451
Supervisory districts	1,096,685	1,096,685	965,772	130,913
Total general government	<u>43,861,929</u>	<u>43,826,929</u>	<u>38,047,105</u>	<u>5,779,824</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Budgetary comparison schedule
 General fund
 Year ended June 30, 2017
 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
Public safety:				
Animal control	\$ 358,012	\$ 362,137	\$ 356,489	\$ 5,648
Jail	12,153,291	11,883,291	11,065,677	817,614
Medical examiner	821,602	821,602	741,500	80,102
Probation	1,685,634	1,685,634	1,520,529	165,105
Sheriff	11,909,759	12,175,634	11,538,657	636,977
Total public safety	<u>26,928,298</u>	<u>26,928,298</u>	<u>25,222,852</u>	<u>1,705,446</u>
Health:				
A.H.C.C.C.S.	<u>9,626,200</u>	<u>9,626,200</u>	<u>9,626,146</u>	<u>54</u>
Education:				
School superintendent	<u>448,578</u>	<u>448,578</u>	<u>390,508</u>	<u>58,070</u>
Debt service:				
Principal retirement	-	-	105,263	(105,263)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>3,472</u>	<u>(3,472)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>108,735</u>	<u>(108,735)</u>
Total expenditures	<u>80,865,005</u>	<u>80,830,005</u>	<u>73,395,346</u>	<u>7,434,659</u>
Excess (deficiency) of revenues over expenditures	<u>(2,201,933)</u>	<u>(2,166,933)</u>	<u>4,584,114</u>	<u>6,751,047</u>
Other financing sources (uses):				
Transfers in	3,659,466	3,659,466	2,875,413	(784,053)
Transfers out	<u>(2,441,874)</u>	<u>(2,476,874)</u>	<u>(1,727,862)</u>	<u>749,012</u>
Total other financing sources (uses)	<u>1,217,592</u>	<u>1,182,592</u>	<u>1,147,551</u>	<u>(35,041)</u>
Net change in fund balances	(984,341)	(984,341)	5,731,665	6,716,006
Fund balances, July 1, 2016	<u>9,805,648</u>	<u>9,805,648</u>	<u>17,095,893</u>	<u>7,290,245</u>
Fund balances, June 30, 2017	<u>\$ 8,821,307</u>	<u>\$ 8,821,307</u>	<u>\$ 22,827,558</u>	<u>\$ 14,006,251</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Budgetary comparison schedule
 Road fund
 Year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 70,000	\$ 70,000	\$ 39,273	\$ (30,727)
Intergovernmental	15,400,000	15,400,000	15,985,206	585,206
Charges for services	53,000	53,000	52,789	(211)
Fines and forfeits	500	500	347	(153)
Investment earnings	45,000	45,000	45,017	17
Rents	70,594	70,594	70,593	(1)
Miscellaneous	486,050	486,050	133,512	(352,538)
Total revenues	<u>16,125,144</u>	<u>16,125,144</u>	<u>16,326,737</u>	<u>201,593</u>
Expenditures:				
Highways and streets	<u>24,472,300</u>	<u>24,472,300</u>	<u>14,723,815</u>	<u>9,748,485</u>
Total expenditures	<u>24,472,300</u>	<u>24,472,300</u>	<u>14,723,815</u>	<u>9,748,485</u>
Excess (deficiency) of revenues over expenditures	<u>(8,347,156)</u>	<u>(8,347,156)</u>	<u>1,602,922</u>	<u>9,950,078</u>
Net change in fund balances	(8,347,156)	(8,347,156)	1,602,922	9,950,078
Fund balances, July 1, 2016	8,347,156	8,347,156	13,341,388	4,994,232
Increase in reserve for inventory	<u>-</u>	<u>-</u>	<u>2,378</u>	<u>2,378</u>
Fund balances, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,946,688</u>	<u>\$ 14,946,688</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Budgetary comparison schedule
 Flood control fund
 Year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 7,500,000	\$ 7,500,000	\$ 7,355,727	\$ (144,273)
Licenses and permits	-	-	3,055	3,055
Intergovernmental	1,459,122	852,495	852,534	39
Charges for services	199,500	33,250	133,250	100,000
Investment earnings	15,000	15,000	36,100	21,100
Miscellaneous	326,230	326,230	252,044	(74,186)
Total revenues	9,499,852	8,726,975	8,632,710	(94,265)
Expenditures:				
Public safety	13,952,381	13,171,642	7,412,076	5,759,566
Total expenditures	13,952,381	13,171,642	7,412,076	5,759,566
Excess (deficiency) of revenues over expenditures	(4,452,529)	(4,444,667)	1,220,634	5,665,301
Other financing sources (uses):				
Transfers in	668,189	244,580	-	(244,580)
Transfers out	(1,260,911)	(887,302)	(567,123)	320,179
Total other financing sources (uses)	(592,722)	(642,722)	(567,123)	75,599
Net change in fund balances	(5,045,251)	(5,087,389)	653,511	5,740,900
Fund balances, July 1, 2016	5,045,251	5,087,389	5,070,549	(16,840)
Fund balances, June 30, 2017	\$ -	\$ -	\$ 5,724,060	\$ 5,724,060

