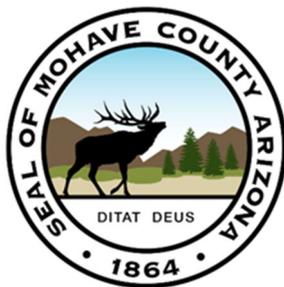




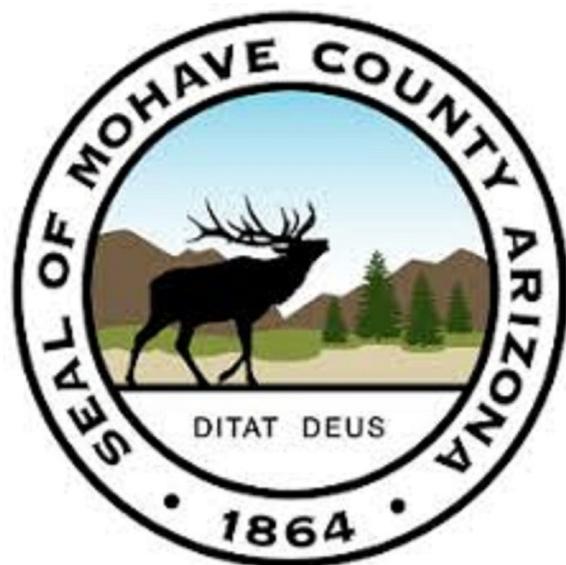
Photo courtesy of John Mieding



**MOHAVE COUNTY**  
Fiscal Year 2019-2020  
Annual Financial Report  
June 30, 2020



**MOHAVE COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2020**



MOHAVE COUNTY  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

Independent Auditors' Report	
Required Supplementary Information - Management's Discussion and Analysis.....	7
Government-Wide Statements:	
Statement of Net Position.....	27
Statement of Activities.....	28
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	31
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	33
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities.....	34
Proprietary Funds:	
Statement of Net Position.....	35
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	37
Statement of Cash Flows.....	38
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	40
Statement of Changes in Fiduciary Net Position.....	41
Notes to Financial Statements.....	42
Other Required Supplementary Information:	
Budgetary Comparison Schedules.....	85
Notes to Budgetary Comparison Schedules.....	89
Schedule of the County's Proportionate Share of Net Pension/OPEB Liability - Cost-Sharing Plans.....	90
Schedule of Changes in the County's Net Pension/OPEB Liability (Asset) and Related Ratios Agent Plans.....	93
Schedule of the County's Pension/OPEB Contributions.....	97
Notes to the County's Pension/OPEB Plan Schedules.....	100





## INDEPENDENT AUDITORS' REPORT

The Arizona Auditor General

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, 2020, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, 2020, 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 7 through 24, Budgetary Comparison Schedules on pages 84 through 87, Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Plans on pages 89 through 91, Schedule of Changes in the County's Net Pension/OPEB Liability (Asset) and Related Ratios – Agent Plans on pages 92 through 95, and Schedule of County's Pension/OPEB Contributions on pages 96 through 98 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 comply with the authorized transportation purposes, insofar as they relate to accounting matters, for highway user revenue fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. 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 authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Arizona Auditor General, 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 May 14, 2021 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*

May 14, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
(REQUIRED SUPPLEMENTARY INFORMATION)



MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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, 2020. 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, increased by \$24.8 million. The increase is comprised of a \$23.1 million increase in governmental activities net position and an increase of \$1.7 million in business-type activities net position.
- Total governmental liabilities increased by \$6 million from the prior year, due to increased liabilities for capital projects, payroll and pension liabilities.
- The fund balance of the County Capital Improvement Fund decreased \$9.3 million for two primary reasons: 1) The quarter cent sales tax sunset on December 31, 2019 and therefore revenue collected represents only six months resulting in a reduction of \$3.4 million, compared to the prior year; and 2) Construction costs for the Law and Justice Center were \$14.1 million this year, an increase of \$10.7 million. The project will be completed in 2021.
- The General Fund balance increased \$10.6 million primarily due to increases in intergovernmental revenues. The largest intergovernmental revenue increases were associated with a COVID-19 grant, and an increase in state shared revenue.
- The pension liability increased by \$2.6 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 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.

The government-wide financial statements are designed to provide readers with a broad overview of Mohave County's finances, in a manner similar to 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 vacation 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.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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 which provided financing and oversight of the construction and equipping of a jail facility for use by and ultimate ownership by Mohave County, is now inactive.
- 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 and County Capital Improvement 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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, park services 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$313.4 million, \$25 million higher than last year.

By far the largest portion of Mohave County's net position (87 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. The remaining 13 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 and other postemployment benefits 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.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

The explanations for the changes between fund balance presentation and government-wide can be seen in the reconciliations on pages 32 and 34 of the financial statements.

The government-wide restricted net position increased from the prior year by \$ 6.7 million. This increase reflects amounts the County received from the Federal government for the AZ CARES Act, a COVID-19 stimulus award.

The government-wide unrestricted net position reflects an increase of \$1.2 million in the negative net position. This results from the use of \$14.1 million of unrestricted funds for Law & Justice Center capital project, offset by net of income in operations and a decrease in the pension liability.

The large increase of 7.56% or \$19.2 million in the net investment in capital assets is the amount of the construction in process for the Law & Justice Center, Flood Control projects, Landfill improvements and the Kingman Library expansion. These projects are expected be completed by June 2021.

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

	2020	2019	Increase (Decrease)	% Change
Current and other assets	\$ 168,966,444	\$ 161,542,326	\$ 7,424,118	4.60%
Capital assets	273,755,048	254,508,083	19,246,965	7.56%
Net pension and other postemployment benefits asset	<u>1,826,548</u>	<u>1,971,974</u>	<u>(145,426)</u>	<u>(7.37)%</u>
Total Assets	<u>444,548,040</u>	<u>418,022,383</u>	<u>26,525,657</u>	<u>6.35%</u>
Deferred outflows related to pension and other postemployment benefits	<u>18,589,986</u>	<u>22,782,540</u>	<u>(4,192,554)</u>	<u>(18.40)%</u>
Long-term liabilities outstanding	128,931,473	125,590,387	3,341,086	2.66%
Other liabilities	<u>12,808,084</u>	<u>7,884,815</u>	<u>4,923,269</u>	<u>62.44%</u>
Total liabilities	<u>141,739,557</u>	<u>133,475,202</u>	<u>8,264,355</u>	<u>6.19%</u>
Deferred inflows related to pensions and other postemployment benefits	<u>7,957,136</u>	<u>18,713,069</u>	<u>(10,755,933)</u>	<u>(57.48)%</u>
<b>NET POSITION</b>				
Net investment in capital assets	273,755,048	254,508,083	19,246,965	7.56%
Restricted	69,288,577	62,543,682	6,744,895	10.78%
Unrestricted	<u>(29,602,292)</u>	<u>(28,435,113)</u>	<u>(1,167,179)</u>	<u>4.10%</u>
Total net position	<u>\$ 313,441,333</u>	<u>\$ 288,616,652</u>	<u>\$ 24,824,681</u>	<u>8.60%</u>

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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

	2020	2019	Increase (Decrease)	% Change
Current and other assets	\$ 145,687,252	\$ 139,885,807	\$ 5,801,445	4.15%
Capital assets	255,144,675	237,845,670	17,299,005	7.27%
Net pension and other postemployment benefits asset	<u>1,822,681</u>	<u>1,966,772</u>	<u>(144,091)</u>	<u>(7.33)%</u>
Total assets	<u>402,654,608</u>	<u>379,698,249</u>	<u>22,956,359</u>	<u>6.05%</u>
Deferred outflows related to pension and other postemployment benefits	<u>18,320,323</u>	<u>22,476,146</u>	<u>(4,155,823)</u>	<u>(18.49)%</u>
Long-term liabilities outstanding	117,149,172	114,553,947	2,595,225	2.27%
Other liabilities	<u>11,036,510</u>	<u>7,276,723</u>	<u>3,759,787</u>	<u>51.67%</u>
Total liabilities	<u>128,185,682</u>	<u>121,830,670</u>	<u>6,355,012</u>	<u>5.22%</u>
Deferred inflows related to pensions and other postemployment benefits	<u>7,775,379</u>	<u>18,421,271</u>	<u>(10,645,892)</u>	<u>(57.79)%</u>
<b>NET POSITION</b>				
Net investment in capital assets	255,144,675	237,845,670	17,299,005	7.27%
Restricted	60,032,117	52,809,197	7,222,920	13.68%
Unrestricted	<u>(30,162,922)</u>	<u>(28,732,413)</u>	<u>(1,430,509)</u>	<u>4.98%</u>
Total net position	<u>\$ 285,013,870</u>	<u>\$ 261,922,454</u>	<u>\$ 23,091,416</u>	<u>8.82%</u>

**Governmental activities—net position highlights:** As a result of an actuarial valuation of the total pension and OPEB liability performed as of June 30, 2020, and a measurement date of June 30, 2019, deferred outflows and inflows of resources related to pensions decreased by \$4.2 million and \$10.6 million, respectively. The pension and OPEB liability increased by \$2.6 million, which accounted for the increase in Long-term liabilities. No large new debt was incurred and with payments on the remaining Long-term liabilities, the total increase was also \$2.6 million or 2.27% from the prior year. Other liabilities had a net increase of \$3.8 million due to increases in accounts payable, payroll payable and in the deposits held for others, at year-end. These increases generally reflect timing differences in payouts from one year to the next. This year there were also increases in the funds that had active construction projects. The reasons for the increases in negative unrestricted net position, restricted net position and net investment in capital assets are the same as government-wide. The business-type activities accounted for a small percent of the changes in the government-wide net position.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

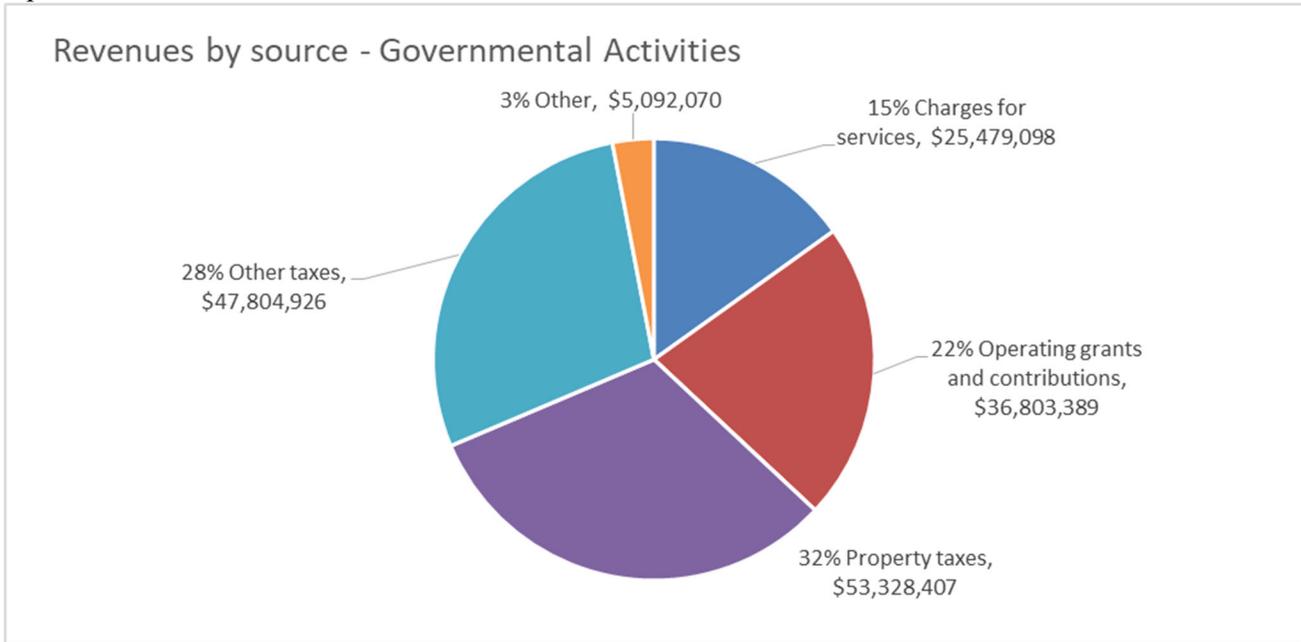
**Governmental Activities**  
**Comparative Statement of Activities**  
**Year Ended June 30,**

	2020	2019	Increase (Decrease)	% Change
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 25,479,098	\$ 21,181,843	\$ 4,297,255	20.29%
Operating grants and contributions	<u>36,803,389</u>	<u>30,956,791</u>	<u>5,846,598</u>	<u>18.89%</u>
Total program revenues	<u>62,282,487</u>	<u>52,138,634</u>	<u>10,143,853</u>	<u>19.46%</u>
General revenues				
Property revenues	53,328,407	51,754,094	1,574,313	3.04%
Other taxes	47,804,926	48,442,194	131,532	.27%
Other revenues	<u>5,092,070</u>	<u>3,317,045</u>	<u>1,006,225</u>	<u>30.33%</u>
Total general revenues	<u>106,225,403</u>	<u>103,513,333</u>	<u>2,712,070</u>	<u>2.62%</u>
Total revenues	<u>168,507,890</u>	<u>155,651,967</u>	<u>12,855,923</u>	<u>8.26%</u>
<b>Expenses:</b>				
General government	58,353,487	43,193,723	15,159,764	35.10%
Public safety	44,594,368	40,395,349	4,199,019	10.39%
Highways and streets	12,350,952	17,453,802	(5,102,850)	(29.24)%
Health	16,582,460	15,803,615	778,845	4.93%
Welfare	5,086,151	4,799,001	287,150	5.98%
Sanitation	46,358	61,066	(14,708)	(24.09)%
Culture and recreation	5,957,236	4,643,622	1,313,614	28.29%
Education	2,636,480	2,511,548	124,932	4.97%
Interest on long-term debt	<u>34,881</u>	<u>36,453</u>	<u>(1,572)</u>	<u>(4.31)%</u>
Total expenses	<u>145,642,373</u>	<u>128,898,179</u>	<u>16,744,194</u>	<u>12.99%</u>
Inc. (Dec.) in net position before transfers	22,865,517	26,753,788	(3,888,271)	(14.53)%
Transfers	<u>225,899</u>	<u>(25,000)</u>	<u>250,899</u>	<u>(1003.60)%</u>
Inc. (Dec.) in net position after transfers	23,091,416	26,728,788	(3,637,372)	(13.61)%
Net position beginning of year	<u>261,922,454</u>	<u>235,193,666</u>	<u>26,728,788</u>	<u>11.36%</u>
Net position end of year	<u>\$ 285,013,870</u>	<u>\$ 261,922,454</u>	<u>\$ 23,091,416</u>	<u>8.82%</u>

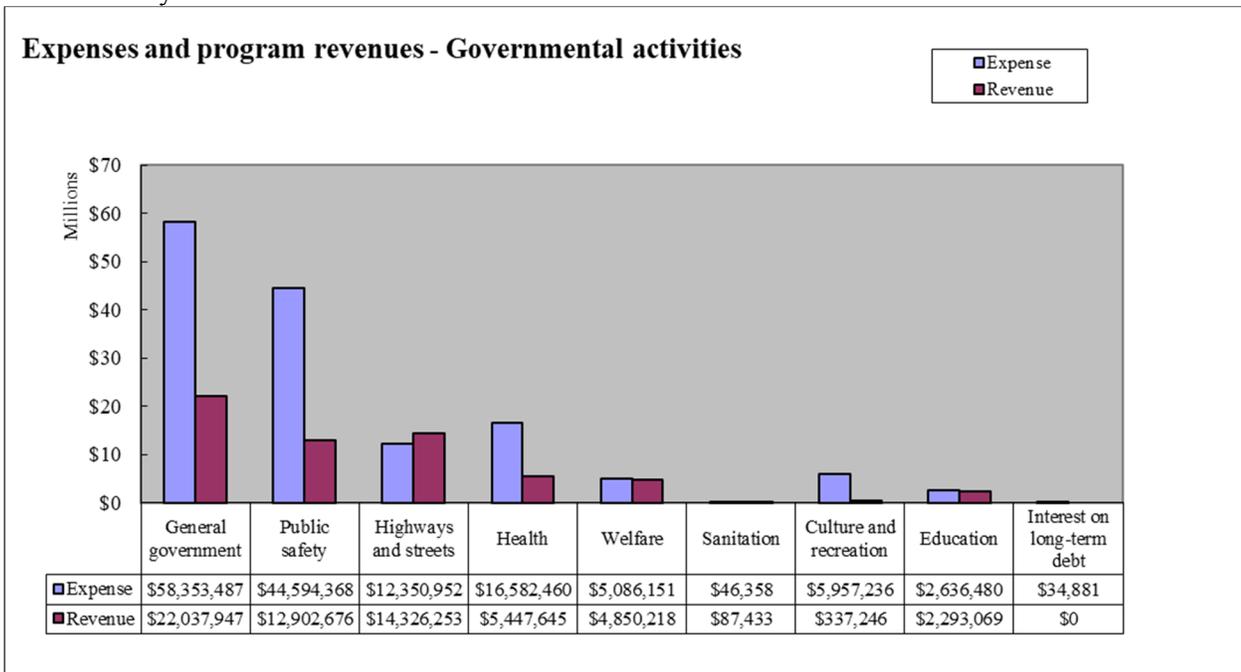
**Governmental activities—comparative statement of activities highlights:** The current year governmental activities financial statements reflect an increase in total general revenues and program revenue. The largest percent increase was in charges for services from increases in fines and forfeits. This increase was in the antiracketeering fund where they received a large \$3.2 million distribution. The increase in the other revenues is a result of increases in investment earnings and a reduction in loss on disposal of assets. The increase in operating grants and contributions comes from COVID-19 grant revenue. Expenses increased 13 percent from the prior year. Part of the increase is in general government and public safety expenses and includes compensation adjustments to remain competitive with recruitment and retention of quality employees. There was also a 2 ½% compensation adjustment for other eligible County employees. These increases were offset, to some degree, by vacancy savings. Additions of pension and OPEB activity and capital asset activity had the largest effect on general government, public safety and highways and streets. Other reasons for the increase are discussed later in a detailed discussion of the General Fund. The transfer in the current year reflects transfers to the General Fund from the Landfill Fund to reimburse for inspector salaries and benefits. The decrease in sanitation reflects fewer projects for nuisance abatement. Interest on long-term debt is down due to no new debt.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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 \$168.5 million. General revenues of \$106.3 million are not included in this graph, though they represent 61 percent of total revenues reported for governmental activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues resulted in an increase to net position of \$23 million for the fiscal year as indicated on the Statement of Activities.



MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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

	2020	2019	Increase (Decrease)	% Change
Current and other assets	\$ 23,279,192	\$ 21,656,519	\$ 1,622,673	7.49%
Capital assets	18,610,373	16,662,413	1,947,960	11.69%
Net pension and other postemployment benefits asset	<u>3,867</u>	<u>5,202</u>	<u>(1,335)</u>	<u>(25.66)%</u>
Total Assets	<u>41,893,432</u>	<u>38,324,134</u>	<u>3,569,298</u>	<u>9.31%</u>
Deferred outflows related to pension and other postemployment benefits	<u>269,663</u>	<u>306,394</u>	<u>(36,731)</u>	<u>(11.99)%</u>
Long-term liabilities outstanding	11,782,301	11,036,440	745,861	6.76%
Other liabilities	<u>1,771,574</u>	<u>608,092</u>	<u>1,163,482</u>	<u>191.33%</u>
Total liabilities	<u>13,553,875</u>	<u>11,644,532</u>	<u>1,909,343</u>	<u>16.40%</u>
Deferred inflows related to pensions and other postemployment benefits	<u>181,757</u>	<u>291,798</u>	<u>(110,041)</u>	<u>(37.71)%</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,610,373	16,662,413	1,947,960	11.69%
Restricted	9,256,460	9,734,485	(478,025)	(4.91)%
Unrestricted	<u>560,630</u>	<u>297,300</u>	<u>263,330</u>	<u>88.57%</u>
Total net position	<u>\$ 28,427,463</u>	<u>\$ 26,694,198</u>	<u>\$ 1,733,265</u>	<u>6.49%</u>

**Business-type activities—net position highlights:** Deferred outflows related to pensions and OPEB, and deferred inflows related to pensions and OPEB, should be netted together for a net of \$87,906 in 2020. This is a \$73 thousand deferred outflow increase or 500% net increase from the prior year in net deferred inflows and outflows, and represents County contributions to the pension plan and OPEB for employees in the business-type activities funds. 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 slightly due to other pension and compensated absence changes. Other liabilities increased \$1.2 million due to an increase in accounts payable claims paid after June 30th and accrued to fiscal year 2020, related to CIP projects. The increase to unrestricted net position was due to pension adjustments in all funds in addition to net income for the Parks and Other Enterprise funds in the current year. Restricted net position declined due to investments in capital assets in the Landfill Fund. The increase in the net investment in capital assets net position is the net of capital asset and CIP additions of \$2.7 million, and current year depreciation and disposals.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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

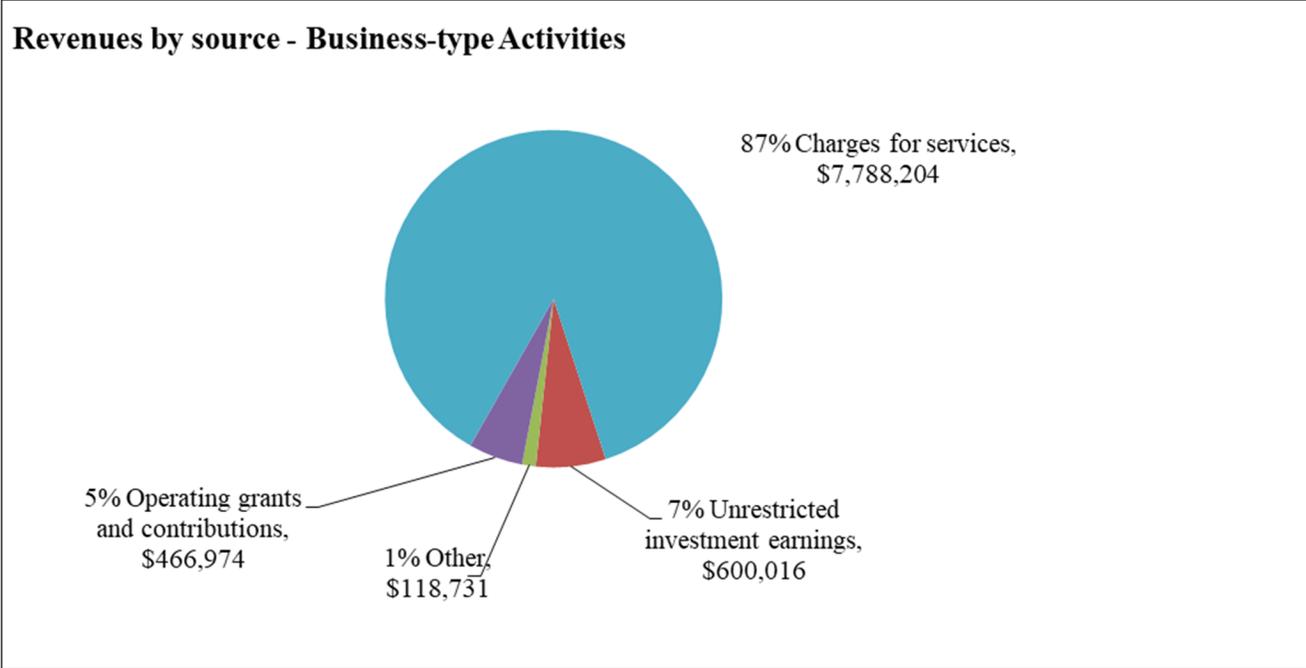
	2020	2019	Increase (Decrease)	% Change
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 7,788,204	\$ 6,393,297	\$ 1,394,907	21.82%
Operating grants and contributions	466,974	439,442	27,532	6.27%
Total program revenues	<u>8,255,178</u>	<u>6,832,739</u>	<u>1,422,439</u>	<u>20.82%</u>
General revenues				
Other revenue	118,731	144,643	(25,912)	-17.91%
Unrestricted investment earnings	600,016	494,695	105,321	21.29%
Total general revenues	<u>718,747</u>	<u>639,338</u>	<u>79,409</u>	<u>12.42%</u>
Total revenues	<u>8,973,925</u>	<u>7,472,077</u>	<u>1,501,848</u>	<u>20.10%</u>
<b>Expenses:</b>				
Landfill	2,093,886	1,569,205	524,681	33.44%
Recreation	2,510,042	2,294,047	215,995	9.42%
Water companies	2,410,833	2,283,829	127,004	5.56%
Total expenses	<u>7,014,761</u>	<u>6,147,081</u>	<u>867,680</u>	<u>14.12%</u>
Increase in net position before transfers	1,959,164	1,324,996	634,168	47.86%
Transfers	(225,899)	25,000	(250,899)	(1003.60)%
Increase in net position after transfers	1,733,265	1,349,996	383,269	28.39%
Net position beginning of year	26,694,198	25,344,202	1,349,996	5.33%
Net position end of year	<u>\$ 28,427,463</u>	<u>\$ 26,694,198</u>	<u>\$ 1,733,265</u>	<u>6.49%</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 a 20 percent increase in total revenues for the year.