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Budgetary comparison schedule
 Library fund
 Year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 3,713,433	\$ 3,713,433	\$ 3,803,543	\$ 90,110
Intergovernmental	27,500	27,500	26,756	(744)
Charges for services	40,800	40,800	50,572	9,772
Fines and forfeits	53,900	53,900	63,218	9,318
Investment earnings	32,000	32,000	15,173	(16,827)
Contributions	13,525	15,025	196,197	181,172
Miscellaneous	59,520	59,520	7,463	(52,057)
Total revenues	<u>3,940,678</u>	<u>3,942,178</u>	<u>4,162,922</u>	<u>220,744</u>
Expenditures:				
Culture and recreation	12,811,777	12,805,496	4,710,229	8,095,267
Debt service:				
Principal retirement	-	-	27,272	(27,272)
Interest and fiscal charges	-	-	968	(968)
Total expenditures	<u>12,811,777</u>	<u>12,805,496</u>	<u>4,738,469</u>	<u>8,067,027</u>
Excess (deficiency) of revenues over expenditures	<u>(8,871,099)</u>	<u>(8,863,318)</u>	<u>(575,547)</u>	<u>8,287,771</u>
Other financing sources (uses):				
Transfers out	(376,663)	(376,663)	(376,663)	-
Capital leases	-	-	36,178	(36,178)
Total other financing sources (uses)	<u>(376,663)</u>	<u>(376,663)</u>	<u>(340,485)</u>	<u>36,178</u>
Net change in fund balances	(9,247,762)	(9,239,981)	(916,032)	(8,323,949)
Fund balances, July 1, 2016	<u>9,247,762</u>	<u>9,239,981</u>	<u>8,567,907</u>	<u>672,074</u>
Fund balances, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,651,875</u>	<u>\$ (7,651,875)</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
Required supplementary information
Notes to budgetary comparison schedules
June 30, 2017

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, 2017, 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, 2017

Arizona State Retirement System

Reporting fiscal year
 (measurement date)

	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008 Information not available
County's proportion of the net pension liability	.37%	.38%	.39%	
County's proportionate share of the net pension liability	\$59,477,988	\$59,259,251	\$57,859,101	
County's covered payroll	\$34,138,216	\$35,153,250	\$35,362,673	
County's proportionate share of the net pension liability as a percentage of its covered payroll	174.23%	168.57%	163.62%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

Corrections Officer Retirement Plan-
 Administrative Office of the Courts

Reporting fiscal year
 (measurement date)

	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008 Information not available
County's proportion of the net pension liability	2.67%	2.65%	2.71%	
County's proportionate share of the net pension liability	\$7,523,107	\$6,438,542	\$6,077,411	
County's covered payroll	\$2,936,852	\$2,943,898	\$2,914,858	
County's proportionate share of the net pension liability as a percentage of its covered payroll	256.16%	218.71%	189.24%	
Plan fiduciary net position as a percentage of the total pension liability	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan

Reporting fiscal year
 (measurement date)

	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008 Information not available
County's proportion of the net pension liability	2.51%	2.37%	2.53%	
County's proportionate share of the net pension liability	\$23,741,585	\$18,541,752	\$16,967,857	
States proportionate share of the net pension liability associated with the County	<u>4,899,011</u>	<u>5,780,547</u>	<u>5,202,503</u>	
Total	<u>\$28,640,596</u>	<u>\$24,322,299</u>	<u>\$22,170,360</u>	
County's covered payroll	\$1,753,759	\$2,157,272	\$2,366,603	
County's proportionate share of the net pension liability as a percentage of its covered payroll	1354%	859.50%	712.91%	
Plan fiduciary net position as a percentage of the total pension liability	23.42%	28.32%	31.91%	

See accompanying notes to budgetary comparison schedule.