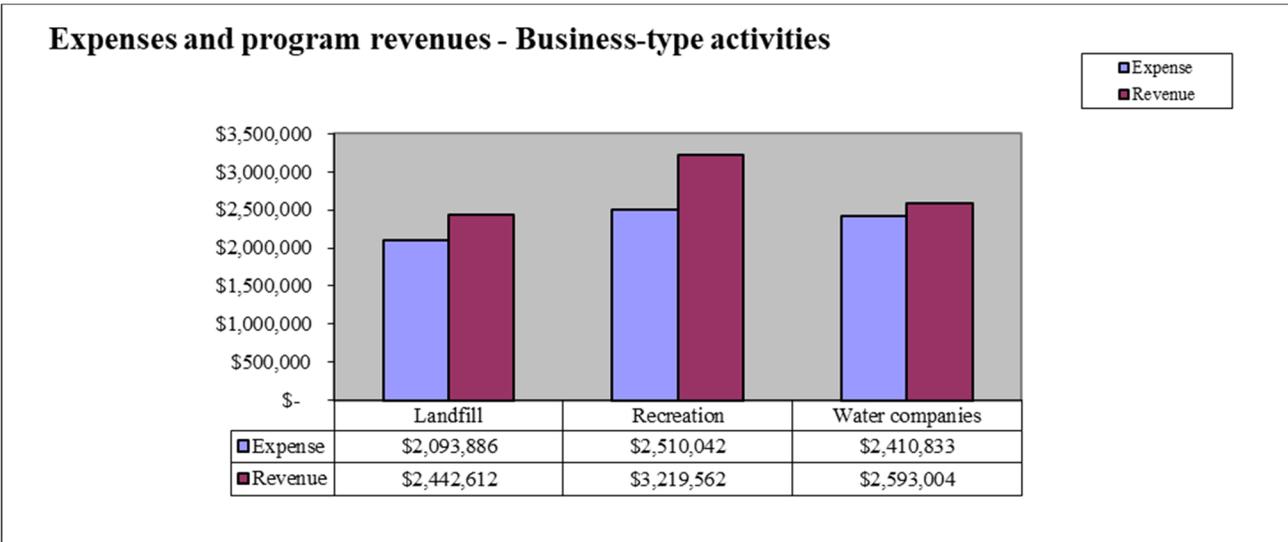
- Charges for services increased in all Enterprise funds, but especially in the Parks funds due to serving more customers and park visitors during the COVID-19 pandemic. Davis Park, in particular, was at capacity most of the year. The landfill solid waste tonnage increased due to the City of Kingman stopping its recycle program and homeowners investments in home improvements. Mohave County also experienced an uptick in construction, resulting in increased disposal of construction debris.
- Investment earnings increased due to increased cash balances and increased economic market.
- Landfill expenses increased \$525 thousand in closure/post closure costs, accounting for the 33% increase in expenses.
- The increased expenses in recreation correspond with the increase in services provided and additional staffing needs.
- Other revenues increased \$79 thousand due to a positive increase in investment earnings, net of a loss on disposal of capital assets.
- Water company expenses increased a total of \$127 thousand including \$112 thousand additional in depreciation and personnel costs due to wage increases.
- Transfers out increased due to a Board of Supervisors approved action to move the fairgrounds projects from the Parks department to its own fund. They also approved a transfer out to building inspection from the Landfill fund to cover septic tank inspections performed by that department. In the prior year, there was a transfer in from the General Fund to the Parks department for the fairgrounds project.

MOHAVE COUNTY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2020

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.



MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**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, County Capital Improvement Fund, and the Other Governmental Funds are nonspendable, restricted, or committed and can only be used for specific purposes.

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

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>2019</b>						
Assets	\$ 40,239,014	\$ 17,996,561	\$ 11,346,967	\$ 19,365,936	\$ 26,632,710	\$ 115,581,188
Liabilities	3,042,597	1,866,712	105,579	1,044,544	1,284,246	7,343,678
Deferred inflows	<u>2,347,213</u>	<u>-</u>	<u>701,170</u>	<u>-</u>	<u>944,470</u>	<u>3,992,853</u>
Fund balance	<u>34,849,204</u>	<u>16,129,849</u>	<u>10,540,218</u>	<u>18,321,392</u>	<u>24,403,994</u>	<u>104,244,657</u>
<b>2020</b>						
Assets	52,924,562	17,737,849	9,413,983	10,545,195	30,725,525	121,347,114
Liabilities	5,351,770	801,467	769,716	1,566,511	2,361,818	10,851,282
Deferred inflows	<u>2,157,613</u>	<u>-</u>	<u>659,278</u>	<u>-</u>	<u>879,399</u>	<u>3,696,290</u>
Fund balance	<u>45,415,179</u>	<u>16,936,382</u>	<u>7,984,989</u>	<u>8,978,684</u>	<u>27,484,308</u>	<u>106,799,542</u>
<b>Increase (decrease)</b>						
Assets	12,685,548	(258,712)	(1,932,983)	(8,820,741)	4,092,812	5,765,924
Liabilities	2,309,173	(1,065,245)	664,137	521,967	1,077,559	3,507,591
Deferred inflows	<u>(189,600)</u>	<u>-</u>	<u>(41,892)</u>	<u>-</u>	<u>(65,072)</u>	<u>(296,564)</u>
Fund balance	<u>10,565,975</u>	<u>806,533</u>	<u>(2,555,228)</u>	<u>(9,342,708)</u>	<u>3,080,325</u>	<u>2,554,897</u>
<b>% change</b>						
Assets	32%	(1)%	(17)%	(46)%	15%	5%
Liabilities	76%	(57)%	629%	50%	84%	48%
Deferred inflows	(8)%	-	(6)%	-	(7)%	(7)%
Fund balance	30%	5%	(24)%	(51)%	13%	2%

Significant changes reflected in the schedule above will follow:

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**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 \$40.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund unassigned fund balance equals 47 percent of total General Fund expenditures. The deferred inflows represent deferred property tax collections and deferred intergovernmental income in 2020. Increased revenue collections from all sources, accounted for the increase in cash and fund balance. Collections from sales of delinquent property tax liens added to the increase in revenue. In addition, the County recorded a \$4.6 million receivable of stimulus money, from the Federal government, to use to address Public Health and Public Safety needs of the community, as the result of the COVID-19 pandemic. This was reflected in both assets and fund balance. The liabilities increased by \$2.3 million or 76%. This is the result of two additional days in the payroll accrual (\$.5 million) and a \$1.8 million increase in deposits held for others for an assurance deposit held for a lawsuit.

**The Road Fund's** 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. The large decrease in liabilities is a timing difference in payments of normal road department expenses.

**The Flood Control Fund** total fund balance decreased from the prior year. The decrease in fund balance and assets, corresponds with the deferred expenditure of the Lake Havasu City's 2019 cost share. The funding was not approved by the City council until July of 2019. Hence there were two years of distributions reflected in FY20 for that City.

**The County Capital Improvement Fund** Assets decreased \$9 million. Cash decreased significantly for two reasons. First, revenue decreased by 41%. The County quarter cent sales tax sunset December 31, 2019 and therefore revenue collected represents only six months of the fiscal year resulting in a decrease in tax revenue of \$3.4 million, compared to the prior year. Second, \$14.1 million was spent on the Law and Justice Center capital project. Inter-fund receivables decreased by \$1.3 million, as transfers from other funds to support the Law and Justice Center building project were completed the prior year. A corresponding 51% decrease in fund balance occurred. The current project will be completed by June 2021 and will deplete most of the remaining fund balance.

**The Other Governmental Funds** assets increased by \$4.1 million. Many of the other governmental funds received additional grants, but the largest increase of \$3.3 million was received in the Anti-Racketeering fund.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

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

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>2019</b>						
Revenues	\$ 87,395,992	\$ 18,471,091	\$ 8,415,621	\$ 8,135,778	\$ 30,038,830	\$ 152,457,312
Expenditures	82,387,391	17,591,574	3,863,501	3,425,409	30,225,275	137,493,150
Other financing sources (uses)	<u>(215,025)</u>	<u>306,924</u>	<u>(646,865)</u>	<u>1,554,222</u>	<u>(311,306)</u>	<u>687,950</u>
Net change in fund balance	<u>4,793,576</u>	<u>1,186,441</u>	<u>3,905,255</u>	<u>6,264,591</u>	<u>(497,751)</u>	<u>15,652,112</u>
<b>2020</b>						
Revenues	96,683,521	18,402,497	8,773,015	4,791,631	35,273,300	163,923,964
Expenditures	85,825,096	17,559,617	10,771,150	14,134,339	33,254,621	161,544,823
Other financing sources (uses)	<u>(292,450)</u>	<u>10,374</u>	<u>(601,145)</u>	<u>-</u>	<u>1,061,635</u>	<u>178,414</u>
Net change in fund balance	<u>10,565,975</u>	<u>853,254</u>	<u>(2,599,280)</u>	<u>(9,342,708)</u>	<u>3,080,314</u>	<u>2,557,555</u>
<b>Increase (decrease)</b>						
Revenues	9,287,530	(68,594)	357,395	(3,344,145)	5,237,167	11,469,353
Expenditures	3,437,706	(31,957)	6,907,649	10,708,932	3,020,431	24,051,761
Other financing sources (uses)	<u>(77,426)</u>	<u>(296,550)</u>	<u>45,720</u>	<u>(1,554,222)</u>	<u>1,370,340</u>	<u>(512,138)</u>
<b>% change</b>						
Revenues	11%	(.4)%	4%	(41)%	17%	8%
Expenditures	4%	(.2)%	179%	313%	10%	17%
Other financing sources (uses)	(36)%	(97)%	7%	(100)%	441%	(74)%

Significant changes reflected in the schedule above will be discussed here, with the exception of the General Fund, which will be discussed separately under the heading General Fund budgetary highlights:

**Governmental revenues and expenditures:**

**The Road Fund** experienced a slight .4 percent decrease in revenue due to reduced miscellaneous income and highway user funds declined between March and June due to reduced travel related to COVID-19 impacts. There was a .2 percent decrease in expenditures. The fund spent the same on capital purchases compared to the prior year. Road projects vary from year to year. The total expenditures remained about the same this year as last year. There were not as many sales of equipment providing other financing sources (uses) of revenue this year.

**Flood Control Fund** changes in expense reflect the deferral of the payment to Lake Havasu City (LHC) in fiscal year 2019 of their share of the flood control tax revenue to fiscal year 2020. This is due to a delay in receiving an executed intergovernmental agreement from Lake Havasu City by June 30. The annual payment for 2019 was made in July 2019, after the agreement was received and approved. This resulted in a difference of expenses between the years of 2 payments to LHC totaling \$4.5 million. In addition, there was a new flood control project, the Grace Neal Channel which totaled \$2.4 million.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**County Capital Improvement Fund** the fund balance decreased significantly for two reasons. First, the County quarter cent sales tax sunset December 31, 2019 and therefore revenue collected represents only six months of revenue compared to 12 months the prior year. The fund received \$3.4 million, or 41%, less than its normal tax revenue. The expenditures increased by \$10.7 million from the increase in the construction of the Law and Justice Center. This project will be completed by the end of fiscal year 2021. The other financing sources decreased by \$1.55 million as a result of no transfers-in from other funds to cover construction costs in the current year. All transfers for the current project were transferred in during fiscal year 2019.

**The Other Governmental Funds** revenue increases were \$3.3 million in fines and forfeits from antiracketeering revenue, a \$1.4 million increases in COVID-19 grants in the intergovernmental revenue, and \$.8 million increase in property tax revenue in the Library fund and TV district. The increase in other financing sources in the current year results from transfers-in exceeding transfers-out the current year. The prior year there was a \$1.5 Million transfer-out for capital projects.

The other governmental funds largest increase in expense reflects a \$2 million expansion of the Kingman library, along with corresponding increases in expenses in grant funds, due to the increased grant revenue.

#### **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.

**Statement of Net Position—Business-type Activities**—Net position for the enterprise funds, in total, increased .6 million more than the prior year. The GVID Fund reflected a net decrease in net position, after recording depreciation expense, which does not affect available cash. All other funds reflected an increase in net position.

**Statement of Net Position—Governmental Activities-Internal Service Funds**—Net position for the internal service funds increased by \$2 million over the prior year. The largest increases were in the Vehicle replacement fund and the health insurance fund. These funds need to maintain adequate reserves in order to cover future costs. These two funds accounted for 81% of the increase. The Janitorial fund has a negative net position as a result of adding the pension liability. Without the pension adjustments, this fund would have a positive 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 activities, 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 increased from the prior year by 44%. Total operating revenues increased by \$1 million or 5% and operating expenses increased by approximately \$.4 million in total activities, or 2%, for all the internal service funds. The majority of the increase in expenses came from personnel expenses. The increase in revenues was spread over 8 internal service funds. Most changes were under \$200,000. The largest increase was in the Information Services funds, an increase of \$413 thousand. This represents funds collected for IT projects that were not completed by year-end. Most of the increase in fund balances represent timing differences between when the revenues are collected and when they are expended.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**General Fund Budgetary Highlights**

**Variations between Original Budget and Final Revised Budget**

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

**Expenditures:** Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments and an increase in budgeted public safety expenditures. Budgeted expenditures increased \$3.1 million compared to 2019. Total actual expenditures were below budgeted expenditures by \$10.1 million, \$2.0 million of that amount was public safety expenditures, \$1.2 million was general administration, and \$3 million was unused contingency. The other \$3.9 million was spread throughout the other General Fund departments.

**Variations between Final Revised Budget and Actual Revenues or Expenditures**

**Revenues:** The General Fund revenue was greater than the total amount budgeted by \$3.6 million (4 percent). That was due to receiving an unbudgeted COVID-19 Federal grant passed through from the State of Arizona in the amount of \$9.1 million, of which \$4.6 million was recognized in this fiscal year, as intergovernmental revenue. The remaining \$4.5 million will be recognized in the next fiscal year. In addition to the unexpected and unbudgeted COVID-19 grant revenue, State shared revenue was higher than budgeted by \$1.8 million. This was due to the booming economy- prior to the pandemic shut-down. Charges for services declined due to a reduction of .6 million in jail contract billings. The inmate population was managed with efforts to reduce the spread of the Corona virus. For example, certain jail sentences, for individuals who were non-threatening to the general public, were delayed. The pandemic also affected court cases. There were fewer trials, and therefore the fines and forfeits revenue was lower than expected by \$150 thousand. Licenses and permits were up due to home improvement projects and new construction, during the pandemic. Investment earnings were up due to a positive unrealized market adjustment, also a result of a booming economy for a good portion of the year. Miscellaneous income was below budget due to budgeted sales of property, which did not materialize during this year as there was no tax deed sale.

**Expenditures:** Actual expenditures were less than budgeted expenditures by \$10.1 million. The prior year difference was \$6.4 million. The County budgets a portion of its fund balance to cover unforeseen expenditures and sometimes budgeted projects are deferred. There were several deferred projects in FY20. General administration expenditures were less than budgeted as a result of vacancy savings and a temporary delay in projects. The County contingency was budgeted at \$3 million but only \$20 thousand was utilized during the year. Public Safety expenditures were \$2.0 million less than the budget primarily as a result of vacancy savings. Planning and Zoning expenditures were \$600 thousand less than budget primarily due to \$300 thousand reserved in the budget for economic development efforts which will occur in future years, and \$300 thousand that was available for outsourcing plan reviews that was not needed during the year.

Actual expenditures increased from the prior year by \$3.4 million, mostly for necessary increases in salaries, to remain competitive in the labor market, a rate increase in Public Safety Retirement of 2% and a 2.5% compensation increase. Public safety costs increased \$2.9 million, and participation in Arizona Health Cost Containment System costs increased \$764 thousand. Vacancy savings and reducing staff by attrition and department reorganization were also employed as a cost reduction method.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**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, 2020, is \$274 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 construction of a new judicial facility that will be completed by June 2021, the Kingman Library expansion, Landfill improvements and remediation project, various flood control projects and a GVID standpipe project. All of these projects are listed under Construction in progress.

Total Capital assets being depreciated increased by \$452 thousand. Governmental activities actually decreased while the business-type activities increased, resulting in the net increase.

See the graph below:

<b>Capital Assets, net of accumulated depreciation</b>				
<b>As of June 30,</b>				
	2020	2019	Increase (Decrease)	% Change
<b>Governmental activities</b>				
Capital assets, not being depreciated	\$ 53,202,446	\$ 35,409,716	\$ 17,792,730	50%
Capital assets, being depreciated	201,942,229	202,435,954	(493,725)	(.24)%
Total governmental capital assets	<u>255,144,675</u>	<u>237,845,670</u>	<u>17,299,005</u>	<u>7%</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated	3,539,431	2,537,558	1,001,873	39%
Capital assets, being depreciated	<u>15,070,942</u>	<u>14,124,855</u>	<u>946,087</u>	<u>7%</u>
Total business-type capital assets	<u>18,610,373</u>	<u>16,662,413</u>	<u>1,947,960</u>	<u>12%</u>
<b>Total governmental and business-type activities</b>				
Capital assets, not being depreciated	56,741,877	37,947,274	18,794,603	50%
Capital assets, being depreciated	<u>217,013,171</u>	<u>216,560,809</u>	<u>452,362</u>	<u>.21%</u>
Total capital assets	<u>\$ 273,755,048</u>	<u>\$ 254,508,083</u>	<u>\$ 19,246,965</u>	<u>8%</u>

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

- The County replaced 55 aging vehicles from the fleet at a total cost of \$2.3 million. Various sources funded these purchases; 41 from the Vehicle Use Fund, 8 from the Road Fund, 5 from business-type funds, and 1 from other governmental funds.
- The Road Fund also purchased 13 pieces of heavy equipment totaling \$2.5 million. This included 4 motor graders, 3 dump trucks, 1 broom, 1 backhoe and 4 loaders.
- Landfill projects totaling \$1.5 million.
- Construction work for the Law and Justice facility totaled \$14.1 million.
- The Grace Neal Channel and Library expansion totaled 4 million.
- The Park Fund spent \$600 thousand on improvements to Davis Camp and Hualapai Mountain Parks.
- Roads were donated valuing \$2.8 million.

Note 5 contains additional information on Mohave County’s capital assets.

MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**Long-term liabilities**—At June 30, 2020, Mohave County had total long-term liabilities outstanding of \$129 million. Mohave County's long-term liabilities are comprised of net pension and other postemployment benefits 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. The one major change was an increase of \$2.6 million in pension liabilities.

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 2020 was \$114.5 million (6 percent of \$1.91 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt and does not plan to issue any.

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 2020 was 8.17 percent, an increase of 2.3 percent from the prior year average. At June 30, the unemployment rate was 12.7 percent, 2 percent higher than the State's 10.7 percent rate at June 30. The County unemployment rate reached a peak of 19.3 percent in April 2020, as a result of the COVID 19 Pandemic. The State, overall, reached a peak of 14.2 percent the same month. Since that time, the rate is continuing to decrease. The outlook is positive for a quick recovery, from the effects of the pandemic, back to a more normal rate of between 5 and 6 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 2021 fiscal year.

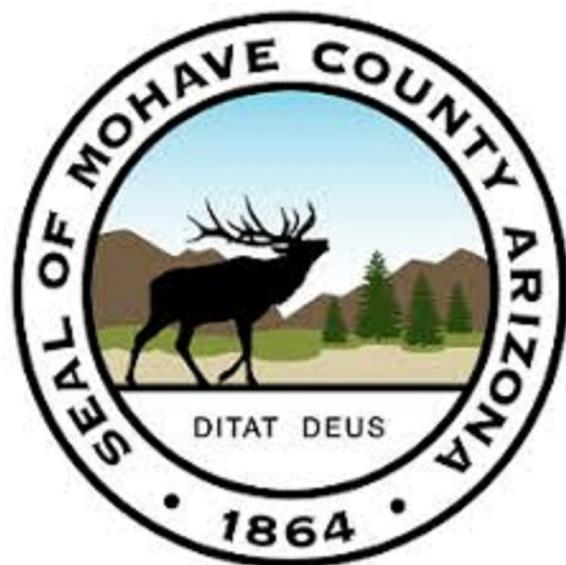
MOHAVE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**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

## BASIC FINANCIAL STATEMENTS



MOHAVE COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 125,403,909	\$ 21,238,933	\$ 146,642,842
Receivables (net of allowance for uncollectibles):			
Property taxes	4,071,779	-	4,071,779
Accounts	1,082,275	627,846	1,710,121
Accrued interest	116,205	20,339	136,544
Due from other governments	12,547,086	125,275	12,672,361
Inventory	341,344	140,958	482,302
Prepaid items	318,420	1,875	320,295
Cash and investments held by trustee	647,304	-	647,304
Restricted cash	-	1,055,099	1,055,099
Internal balances	(68,867)	68,867	-
Restricted assets – HUD properties	1,227,797	-	1,227,797
Capital assets, not being depreciated	53,202,446	3,539,431	56,741,877
Capital assets, being depreciated, net	201,942,229	15,070,942	217,013,171
Net pension and other postemployment benefits asset	1,822,681	3,867	1,826,548
Total assets	<u>402,654,608</u>	<u>41,893,432</u>	<u>444,548,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions and other postemployment benefits	18,320,323	269,663	18,589,986
Total deferred outflows of resources	<u>18,320,323</u>	<u>269,663</u>	<u>18,589,986</u>
<b>LIABILITIES:</b>			
Accounts payable	5,506,995	1,463,656	6,970,651
Accrued payroll and employee benefits	2,264,712	75,519	2,340,231
Due to other governments	1,316	6,575	7,891
Deposits held for others	2,950,814	103,679	3,054,493
Unearned revenue	312,673	122,145	434,818
Noncurrent liabilities:			
Due within one year	7,765,446	138,792	7,904,238
Due in more than one year	109,383,726	11,643,509	121,027,235
Total liabilities	<u>128,185,682</u>	<u>13,553,875</u>	<u>141,739,557</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions and other postemployment benefits	7,775,379	181,757	7,957,136
Total deferred inflows of resources	<u>7,775,379</u>	<u>181,757</u>	<u>7,957,136</u>
<b>NET POSITION:</b>			
Net investment in capital assets	255,144,675	18,610,373	273,755,048
Restricted for:			
General government	11,486,313	-	11,486,313
Public safety	16,104,734	-	16,104,734
Highways and streets	16,781,667	-	16,781,667
Health	3,012,757	-	3,012,757
Welfare	2,039,717	-	2,039,717
Sanitation	234,392	8,201,361	8,435,753
Culture and recreation	7,927,633	-	7,927,633
Education	557,343	-	557,343
Capital projects	-	1,055,099	1,055,099
Other purposes	1,887,561	-	1,887,561
Unrestricted (deficit)	<u>(30,162,922)</u>	<u>560,630</u>	<u>(29,602,292)</u>
Total net position	<u>\$ 285,013,870</u>	<u>\$ 28,427,463</u>	<u>\$ 313,441,333</u>

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
Governmental activities:			
General government	\$ 58,353,487	\$ 16,162,069	\$ 5,875,877
Public safety	44,594,368	6,928,435	5,974,242
Highways and streets	12,350,952	80,481	14,245,772
Health	16,582,460	1,833,856	3,613,788
Welfare	5,086,151	286,381	4,563,837
Sanitation	46,358	87,433	-
Culture and recreation	5,957,236	80,135	257,111
Education	2,636,480	20,307	2,272,762
Interest on long-term debt	34,881	-	-
Total governmental activities	<u>145,642,373</u>	<u>25,479,098</u>	<u>36,803,389</u>
Business-Type activities:			
Landfill	2,093,886	1,992,133	450,479
Recreation	2,510,042	3,203,067	16,495
Water companies	2,410,833	2,593,004	-
Total business-type activities	<u>7,014,761</u>	<u>7,788,204</u>	<u>466,974</u>
Total primary government	<u>\$ 152,657,134</u>	<u>\$ 33,267,302</u>	<u>\$ 37,270,363</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for flood control
- Property taxes, levied for debt service
- Share of state sales taxes
- Special county sales tax for capital projects
- Shared revenue – state vehicle license tax
- Federal in-lieu tax
- Misc. State revenue
- Local in-lieu tax
- Utilities franchise tax
- County equalization revenue
- Investment earnings
- Miscellaneous
- Rent
- Gain (loss) on sale / trade of capital assets
  - Transfers

Total general revenues  
Change in net position  
Net position, July 1, 2019  
Net position, June 30, 2020

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (36,315,540)	-	\$ (36,315,540)
(31,691,692)	-	(31,691,692)
1,975,301	-	1,975,301
(11,134,815)	-	(11,134,815)
(235,933)	-	(235,933)
41,075	-	41,075
(5,619,990)	-	(5,619,990)
(343,411)	-	(343,411)
(34,881)	-	(34,881)
(83,359,886)		(83,359,886)
-	\$ 348,726	348,726
-	709,520	709,520
-	182,171	182,171
-	1,240,417	1,240,417
(83,359,886)	1,240,417	(82,119,469)
44,797,559	-	44,797,559
8,461,231	-	8,461,231
69,617	-	69,617
27,014,035	-	27,014,035
4,269,676	-	4,269,676
12,063,038	-	12,063,038
3,896,251	100,000	3,996,251
768,800	-	768,800
36,314	-	36,314
525,612	-	525,612
58,991	-	58,991
3,458,908	600,016	4,058,924
581,407	22,106	603,513
334,981	-	334,981
(111,017)	(3,375)	(114,392)
225,899	(225,899)	-
106,451,302	492,848	106,944,150
23,091,416	1,733,265	24,824,681
261,922,454	26,694,198	288,616,652
\$ 285,013,870	\$ 28,427,463	\$ 313,441,333

See accompanying notes to financial statements.



MOHAVE COUNTY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and investments	\$ 40,912,831	\$ 16,069,152	\$ 8,435,560	\$ 10,445,897	\$ 27,198,521	\$ 103,061,961
Receivables: (net of allowances for uncollectibles):						
Property taxes	2,701,441	-	795,405	-	574,933	4,071,779
Accounts	551,085	20,749	50	-	393,503	965,387
Accrued interest	33,445	15,178	11,073	14,689	22,132	96,517
Due from other governments	8,626,296	1,377,377	28,050	84,609	2,387,588	12,503,920
Due from other funds	50,027	100,678	33	-	114,038	264,776
Inventories	-	154,715	129,509	-	-	284,224
Prepaid items	49,437	-	14,303	-	34,810	98,550
Total assets	<u>\$ 52,924,562</u>	<u>\$ 17,737,849</u>	<u>\$ 9,413,983</u>	<u>\$ 10,545,195</u>	<u>\$ 30,725,525</u>	<u>\$ 121,347,114</u>
<b>Liabilities:</b>						
Accounts payable	\$ 953,236	\$ 600,082	\$ 732,954	\$ 1,566,360	\$ 1,236,172	\$ 5,088,804
Accrued payroll and employee benefits	1,488,066	201,314	36,146	-	446,340	2,171,866
Due to other governments	199	71	616	-	430	1,316
Due to other funds	123,995	-	-	-	134,899	258,894
Deposits held for others	2,786,274	-	-	151	164,389	2,950,814
Unearned revenue	-	-	-	-	310,845	310,845
Advances payable – Landfill	-	-	-	-	68,743	68,743
Total liabilities	<u>5,351,770</u>	<u>801,467</u>	<u>769,716</u>	<u>1,566,511</u>	<u>2,361,818</u>	<u>10,851,282</u>
<b>Deferred inflows of resources:</b>						
Unavailable revenue – property taxes	2,157,613	-	659,278	-	511,732	3,328,623
Unavailable revenue – intergovernmental	-	-	-	-	367,667	367,667
Total deferred inflows of resources	<u>2,157,613</u>	<u>-</u>	<u>659,278</u>	<u>-</u>	<u>879,399</u>	<u>3,696,290</u>
<b>Fund balances:</b>						
Nonspendable	49,437	154,715	143,812	-	34,810	382,774
Restricted	4,644,007	16,781,667	7,841,177	-	26,353,399	55,620,250
Committed	95,537	-	-	8,978,684	1,347,289	10,421,510
Unassigned	40,626,198	-	-	-	(251,190)	40,375,008
Total fund balances	<u>45,415,179</u>	<u>16,936,382</u>	<u>7,984,989</u>	<u>8,978,684</u>	<u>27,484,308</u>	<u>106,799,542</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,924,562</u>	<u>\$ 17,737,849</u>	<u>\$ 9,413,983</u>	<u>\$ 10,545,195</u>	<u>\$ 30,725,525</u>	<u>\$ 121,347,114</u>

See accompanying notes to financial statements.