Mohave County
Required supplementary information
Schedule of changes in the County's
net pension liability (asset) and related ratios
Agent pension plans
June 30, 2017

PSPRS-Sheriff	Reporting fiscal year (measurement date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008 Information Not Available
Total pension liability				
Service cost	\$738,110	\$ 856,128	\$ 841,853	
Interest on the total pension liability	2,932,447	2,908,448	2,507,303	
Changes of benefits terms	1,255,658	0	743,169	
Difference between expected and actual experience in the measurement of the pension liability	(569,078)	(797,687)	(926,693)	
Changes of assumptions or other inputs	1,409,917	0	3,668,599	
Benefit payments, including refunds of employee contributions	<u>(3,271,340)</u>	<u>(1,932,983)</u>	<u>(1,529,492)</u>	
Net change in total pension liability	2,495,714	1,033,906	5,304,739	
Total pension liability-beginning	<u>38,622,626</u>	<u>37,588,720</u>	<u>32,283,981</u>	
Total pension liability-ending (a)	<u>\$41,118,340</u>	<u>\$38,622,626</u>	<u>\$37,588,720</u>	
Plan fiduciary net position				
Contributions-employer	\$1,623,099	\$ 1,232,825	\$ 1,174,898	
Contributions-employee	510,843	476,318	485,480	
Net investment income	110,794	708,906	2,343,758	
Benefits payments, including refunds of employee contributions	(3,271,340)	(1,932,983)	(1,529,492)	
Administrative expense	(16,343)	(17,672)	(18,876)	
Other changes	<u>(68,502)</u>	<u>10,751</u>	<u>(180,019)</u>	
Net change in plan fiduciary net position	(1,111,449)	478,145	2,275,749	
Plan fiduciary net position-beginning	<u>19,685,953</u>	<u>19,207,808</u>	<u>16,932,059</u>	
Plan fiduciary net position-ending (b)	<u>18,574,504</u>	<u>19,685,953</u>	<u>19,207,808</u>	
County's net pension liability – ending (a) – (b)	<u>\$ 22,543,836</u>	<u>\$18,936,673</u>	<u>\$18,380,912</u>	
Plan fiduciary net position as a percentage of the total pension liability	45.17%	50.97%	51.1%	
Covered payroll	\$ 4,188,771	\$ 4,310,395	\$4,486,194	
County's net pension liability as a percentage of covered payroll	538.20%	439.33%	409.72%	

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Schedule of changes in the County's
 net pension liability (asset) and related ratios
 Agent pension plans
 June 30, 2017
 (Continued)

CORP-detention	Reporting fiscal year (measurement date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008 Information Not Available
Total pension liability				
Service cost	\$522,178	\$ 527,226	\$ 535,075	
Interest on the total pension liability	502,287	476,424	404,294	
Changes of benefits terms	23,016	0	52,115	
Difference between expected and actual experience in the measurement of the pension liability	(441,945)	(255,141)	(44,513)	
Changes of assumptions or other inputs	238,838	0	309,034	
Benefit payments, including refunds of employee contributions	<u>(492,035)</u>	<u>(341,013)</u>	<u>(325,442)</u>	
Net change in total pension liability	352,339	407,496	930,563	
Total pension liability-beginning	<u>6,383,484</u>	<u>5,975,988</u>	<u>5,045,425</u>	
Total pension liability-ending (a)	<u>\$6,735,823</u>	<u>\$6,383,484</u>	<u>\$5,975,988</u>	
Plan fiduciary net position				
Contributions-employer	\$277,167	\$ 265,631	\$ 288,751	
Contributions-employee	331,483	330,465	328,515	
Net investment income	42,247	243,014	782,383	
Benefits payments, including refunds of employee contributions	(492,035)	(341,013)	(325,442)	
Administrative expense	(6,374)	(6,374)	(6,151)	
Other changes	<u>(66,110)</u>	<u>(82,072)</u>	<u>6,111</u>	
Net change in plan fiduciary net position	86,378	409,651	1,074,167	
Plan fiduciary net position-beginning	<u>6,942,529</u>	<u>6,532,878</u>	<u>5,458,711</u>	
Plan fiduciary net position-ending (b)	<u>7,028,907</u>	<u>6,942,529</u>	<u>6,532,878</u>	
County's net pension liability – ending (a) – (b)	<u>\$ (293,084)</u>	<u>\$ (559,045)</u>	<u>\$ (556,890)</u>	
Plan fiduciary net position as a percentage of the total pension liability	104.35%	108.76%	109.32%	
Covered payroll	\$3,910,641	\$3,910,769	\$4,107,411	
County's net pension liability as a percentage of covered payroll	(7.49%)	(14.30%)	(13.56%)	