MOHAVE COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2020

Fund balances – total governmental funds		\$ 106,799,542
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.		250,908,737
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Property taxes receivable	\$ 3,328,623	
Grant receivables	<u>367,667</u>	3,696,290
Long-term liabilities, such as net pension/OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(105,115,483)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		10,438,520
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, information systems, 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.		22,609,662
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases payable	(431,652)	
Compensated absences	<u>(5,708,617)</u>	(6,140,269)
Net pension assets held in trust for future benefits are not available for county operations and, therefore, are not reported in the funds.		
Net pension assets held in trust		<u>1,816,871</u>
Net position of governmental activities		<u>\$ 285,013,870</u>

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 39,510,804	-	\$ 8,461,231	\$ 4,269,676	\$ 6,138,781	\$ 58,380,492
Special assessments	-	-	-	-	91,230	91,230
Licenses and permits	1,459,183	\$ 28,932	3,590	-	750,020	2,241,725
Intergovernmental	45,000,121	17,664,427	35	-	17,908,000	80,572,583
Charges for services	7,930,239	51,117	47,221	-	4,725,267	12,753,844
Fines and forfeits	1,223,317	432	-	-	4,355,711	5,579,460
Investment earnings	996,119	456,954	256,967	428,898	719,748	2,858,686
Rents	-	76,708	-	93,057	165,216	334,981
Contributions	116,941	-	-	-	412,851	529,792
Miscellaneous	446,797	123,927	3,971	-	6,476	581,171
Total revenues	<u>96,683,521</u>	<u>18,402,497</u>	<u>8,773,015</u>	<u>4,791,631</u>	<u>35,273,300</u>	<u>163,923,964</u>
<b>EXPENDITURES:</b>						
Current:						
General government	43,146,654	-	-	-	4,507,294	47,653,948
Public safety	31,406,874	-	10,771,150	-	9,023,728	51,201,752
Highways and streets	-	17,559,617	-	-	-	17,559,617
Sanitation	-	-	-	-	46,358	46,358
Health	10,746,934	-	-	-	5,965,110	16,712,044
Welfare	-	-	-	-	4,867,752	4,867,752
Culture and recreation	6,140	-	-	-	6,514,418	6,520,558
Education	404,486	-	-	-	2,234,321	2,638,807
Capital outlay	-	-	-	14,134,339	69,362	14,203,701
Debt service:						
Principal retirement	95,204	-	-	-	22,674	117,878
Interest and fiscal charges	18,804	-	-	-	3,604	22,408
Total expenditures	<u>85,825,096</u>	<u>17,559,617</u>	<u>10,771,150</u>	<u>14,134,339</u>	<u>33,254,621</u>	<u>161,544,823</u>
(Deficiency) excess of revenues (under) over expenditures	<u>10,858,425</u>	<u>842,880</u>	<u>(1,998,135)</u>	<u>(9,342,708)</u>	<u>2,018,679</u>	<u>2,379,141</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,853,704	-	1,599	-	6,323,482	8,178,785
Transfers out	(2,146,154)	-	(602,744)	-	(5,300,635)	(8,049,533)
Capital lease agreements	-	-	-	-	38,788	38,788
Sale of capital assets	-	10,374	-	-	-	10,374
Total other financing sources (uses)	<u>(292,450)</u>	<u>10,374</u>	<u>(601,145)</u>	<u>-</u>	<u>1,061,635</u>	<u>178,414</u>
Net change in fund balances	10,565,975	853,254	(2,599,280)	(9,342,708)	3,080,314	2,557,555
Fund balances, July 1, 2019	34,849,204	16,129,849	10,540,218	18,321,392	24,403,994	104,244,657
Changes in nonspendable resources:						
Increase (decrease) in inventories	-	(46,721)	44,051	-	-	(2,670)
Fund balances, June 30, 2020	<u>\$ 45,415,179</u>	<u>\$ 16,936,382</u>	<u>\$ 7,984,989</u>	<u>\$ 8,978,684</u>	<u>\$ 27,484,308</u>	<u>\$ 106,799,542</u>

See accompanying notes to 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, 2020

Net change in fund balances - total governmental funds \$ 2,557,555

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 25,195,680	
Other financing sources - Capital lease	(38,788)	
Depreciation expense	<u>(9,101,869)</u>	16,055,023

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.

(768,445)

County pension/OPEB 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/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

County pension/OPEB contributions	9,987,776	
Pension/OPEB expense	<u>(5,759,180)</u>	4,228,596

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.

Capital lease-principal repaid		117,878
--------------------------------	--	---------

Under the modified accrual basis accounting used in the 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 and liabilities are reported regardless of when the financial resources are available.

Increase in compensated absences		(400,314)
----------------------------------	--	-----------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(809,584)

Some cash outlays, such as the purchase of supply inventories, are recorded as expenditures in the governmental funds when purchased. In the Statement of Activities, however, they are reported as expenses when consumed.

Decrease in supply inventory		(2,670)
------------------------------	--	---------

Internal service funds are used by management to charge the costs of certain activities such as technology, maintenance and insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities in the Statement of Activities.

Change in net position of governmental activities	<u>2,113,377</u>	<u>\$ 23,091,416</u>
---	------------------	----------------------

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2020

	Business-type Activities Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Parks Fund	Other Enterprise Funds		
<b>ASSETS:</b>						
Current assets:						
Cash and investments	\$ 17,958,221	\$ 494,244	\$ 1,895,833	\$ 890,635	\$ 21,238,933	\$ 22,341,948
Cash and investments held by trustee	-	-	-	-	-	647,304
Receivables (net of allowances for uncollectibles):						
Accounts	217,844	83,392	13	326,597	627,846	116,888
Accrued interest	16,685	1,053	1,457	1,144	20,339	19,688
Due from other governments	106,396	-	-	18,879	125,275	43,166
Due from other funds	43	49	-	32	124	92
Inventory	-	76,443	794	63,721	140,958	57,120
Prepaid items	-	-	1,875	-	1,875	219,870
Total current assets	<u>18,299,189</u>	<u>655,181</u>	<u>1,899,972</u>	<u>1,301,008</u>	<u>22,155,350</u>	<u>23,446,076</u>
Noncurrent assets:						
Restricted cash	-	522,475	-	532,624	1,055,099	-
Advance to other funds	68,743	-	-	-	68,743	-
Net other postemployment benefits asset	940	492	1,716	719	3,867	5,810
Capital assets:						
Land	438,549	40,388	1,481,772	-	1,960,709	-
Infrastructure, net	543,833	4,177,715	1,956,648	5,723,727	12,401,923	-
Buildings, net	-	36,325	1,056,438	-	1,092,763	-
Equipment, net	35,840	752,077	563,532	224,807	1,576,256	5,463,735
Construction in progress	1,544,528	-	34,194	-	1,578,722	-
Total noncurrent assets	<u>2,632,433</u>	<u>5,529,472</u>	<u>5,094,300</u>	<u>6,481,877</u>	<u>19,738,082</u>	<u>5,469,545</u>
Total assets	<u>20,931,622</u>	<u>6,184,653</u>	<u>6,994,272</u>	<u>7,782,885</u>	<u>41,893,432</u>	<u>28,915,621</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred outflows related to pensions and other postemployment benefits	<u>65,644</u>	<u>35,215</u>	<u>119,213</u>	<u>49,591</u>	<u>269,663</u>	<u>379,517</u>
Total deferred outflows of resources	<u>65,644</u>	<u>35,215</u>	<u>119,213</u>	<u>49,591</u>	<u>269,663</u>	<u>379,517</u>

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2020

(CONCLUDED)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Parks Fund	Other Enterprise Funds	Total	
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	\$ 490,378	\$ 25,229	\$ 352,787	\$ 595,262	\$ 1,463,656	\$ 418,191
Accrued payroll and employee benefits	14,818	9,322	38,317	13,062	75,519	92,846
Due to other funds	-	-	-	-	-	6,098
Due to other governments	-	6,331	-	244	6,575	-
Deposits held for others	-	68,679	-	35,000	103,679	-
Unearned revenue	-	31,755	-	90,390	122,145	1,828
Current portion of:						
Compensated absences	59,165	8,867	50,750	20,010	138,792	275,808
Claims and judgments payable	-	-	-	-	-	2,150,495
Total current liabilities	<u>564,361</u>	<u>150,183</u>	<u>441,854</u>	<u>753,968</u>	<u>1,910,366</u>	<u>2,945,266</u>
Noncurrent liabilities:						
Compensated absences payable	-	2,217	12,687	5,002	19,906	68,951
Landfill closure and postclosure care costs payable	9,602,210	-	-	-	9,602,210	-
Capital leases payable	-	-	-	-	-	360,998
Net pension liabilities	491,603	257,121	896,892	375,777	2,021,393	3,037,168
Total noncurrent liabilities	<u>10,093,813</u>	<u>259,338</u>	<u>909,579</u>	<u>380,779</u>	<u>11,643,509</u>	<u>3,467,117</u>
Total liabilities	<u>10,658,174</u>	<u>409,521</u>	<u>1,351,433</u>	<u>1,134,747</u>	<u>13,553,875</u>	<u>6,412,383</u>
DEFERRED INFLOWS OF ESOURCES:						
Deferred inflow related to pensions and other postemployment benefits	44,203	23,120	80,646	33,788	181,757	273,093
Total deferred inflows of resources	<u>44,203</u>	<u>23,120</u>	<u>80,646</u>	<u>33,788</u>	<u>181,757</u>	<u>273,093</u>
NET POSITION:						
Net investment in capital assets	2,562,750	5,006,505	5,092,584	5,948,534	18,610,373	5,463,735
Restricted for:						
Capital projects	-	522,475	-	532,624	1,055,099	-
Sanitation	8,201,361	-	-	-	8,201,361	-
Unrestricted	(469,222)	258,247	588,822	182,783	560,630	17,145,927
Total net position	<u>\$ 10,294,889</u>	<u>\$ 5,787,227</u>	<u>\$ 5,681,406</u>	<u>\$ 6,663,941</u>	<u>\$ 28,427,463</u>	<u>\$ 22,609,662</u>

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Landfill Fund	G.V.I.D Fund	Park Fund	Other Enterprise Funds		
Operating revenues:						
Charges for services	\$ 1,992,133	\$ 813,721	\$ 2,833,187	\$ 2,149,163	\$ 7,788,204	\$ 23,277,760
Miscellaneous		20,810	1,296		22,106	236
Total operating revenues	<u>1,992,133</u>	<u>834,531</u>	<u>2,834,483</u>	<u>2,149,163</u>	<u>7,810,310</u>	<u>23,277,996</u>
Operating expenses:						
Personnel services	553,230	299,482	1,034,945	465,375	2,353,032	3,248,671
Supplies	24,635	28,753	258,692	30,451	342,531	685,089
Professional services	509,534	42,204	141,611	46,372	739,721	2,244,364
Communications	7,089	21,482	19,617	9,043	57,231	750,509
Insurance	-	10,758	34,079	79,648	124,485	939,007
Landfill closure and postclosure care costs	739,515	-	-	-	739,515	-
Insurance claims	-	-	-	-	-	10,356,858
Lawsuit judgments	-	-	-	-	-	38,967
Repairs and maintenance	578	50,263	58,241	83,732	192,814	109,253
Public utility service	52,738	99,630	341,405	545,966	1,039,739	-
Rents and leases	5,982	12,859	10,564	9,626	39,031	1,375,944
Depreciation	63,358	263,091	245,509	473,636	1,045,594	1,040,334
Other	137,227	81,855	66,652	55,334	341,068	1,024,102
Total operating expenses	<u>2,093,886</u>	<u>910,377</u>	<u>2,211,315</u>	<u>1,799,183</u>	<u>7,014,761</u>	<u>21,813,098</u>
Operating (loss) income	<u>(101,753)</u>	<u>(75,846)</u>	<u>623,168</u>	<u>349,980</u>	<u>795,549</u>	<u>1,464,898</u>
Nonoperating revenues (expenses):						
Investment earnings	489,097	29,669	43,788	37,462	600,016	600,222
Interest expense						(12,473)
Federal in-lieu taxes			100,000		100,000	
Grants	450,479				450,479	
Loss on disposal of assets		(2,695)	(537)	(143)	(3,375)	(35,917)
Total nonoperating revenues	<u>939,576</u>	<u>26,974</u>	<u>143,251</u>	<u>37,319</u>	<u>1,147,120</u>	<u>551,832</u>
Income (loss) before contributions and transfers	837,823	(48,872)	766,419	387,299	1,942,669	2,016,730
Capital contributions			12,270	4,225	16,495	
Transfers in						293,810
Transfers out	(150,000)		(75,899)		(225,899)	(197,163)
Increase (decrease) in net position	687,823	(48,872)	702,790	391,524	1,733,265	2,113,377
Total net position - beginning	<u>9,607,066</u>	<u>5,836,099</u>	<u>4,978,616</u>	<u>6,272,417</u>	<u>26,694,198</u>	<u>20,496,285</u>
Total net position - ending	<u>\$ 10,294,889</u>	<u>\$ 5,787,227</u>	<u>\$ 5,681,406</u>	<u>\$ 6,663,941</u>	<u>\$ 28,427,463</u>	<u>\$ 22,609,662</u>

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Landfill Fund	G.V.I.D Fund	Park Fund	Other Enterprise Funds	Total	
Cash flows from operating activities:						
Receipts from customers and users	\$ 1,949,038	\$ 824,282	\$ 2,837,238	\$ 2,224,840	\$ 7,835,398	\$ 1,235,457
Receipts from interfund services provided	-	-	-	-	-	22,758,457
Payments to suppliers	(277,154)	(372,376)	(475,633)	(682,587)	(1,807,750)	(16,825,528)
Payments for employee wages and benefits	(498,325)	(269,072)	(932,892)	(377,168)	(2,077,457)	(2,836,413)
Payments for interfund services used	(79,510)	(109,577)	(273,245)	(134,336)	(596,668)	(853,537)
Net cash provided by operating activities	<u>1,094,049</u>	<u>73,257</u>	<u>1,155,468</u>	<u>1,030,749</u>	<u>3,353,523</u>	<u>3,478,436</u>
Cash flows from noncapital financing activities:						
Payment on advance to other fund	129,460	-	-	-	129,460	-
Transfer from other funds	-	-	-	-	-	293,810
Transfer to other funds	(150,000)	-	(75,899)	-	(225,899)	(197,163)
Subsidy from non-capital grant	451,831	-	100,000	-	551,831	-
Net cash provided by noncapital financing activities	<u>431,291</u>	<u>-</u>	<u>24,101</u>	<u>-</u>	<u>455,392</u>	<u>96,647</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	(1,025,963)	(227,204)	(798,318)	(945,445)	(2,996,930)	(2,778,467)
Principal paid on capital debt	-	-	-	-	-	(331,738)
Interest paid on capital debt	-	-	-	-	-	(12,473)
Proceeds from sales of capital assets	-	-	12,270	4,225	16,495	45,066
Net cash used for capital and related financing activities	<u>(1,025,963)</u>	<u>(227,204)</u>	<u>(786,048)</u>	<u>(941,220)</u>	<u>(2,980,435)</u>	<u>(3,077,612)</u>
Cash flows from investing activities:						
Interest and dividends received	497,788	30,336	44,095	38,342	610,561	611,981
Net cash provided by investing activities	<u>497,788</u>	<u>30,336</u>	<u>44,095</u>	<u>38,342</u>	<u>610,561</u>	<u>611,981</u>
Net increase (decrease) in cash and cash equivalents	997,165	(123,611)	437,616	127,871	1,439,041	1,109,452
Cash and cash equivalents, July 1, 2019	<u>16,961,056</u>	<u>1,140,330</u>	<u>1,458,217</u>	<u>1,295,388</u>	<u>20,854,991</u>	<u>21,879,800</u>
Cash and cash equivalents, June 30, 2020	<u>\$ 17,958,221</u>	<u>\$ 1,016,719</u>	<u>\$ 1,895,833</u>	<u>\$ 1,423,259</u>	<u>\$ 22,294,032</u>	<u>\$ 22,989,252</u>

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

(CONCLUDED)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Park Funds	Other Enterprise Funds	Total	
Reconciliation of operating (loss) income to net cash (used) provided by operating activities:						
Operating (loss) income	\$ (101,753)	\$ (75,846)	\$ 623,168	\$ 349,980	\$ 795,549	\$ 1,464,898
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:						
Depreciation expense	63,358	263,091	245,509	473,636	1,045,594	1,040,334
Landfill closure and postclosure care costs	739,515	-	-	-	739,515	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
Receivables	(43,095)	(18,400)	4,051	(14,093)	(71,537)	698,417
Due from other funds	(43)	(49)	-	(33)	(125)	58,050
Due from other governments	-	620	-	(993)	(373)	(36,588)
Inventories	-	14,356	(794)	(493)	13,069	(15,254)
Prepaid items	350	-	(1,875)	-	(1,525)	20,227
Net OPEB asset	319	194	589	233	1,335	1792
Deferred outflows of resources related to pensions and OPEB	10,049	5,620	13,292	7,770	36,731	75,353
Accounts payable	433,250	(104,585)	314,601	123,219	766,485	240,168
Due to other funds	-	-	(358)	-	(358)	6,098
Due to other governments	-	2,351	(325)	373	2,399	(373)
Accrued payroll and employee benefits	5,601	4,173	19,234	5,262	34,270	30,653
Compensated absences payable	7,436	(630)	(19,997)	6,942	(6,249)	8,981
Net Pension and OPEB Liability	5,474	(8,040)	6,994	8,166	12,594	3,583
Unearned revenue	-	2,151	-	90,391	92,542	-
Deposits held for others	-	3,648	-	-	3,648	(3,527)
Claims and judgments payable	-	-	-	-	-	46,116
Deferred inflow of resources related to pensions and OPEB	(26,412)	(15,397)	(48,621)	(19,611)	(110,041)	(153,326)
Total adjustments	<u>1,195,802</u>	<u>149,103</u>	<u>532,300</u>	<u>680,769</u>	<u>2,557,974</u>	<u>2,013,538</u>
Net cash (used) provided by operating activities	<u>\$ 1,094,049</u>	<u>\$ 73,257</u>	<u>\$ 1,155,468</u>	<u>\$ 1,030,749</u>	<u>\$ 3,353,523</u>	<u>\$ 3,478,436</u>
Cash and investments:						
Unrestricted cash and investments	\$ 17,958,221	\$ 494,244	\$ 1,895,833	\$ 890,635	\$ 21,238,933	\$ 22,989,252
Restricted cash	-	522,475	-	532,624	1,055,099	-
Total cash and investments at June 30, 2020	<u>\$ 17,958,221</u>	<u>\$ 1,016,719</u>	<u>\$ 1,895,833</u>	<u>\$ 1,423,259</u>	<u>\$ 22,294,032</u>	<u>\$ 22,989,252</u>

**Noncash investing, capital and noncapital financing activities during the year ended June 30, 2020:**

The internal Service Funds obtained computer equipment financed by a capital lease in the amount of \$392,129. The Parks dept. accepted a non-cash donation of ATV vehicles valued at \$10,870. Other enterprise funds (ERACE fund) had an ATV donation valued at \$4,225.

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	Investment Trust Funds	Agency Fund
<b>ASSETS:</b>		
Cash and investments	\$ 113,551,170	\$ 1,069,336
Accrued interest receivable	87,882	-
Total assets	113,639,052	\$ 1,069,336
<b>LIABILITIES:</b>		
Deposits held for others	-	\$ 1,069,336
Total liabilities	-	\$ 1,069,336
<b>NET POSITION:</b>		
Held in trust for investment trust participants	\$ 113,639,052	

See accompanying notes to financial statements.

MOHAVE COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020

	Investment Trust Funds
ADDITIONS:	
Contributions from participants	\$ 326,957,108
Investment earnings:	
Interest and dividend income	1,922,795
Net increase in fair value of investments	957,375
Net investment earnings	2,880,170
Total additions	329,837,278
DEDUCTIONS:	
Distributions to participants	(306,733,226)
Total deductions	(306,733,226)
Change in net position	23,104,052
Net position, beginning of year	90,535,000
Net position, end of year	\$ 113,639,052

See accompanying notes to financial statements.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**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).

The accompanying financial statements of Mohave County, Arizona (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the County's more significant accounting policies follows:

**A. Financial 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. There is also a financial benefit between the County and the component unit.	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. There is also a financial benefit between the County and the component unit.	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. There is also a financial benefit between the County and the component unit.	Blended	Not available

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

<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 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, has been repaid entirely with resources of the primary government and the facility and operations have been turned over to 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.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

- 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 **County Capital Improvement Fund** accounts for a ¼ cent sales tax collected to provide for major capital improvements of the County.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 *Parks Fund* accounts for the operations of two revenue generating parks and several other nonrevenue parks located throughout Mohave County.

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 and fiduciary 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.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**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.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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:

	<u>Capitalization threshold</u>	<u>Depreciation method</u>	<u>Estimated useful life</u>
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.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' 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 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.

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 - hired before January 23, 2016	900	600
All hired after January 23, 2016	300	300

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Deficit fund balances or net position—At June 30, 2020, the following nonmajor funds reported deficit fund balances:

Fund	Deficit
Governmental funds:	
Golden Valley Improvement District-Construction	\$ 64,993
Flood Control Grants	53,004
State Homeland Security Grant	31,402
Senior Programs	101,791

The Golden Valley Improvement District (GVID) Construction-in-Progress Fund borrowed funds from the Landfill Fund to cover expenditures 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 Flood Control grants, State Homeland Security Grant and Senior Programs consist of federal or state grants and had deficit fund balances due to timing differences of reimbursements.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**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. Specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better, at the time of purchase, by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

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

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

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

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

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

A. Deposits

As of June 30, 2020, the carrying amount of the County's deposits was \$41,899,502 and the bank balance was \$45,208,401. There was cash on hand of \$13,535. It is the County's policy to collateralize all deposits not covered by depository insurance.

B. Investments

The County's investments at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Fair value measurement using		
	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
<b>Investments by fair value level</b>			
U.S. Treasury notes	\$ 131,441,561	\$ 131,441,561	
U.S. agency securities	39,432,564		\$ 39,432,564
Corporate bonds	56,000		56,000
Total investments by fair value level	<u>\$ 170,930,125</u>	<u>\$ 131,441,561</u>	<u>\$ 39,488,564</u>
<b>External investment pools measured at fair value</b>			
State Treasurer's investment pools	50,122,589		
Total investment pools measured at fair value	<u>\$ 221,052,714</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.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AAA/Unrated	Moody's	\$ 39,432,564
Corporate bonds	Unrated	Not applicable	56,000
State Treasurer's Investment Pool 7	Unrated	Not applicable	<u>50,122,589</u>
			<u>\$ 89,611,153</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, 2020. 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, 2020, of 5 percent or more in Federal National Mortgage Association and Federal Home Loan Bank. These investments were 6.84 percent and 11 percent 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, 2020, the County had the following investments in debt securities:

Investment type	Investment maturities		
	Amount	Less than 1 year	1 to 5 years
State Treasurer's Investment Pool 7	\$ 50,122,589	\$ 50,122,589	\$ -
U.S. Treasury notes	131,441,561	86,120,047	45,321,514
U.S. Agency securities	39,432,564	11,820,436	27,612,128
Corporate bonds	<u>56,000</u>	<u>56,000</u>	<u>-</u>
Total	<u>\$ 221,052,714</u>	<u>\$ 148,119,072</u>	<u>\$ 72,933,642</u>

At June 30, 2020, no investments in U.S. agency securities were considered to be highly sensitive to interest rate changes.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

**Cash, deposits, and investments:**

	<u>Amount</u>
Cash on hand	\$ 13,535
Amount of deposits	41,899,502
Amount of investments	221,052,714
Total	\$ 262,965,751

Statements of net position:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Investment trust funds</u>	<u>Agency fund</u>	<u>Total</u>
Cash and investments	\$ 125,403,909	\$ 21,238,933	\$ 113,551,170	\$ 1,069,336	\$ 261,263,348
Cash held by trustee	647,304	-	-	-	647,304
Restricted cash		1,055,099	-	-	1,055,099
Total	\$ 126,051,213	\$ 22,294,032	\$ 113,551,170	\$ 1,069,336	\$ 262,965,751

**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, 2020, were as follows:

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fiscal year 2019	\$ 1,169,070	\$ 288,112	\$ 186,984	\$ 1,644,166
Fiscal year 2018	167,132	37,967	24,743	229,842
Prior	1,365,239	469,326	363,206	2,197,771
Total receivable	\$ 2,701,441	\$ 795,405	\$ 574,933	\$ 4,071,779

The portion of property taxes receivable, not collected within 60 days after June 30, 2020, 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. The total receivable amount is considered collectable, as the property can be sold for non-payment of taxes.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