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Schedule of county pension contributions
 June 30, 2017

Arizona State Retirement System	Reporting fiscal year				2013 through 2008
	2017	2016	2015	2014	
Statutorily required contribution	\$3,742,898	\$ 3,771,411	\$ 3,828,189	\$ 3,771,598	Information not available
County's contributions in relation to the statutorily required contribution	<u>3,742,898</u>	<u>3,771,411</u>	<u>3,828,189</u>	<u>3,771,598</u>	
County's contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$34,720,762	\$34,138,216	\$35,153,250	\$35,362,373	
County's contributions as a percentage of covered payroll	10.78%	10.85%	10.89%	10.67%	
Corrections Officer Retirement Plan- Administrative Office of the Courts	Reporting fiscal year				2013 through 2008
	2017	2016	2015	2014	
Statutorily required contribution	\$ 609,950	\$ 564,751	\$ 438,052	\$ 421,197	Information not available
County's contributions in relation to the statutorily required contribution	<u>609,950</u>	<u>564,751</u>	<u>438,052</u>	<u>421,197</u>	
County's contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	3,037,600	\$2,936,852	\$2,943,898	\$2,914,858	
County's contributions as a percentage of covered payroll	20.08%	19.23%	14.88%	14.45%	
Elected Officials Retirement Plan	Reporting fiscal year				2013 through 2008
	2017	2016	2015	2014	
Statutorily required contribution	\$ 512,333	\$ 421,134	\$ 506,959	\$ 539,153	Information not available
County's contributions in relation to the statutorily required contribution	<u>512,333</u>	<u>421,134</u>	<u>506,959</u>	<u>539,153</u>	
County's contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$2,180,142	\$1,753,759	\$2,157,272	\$2,366,603	
County's contributions as a percentage of covered payroll	23.5%	24.01%	23.5%	22.78%	

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Schedule of county pension contributions
 June 30, 2017
 (Continued)

PSPRS	Reporting fiscal year				2013 through 2008
	2017	2016	2015	2014	
Actuarially determined contribution	\$ 1,862,504	\$1,623,099	\$1,232,773	\$1,174,898	Information not available
County's contributions in relation to the Actuarially determined contribution	<u>1,862,504</u>	<u>1,623,099</u>	<u>1,232,773</u>	<u>1,174,898</u>	
County's contribution deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$ 4,341,502	\$4,188,771	\$4,310,395	\$4486,194	
County's contributions as a percentage of covered payroll	42.9%	38.48%	28.60%	26.18%	
CORP	Reporting fiscal year				2013 through 2008
	2017	2016	2015	2014	
Actuarially determined contribution	\$221,835	\$ 277,167	\$ 265,631	\$ 288,751	Information not available
County's contributions in relation to the Actuarially determined contribution	<u>221,835</u>	<u>277,167</u>	<u>265,631</u>	<u>288,751</u>	
County's contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered payroll	\$3,697,257	\$3,910,641	\$3,910,769	\$4,107,411	
County's contributions as a percentage of covered payroll	6.0%	7.03%	6.76%	7.03%	

See accompanying notes to budgetary comparison schedule.

Mohave County
 Required supplementary information
 Notes to pension plan schedules
 June 30, 2017

Note 1 – 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 2015 actuarial valuation	21 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)

Note 2– Factors that affect trends

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS, CORP, and CORP–AOC changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS' and CORP's changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the County's net pension liability and related ratios. These changes also increased the PSPRS, CORP, and CORP–AOC's required contributions beginning in fiscal year 2016 in the schedule of county pension contributions.

Mohave County
 Required supplementary information
 Schedule of agent OPEB plans' funding progress
 June 30, 2017

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b)-(a)/c
PSPRS						
Sheriff						
6/30/2017	\$ 1,437,190	\$ 743,644	\$ (693,546)	193.3%	\$ 4,297,227	-16.1%
6/30/2016	1,369,082	726,615	(642,467)	188.4%	3,796,862	-16.9%
6/30/2015	1,300,696	782,355	(518,341)	166.3%	3,902,844	-13.3%
CORP						
Detention						
6/30/2017	\$ 664,254	\$ 229,702	\$ (434,552)	289.2%	\$ 3,466,038	-12.5%
6/30/2016	629,940	252,116	(377,824)	249.9%	3,664,408	-10.3%
6/30/2015	596,823	259,587	(337,236)	229.9%	3,991,615	-8.4%

See accompanying notes to budgetary comparison schedule.