Governmental activities:	July 1, 2019	Increases	Decreases	June 30, 2020
<b>Capital assets not being depreciated:</b>				
Land	\$ 28,754,002	\$ 19,444	\$ -	\$ 28,773,446
Construction in progress	<u>6,655,714</u>	<u>17,773,286</u>	<u>-</u>	<u>24,429,000</u>
Total capital assets not being depreciated	<u>35,409,716</u>	<u>17,792,730</u>	<u>-</u>	<u>53,202,446</u>
<b>Capital assets being depreciated:</b>				
Buildings	158,683,765	11,748	-	158,695,513
Infrastructure and improvements other than buildings	175,932,283	3,830,746	(12,933)	179,750,096
Intangibles	64,501	-	-	64,501
Equipment	<u>53,512,338</u>	<u>6,610,347</u>	<u>(2,464,095)</u>	<u>57,658,590</u>
Total	<u>388,192,887</u>	<u>10,452,841</u>	<u>(2,477,028)</u>	<u>396,168,700</u>
<b>Less accumulated depreciation for:</b>				
Buildings	52,863,051	4,652,434	-	57,515,485
Infrastructure and improvements other than buildings	101,665,078	2,341,124	(12,933)	103,993,269
Intangibles	64,500	-	-	64,500
Equipment	<u>31,164,304</u>	<u>3,148,645</u>	<u>(1,659,732)</u>	<u>32,653,217</u>
Total accumulated depreciation	<u>185,756,933</u>	<u>10,142,203</u>	<u>(1,672,665)</u>	<u>194,226,471</u>
Total capital assets being depreciated, net	<u>202,435,954</u>	<u>310,638</u>	<u>(804,363)</u>	<u>201,942,229</u>
Governmental activities capital assets, net	<u>\$ 237,845,670</u>	<u>\$ 18,103,368</u>	<u>\$ (804,363)</u>	<u>\$ 255,144,675</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,960,709	-	-	\$ 1,960,709
Construction in progress	<u>576,849</u>	<u>\$ 1,060,157</u>	<u>\$ (58,284)</u>	<u>1,578,722</u>
Total capital assets not being depreciated	<u>2,537,558</u>	<u>1,060,157</u>	<u>(58,284)</u>	<u>3,539,431</u>
<b>Capital assets being depreciated:</b>				
Buildings	2,401,667	-	-	2,401,667
Utility systems	28,092,752	1,707,242	(98,837)	29,701,157
Equipment	<u>2,830,110</u>	<u>287,153</u>	<u>(68,529)</u>	<u>3,048,734</u>
Total capital assets being depreciated	<u>33,324,529</u>	<u>1,994,395</u>	<u>(167,366)</u>	<u>35,151,558</u>
<b>Less accumulated depreciation for:</b>				
Buildings	1,242,675	66,229	-	1,308,904
Utility systems	16,609,560	789,172	(99,498)	17,299,234
Equipment	<u>1,347,439</u>	<u>190,193</u>	<u>(65,154)</u>	<u>1,472,478</u>
Total accumulated depreciation	<u>19,199,674</u>	<u>1,045,594</u>	<u>(164,652)</u>	<u>20,080,616</u>
Total capital assets being depreciated, net	<u>14,124,855</u>	<u>948,801</u>	<u>(2,714)</u>	<u>15,070,942</u>
Business-type activities capital assets, net	<u>\$ 16,662,413</u>	<u>\$ 2,008,958</u>	<u>\$ (60,998)</u>	<u>\$ 18,610,373</u>

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government		\$ 1,236,412
Public safety		4,108,240
Highways and streets		3,314,926
Health		71,854
Welfare		56,786
Culture and recreation		312,361
Education		1,290
Internal service funds		<u>1,040,334</u>
Total governmental activities depreciation expense		<u>\$ 10,142,203</u>
Business-Type activities:		
Landfill		\$ 63,358
Recreation		261,320
Water companies		<u>720,916</u>
Total business-type activities depreciation expense		<u>\$ 1,045,594</u>

**NOTE 6 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The County had twelve major contractual commitments at June 30, 2020, as follows.

<u>Contractual commitments</u>	<u>Funding source</u>	<u>Expenditures to date</u>	<u>Total contractual commitment</u>	<u>Remaining commitment</u>
Construction of law and justice center 02/11/19 - 02/11/21	1/4 Sales Tax Revenues	\$ 15,506,444	\$ 20,943,723	\$ 5,437,279
Expansion of Kingman Library 01/16/19 - 06/30/21	Tax Revenues	2,397,659	4,236,366	1,838,707
Prison health care contract 07/01/20 - 06/30/22	Tax Revenues		6,415,320	6,415,320
RCC-Vanderslice Road 01/27/20 - 01/26/21	HURF		580,040	580,040
Prison food services 11/04/18 - 11/03/20	Tax Revenues	1,280,612	1,880,233	599,621
Medical Examiner 07/01/20 - 06/30/21	Tax Revenues		701,740	701,740
Adult detention facility maintenance 02/02/20 - 02/01/21	Tax Revenues	529,091	764,748	235,657
Davis Camp waterlines 05/04/20-Until Completed	User Fees	83,137	531,986	448,849
Heavy duty vehicles 05/04/20-Until Completed	HURF		369,478	369,478
Vehicles -51 total 03/16/20-11/30/20	Multiple	174,477	2,113,225	1,938,748
Microfilm conversion 04/06/20-10/30/20	Tax Revenues		250,000	250,000
Hualapai Mtn. Park wastewater system 04/01/19 - 06/30/20	User Fees	<u>307,742</u>	<u>599,662</u>	<u>291,920</u>
Total		<u>\$ 20,279,162</u>	<u>\$ 39,386,521</u>	<u>\$ 19,107,359</u>

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 7 - RESTRICTED ASSETS**

As of June 30, 2020, the County had restricted assets as follows:

Governmental activities assets:

HUD properties		U.S. Housing and Urban Development (HUD)	rehabilitated homes restricted for sale to qualified buyers.
	<u>1,227,797</u>		
Total governmental activities	<u>\$ 1,227,797</u>		

Business-type activities assets:

Restricted cash		I-40 Replacement fund collections, restricted for future repairs of infrastructure by agreement with customer.	
	532,624		
Restricted cash		GVID water corridor collections restricted for future infrastructure repairs by agreement with customers.	
	<u>522,475</u>		
Total business-type activities	<u>\$ 1,055,099</u>		

**NOTE 8 - LONG-TERM LIABILITIES**

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within 1 year
<b>Governmental activities:</b>					
Net pension and other postemployment benefits liability	\$ 105,602,038	\$ 2,550,613	\$ -	\$ 108,152,651	
Capital leases payable	1,203,478	38,788	(449,616)	792,650	\$ 380,221
Compensated absences payable	5,644,052	409,324	-	6,053,376	5,234,730
Claims and judgments payable	<u>2,104,379</u>	<u>46,116</u>	-	<u>2,150,495</u>	<u>2,150,495</u>
Total governmental activities long-term liabilities	<u>\$ 114,553,947</u>	<u>\$ 3,044,841</u>	<u>\$ (449,616)</u>	<u>\$ 117,149,172</u>	<u>\$ 7,765,446</u>
<b>Business-type activities:</b>					
Landfill closure and postclosure care costs payable	\$ 8,862,695	\$ 739,515	\$ -	\$ 9,602,210	-
Net pension and other postemployment benefits liability	2,008,799	12,594	-	2,021,393	-
Compensated absences payable	<u>164,946</u>	<u>          </u>	<u>(6,248)</u>	<u>158,698</u>	<u>\$ 138,792</u>
Total business-type activities long-term liabilities	<u>\$ 11,036,440</u>	<u>\$ 752,109</u>	<u>\$ (6,248)</u>	<u>\$ 11,782,301</u>	<u>\$ 138,792</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.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

The following assets were acquired through capital leases:

	Governmental activities
Machinery & equipment-copiers	\$ 363,659
Machinery & equipment-computers	15,315
Total capital assets	378,974
Less: accumulated depreciation	(128,857)
Carrying value	\$ 250,117

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2020:

Year ending June 30:	Governmental activities
2021	\$ 401,443
2022	243,974
2023	128,051
2024	58,504
2025	0
Total minimum lease payments	831,972
Less amount representing interest	(39,322)
Present value of net minimum lease payments	\$ 792,650

The present value of net minimum lease payments at June 30, 2020, of \$792,650 exceeds the total capital assets of \$250,117 because a significant portion of the assets acquired through capital leases were for computer equipment that fell below the County's capitalization threshold.

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

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

The amount of cost recognized each year is based on landfill capacity used at the end of each fiscal year. The \$9,602,210 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills. The calculation is based on the use of 99 percent of Cells 1-5 and 5 percent of Cell 6 at Cerbat landfill; and 96 percent of the estimated capacity at Mohave Valley landfill. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$787,881 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 2020 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 #6 in fiscal year 2020. The existing open cells at the Cerbat landfill are expected to reach capacity at the end of 2033. The existing open cells at the Mohave landfill are expected to reach capacity by the end of 2023. 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 5 fiscal years.

**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 2020, the County's liability for compensated absences is allocated as follows: 63 percent to the general fund, 14 percent to other major funds, and 23 percent to other nonmajor funds.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

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 \$1.6 million; \$1.1 million (69 percent) by the general fund, \$338 thousand (21 percent) by the road fund, \$28 thousand (1.7 percent) by the flood control fund, \$22.5 thousand (1.4 percent) by internal service funds, \$54 thousand (3.4 percent) by enterprise funds, and \$57 thousand (3.5 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 \$2,150,495 included in the balance below at June 30, 2020, 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, 2020) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences).

Changes in the funds' claims payable for the years ended June 30, 2019, and 2020, were as follows:

	2019	2020
Claims payable, beginning of year	\$ 1,946,862	\$ 2,104,379
Claims incurred and changes in estimates	10,939,576	10,616,421
Claims paid	<u>(10,782,059)</u>	<u>(10,570,305)</u>
Claims payable, end of year	<u>\$ 2,104,379</u>	<u>\$ 2,150,495</u>

**NOTE 9 - FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS**

The fund balance classifications of the governmental funds as of June 30, 2020, were as follows:

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Fund	Total
Fund balances:						
Nonspendable:						
Inventories	-	\$ 154,715	\$ 129,509	-	-	\$ 284,224
Prepaid items	\$ 49,437	-	14,303	-	\$ 34,810	98,550
Total nonspendable	<u>49,437</u>	<u>154,715</u>	<u>143,812</u>	<u>-</u>	<u>34,810</u>	<u>382,774</u>
Restricted for:						
Government services	4,644,007	-	-	-	6,612,742	11,256,749
Public safety	-	-	7,841,177	-	6,804,182	14,645,359
Highways and streets	-	16,781,667	-	-	-	16,781,667
Health	-	-	-	-	2,884,399	2,884,399
Welfare	-	-	-	-	1,937,658	1,937,658
Education	-	-	-	-	552,166	552,166
Culture and recreation	-	-	-	-	7,562,252	7,562,252
Total restricted	<u>4,644,007</u>	<u>16,781,667</u>	<u>7,841,177</u>	<u>-</u>	<u>26,353,399</u>	<u>55,620,250</u>
Committed to:						
Culture and recreation	95,537	-	-	-	-	329,929
Sanitation	-	-	-	-	234,392	-
Capital projects	-	-	-	\$ 8,978,684	1,112,897	10,091,581
Total committed	<u>95,537</u>	<u>-</u>	<u>-</u>	<u>8,978,684</u>	<u>1,347,289</u>	<u>10,421,510</u>
Unassigned:	40,626,198	-	-	-	(251,190)	40,375,008
Total fund balances	<u>\$ 45,415,179</u>	<u>\$ 16,936,382</u>	<u>\$ 7,984,989</u>	<u>\$ 8,978,684</u>	<u>\$ 27,484,308</u>	<u>\$ 106,799,542</u>

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**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 13 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; cyber security and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible ranging from \$10,000 to \$500,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

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

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

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The County contributes to the plans described below. The plans are component units of the State of Arizona. At June 30, 2020, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB assets	\$ (1,822,681)	\$ (3,867)	\$ (1,826,548)
Net pension and OPEB liabilities	108,152,651	2,021,393	110,174,044
Deferred outflows of resources related to pensions and OPEB	18,320,323	269,663	18,589,986
Deferred inflows of resources related to pensions and OPEB	7,775,379	181,757	7,957,136
Pension and OPEB expense	7,490,264	148,394	7,638,658

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The County's accrued payroll and employee benefits includes \$299,081 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2020. Also, the County reported \$9,987,776 of pension and OPEB contributions as expenditures in the governmental funds related to all 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](http://www.azasrs.gov).

**Benefits Provided** - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits 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 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 earnings. 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.

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service of the service on record as of the effective disability date if their service is greater than 30 years.

**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, 2020, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 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 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit, and 0.07 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, health insurance premium benefits and long-term disability plans for the year end June 30, 2020, were \$4,536,324, \$194,131, and \$67,352, respectively.

During fiscal year 2020, the County paid for ASRS pension and OPEB contributions as follows: 54% from the General Fund, 20% from the Other Major Funds, and 26% from the Other Funds.

**Liability** - At June 30, 2020, the County reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB (Asset) Liability
Pension	\$ 50,560,928
Health Insurance Premium Benefit	(97,163)
Long-term Disability	227,843

The net asset and net liabilities were measured as of June 30, 2019. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The County's proportion of the net asset or net liability was based on the County's actual contributions to the plan relative to the total of all participating employer contributions for the year ended June 30, 2019. The County's proportions measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

<u>ASRS</u>	Proportion June 30, 2019	Increase (decrease) from June 30, 2018
Pension	0.34747%	(0.01038)%
Health Insurance Premium Benefit	0.35159%	(0.00868)%
Long-term Disability	0.34975%	(0.00864)%

**Expense** — For the year ended June 30, 2020, the County recognized the following pension and OPEB expense.

<u>ASRS</u>	Pension/OPEB Expense
Pension	\$ 3,929,820
Health Insurance Premium Benefit	121,794
Long-term Disability	73,372

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Deferred Outflows/Inflows of Resources** — At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
ASRS						
Differences between expected and actual experience	\$ 913,396	\$ 9,506		\$ 116,147	\$ 26,919	
Changes of assumptions or other inputs	213,723	2,013,435	\$ 191,080	-	34,085	
Net difference between projected and actual earnings on plan investments	-	1,136,435	-	126,355	-	\$ 4,860
Changes in proportion and differences between County contributions and proportionate share of contributions	174,725	1,156,335	9	242	1,059	3,448
County contributions subsequent to the measurement date	<u>4,536,324</u>	<u>-</u>	<u>194,131</u>	<u>-</u>	<u>67,352</u>	<u>-</u>
Total	<u>\$ 5,838,168</u>	<u>\$ 4,315,711</u>	<u>\$ 385,220</u>	<u>\$ 242,744</u>	<u>\$ 129,415</u>	<u>\$ 8,308</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expense as follows:

Year ending June 30,	Pension	Health Insurance Premium Benefit	Long-term Disability
2021	\$ (1,272,964)	\$ (42,115)	\$ 5,214
2022	(1,827,027)	(42,115)	5,214
2023	(218,244)	11,771	9,955
2024	304,368	23,557	10,824
2025	-	(2,753)	9,018
Thereafter	-	-	13,530
Totals	<u>\$ (3,013,867)</u>	<u>\$ (51,655)</u>	<u>\$ 53,755</u>

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions** - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

**ASRS**

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 20, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 geometric real rates of return for each major asset class are summarized in the following table:

ASRS <u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 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 plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the County’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate** - The following table presents the County’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5 percent, as well as what the County’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the			
Net pension liability	\$ 71,959,912	\$ 50,560,928	\$ 32,676,885
Net insurance premium benefit liability (asset)	492,178	(97,163)	(599,311)
Net long-term disability liability	252,160	227,843	204,263

**Plan Fiduciary Net Position** - Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report.

**B. Public Safety Personnel Retirement System**

**Plan Descriptions** - The Public Safety Personnel Retirement System (PSPRS) administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. Employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS, acting as a common investment and administrative agent, is governed by a nine-member board, known as Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their insignificance to the County's financial statements.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). 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), which were closed to new members as of July 1, 2018, 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). Employees who were CORP members before July, 1 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers who became members on or after July 1, 2018, participate in PSPDCRP. 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.

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information for the PSPRS plan. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

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

<u>PSPRS</u>	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
<b>Retirement and Disability:</b>		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months consecutive of last 20 years	Highest 60 months consecutive of last 20 years
<b>Benefit percent:</b>		
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%	1.5% to 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	
<b>Survivor Benefit:</b>		
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	

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

CORP	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and disability			
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 or more years, age 55
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% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary disability retirement	2.5% per year of credited service		
Survivor benefit			
Retired members	80% of retired member's pension benefit		
Active members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.		

- With actuarially reduced benefits.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Employees Covered by Benefit Terms** - At June 30, 2020, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff		CORP Detention	
	Pension	Health	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	51	51	19	19
Inactive employees entitled to but not yet receiving benefits	30	6	92	0
Active employees	64	57	72	135
Total	145	114	183	154

**Contributions** - 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, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member pension	County-pension	County-health insurance premium benefits
PSPRS Sheriff	7.65% - 11.65%	54.67%	0%
CORP Detention	8.41%	6.82%	0%
CORP AOC	8.41%	30.71%	0.53%

In addition, statute required the County 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 and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	Pension	Health Insurance Premium Benefit
PSPRS Sheriff	42.41%	- %
CORP Detention	6.00%	- %
CORP AOC	22.96%	0.32%

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The County's contributions to the plans for the year ended June 30, 2020, were:

	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
PSPRS Sheriff	\$ 2,673,933	-
CORP Detention	294,209	-
CORP AOC	1,128,054	19,392

During fiscal year 2020, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 80% from the General Fund, and 20% from the Other Funds.

**Liability** - At June 30, 2020, the County reported the following assets and liabilities:

	<u>Net Pension (Asset) Liability</u>	<u>Net OPEB (Asset) Liability</u>
PSPRS Sheriff	\$ 25,692,962	\$ (834,233)
CORP Detention	334,746	(537,415)
CORP AOC (County's proportionate share)	12,382,985	109,109

The net assets and net liabilities were measured as of June 30, 2019, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

**Actuarial Assumptions** - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

**PSPRS and CORP**

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pension/not applicable for OPEB
Price inflation	2.5% for pension/not applicable for OPEB
Cost-of-living adjustment	1.75% for pension/not applicable for OPEB
Mortality rates	PubS – 2010 tables.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The long-term expected rate of return on PSPRS and CORP plans investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
Total	<u>100%</u>	

**Discount Rates** - At June 30, 2019, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. 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 plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Net Pension/OPEB Liability** - Changes in the net pension/OPEB liability are as follows for the year ended June 30, 2020:

<b>PSPRS - Sheriff:</b>	Pension			Health Insurance Premium Benefit		
	Increase (Decrease)			Increase (Decrease)		
	Total Position Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balances at June 30, 2019	\$ 46,238,082	\$ 21,166,383	\$ 25,071,699	\$ 756,364	\$ 1,457,002	\$ (700,638)
Adjustment to the beginning of the year:					295	(295)
Service cost	844,346	-	844,346	15,957	-	15,957
Interest on the total liability	3,402,084	-	3,402,084	56,203	-	56,203
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the liability	46,799	-	46,799	(137,378)	-	(137,378)
Changes of assumptions or other inputs	1,015,153	-	1,015,153	8,899	-	8,899
Contributions—employer	-	3,186,768	(3,186,768)	-	-	-
Contributions—employee	-	355,252	(355,252)	-	-	-
Net investment income	-	1,166,370	(1,166,370)	-	78,333	(78,333)
Benefit payments, including refunds of employee contributions	(2,216,642)	(2,216,642)		(25,646)	(25,646)	-
Administrative expense	-	(21,271)	21,271	-	(1,352)	1,352
Net changes	<u>3,091,740</u>	<u>2,470,477</u>	<u>621,263</u>	<u>(81,965)</u>	<u>51,630</u>	<u>(133,300)</u>
Balances at June 30, 2020	<u>\$ 49,329,822</u>	<u>\$ 23,636,860</u>	<u>\$ 25,692,962</u>	<u>\$ 674,399</u>	<u>\$ 1,508,632</u>	<u>\$ (834,233)</u>

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

<b>CORP - Detention</b>	Pension Increase (Decrease)			Health Insurance Premium Benefit Increase (Decrease)		
	Total Position Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balances at June 30, 2019	\$ 7,682,193	\$ 8,007,053	\$ (324,860)	\$ 228,067	\$ 682,059	\$ (453,992)
Changes for the year:						
Service cost	526,994	-	526,994	11,648	-	11,648
Interest on the total liability	588,077	-	588,077	17,538	-	17,538
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	185,879	-	185,879	(79,515)	-	(79,515)
Changes of assumptions or other inputs	219,311	-	219,311	3329	-	3,329
Contributions—employer	-	243,273	(243,273)	-	-	-
Contributions—employee	-	192,899	(192,899)	-	-	-
Net investment income	-	432,909	(432,909)	-	37,085	(37,085)
Benefit payments, including refunds of employee contributions	(524,394)	(524,394)	-	(5440)	(5,440)	-
Administrative expense	-	(8,426)	8,426	-	(662)	662
Net changes	<u>995,867</u>	<u>336,261</u>	<u>659,606</u>	<u>(52,440)</u>	<u>30,983</u>	<u>(83,423)</u>
Balances at June 30, 2020	<u>\$ 8,678,060</u>	<u>\$ 8,343,314</u>	<u>\$ 334,746</u>	<u>\$ 175,627</u>	<u>\$ 713,042</u>	<u>\$ (537,415)</u>

The County's proportion of the CORP AOC net pension and OPEB liabilities was based on the County's actual contributions to the plans relative to the total of all participating counties' actual contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

<b><u>CORP AOC</u></b>	Proportion June 30, 2019 %	Increase (decrease) from June 30, 2018
Pension	2.93477%	(0.04023)%
Health insurance premium benefit	2.94661%	(0.04252)%

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the County's Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate** - The following table presents the County's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.3 percent, as well as what the County's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
<b>PSPRS Sheriff</b>			
Net pension liability	\$ 31,985,644	\$ 25,692,962	\$ 20,548,911
Net OPEB (asset) liability	(753,953)	(834,233)	(901,495)
<b>CORP Detention</b>			
Net pension liability	1,539,727	334,746	(638,342)
Net OPEB (asset) liability	(513,662)	(537,415)	(557,155)
<b>CORP AOC</b>			
County's proportionate share of the net pension liability	15,908,843	12,382,985	9,509,204
County's proportionate share of the net OPEB liability	160,767	109,109	65,622

**Plan Fiduciary Net Position** - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

**Expense** - For the year ended June 30, 2020, the County recognized the following pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Sheriff	\$ 3,594,775	\$ (76,882)
CORP Detention	351,838	(40,844)
CORP AOC	1,966,051	(7,173)

**Deferred Outflows/Inflows of Resources** - At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

<b>PSPRS - Sheriff</b>	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 444,303	\$ 96,078		\$ 137,518
Changes of assumptions or other inputs	1,543,176		\$7,120	13,358
Net difference between projected and actual earnings on pension plan investments	398,349		4,589	
County contributions subsequent to the measurement date	2,673,933			
<b>Total</b>	<u>\$ 5,059,761</u>	<u>\$ 96,078</u>	<u>\$ 11,709</u>	<u>\$ 150,876</u>

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

<b>CORP - Detention</b>	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,410	\$ 577,775		\$ 98,050
Changes of assumptions	302,893		\$ 2,912	17,743
Net difference between projected and actual earnings on pension plan investments	115,654		1,004	
County contributions subsequent to the measurement date	<u>294,209</u>			
<b>Total</b>	<u><u>\$ 852,166</u></u>	<u><u>\$ 577,775</u></u>	<u><u>\$ 3,916</u></u>	<u><u>\$ 115,793</u></u>

<b>CORP - AOC</b>	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 884,792	\$ 352,173		\$ 64,299
Changes of assumptions	793,831		\$ 4,298	39,639
Net difference between projected and actual earnings on pension plan investments	232,813		2,130	
Changes in proportion and differences between County contribution and proportionate share of contributions	622,937	119,619	15,514	2,782
County contributions subsequent to the measurement date	<u>1,128,054</u>		<u>19,392</u>	
<b>Total</b>	<u><u>\$ 3,662,427</u></u>	<u><u>\$ 471,792</u></u>	<u><u>\$ 41,334</u></u>	<u><u>\$ 106,720</u></u>

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ending June 30,	PSPRS Sheriff		CORP Detention		CORP-AOC	
	Pension	Health	Pension	Health	Pension	Health
2021	\$ 1,168,498	\$ (43,577)	\$ 2,826	\$ (20,445)	\$ 694,652	\$ (25,767)
2022	599,125	(43,579)	(61,321)	(20,444)	517,749	(25,767)
2023	438,996	(30,071)	23,945	(15,363)	495,797	(18,345)
2024	83,131	(21,940)	14,732	(15,576)	354,383	(6,386)
2025				(18,208)		(8,513)
Thereafter				(21,841)		
	<u>\$ 2,289,750</u>	<u>\$ (139,167)</u>	<u>\$ (19,818)</u>	<u>\$ (111,877)</u>	<u>\$ 2,062,581</u>	<u>\$ (84,778)</u>

**PSPDCRP Plan**—County sheriff employees, County detention officers and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2020, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings of those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2020, the County recognized pension expense of \$24,490.

**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. The EORP pension and OPEB plans were 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](http://www.psprs.com).

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**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
<b>Retirement and disability</b>		
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
<b>Benefit percent</b>		
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
<b>Survivor benefit</b>		
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 inflation. 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. Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

**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, 2020, statute required active EORP members to contribute 7 or 13 percent of the member's annual covered payroll and the County to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.49 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 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 made \$1,568,683 in contributions to the pension plan for the year ended June 30, 2020.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The health insurance premium benefit plan was 100% funded and required no contribution. During fiscal year 2020, the County paid for EORP pension contributions as follows: 95 percent from the General Fund, and 5 percent from other funds.

**Liability**—At June 30, 2020, 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	\$	20,865,471
State's proportionate share of the EORP net pension liability associated with the County		<u>1,961,138</u>
Total	\$	<u>22,826,609</u>

The County also reported an asset of \$357,737 for its proportionate share of the EORP’s net OPEB asset. The net asset and net liability were measured as of June 30, 2019, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

The County’s proportion of the net pension liability was based on the County’s required contributions to the plan relative to the total of all participating employers’ required contributions for the year ended June 30, 2019. The County’s proportion of the net OPEB asset was based on the County’s present value of benefits relative to the total of all participating employers’ present value of benefits for the year ended June 30, 2019. The County’s proportion measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

EORP	Proportion June 30, 2019 %	Increase (decrease) from June 30, 2018
Pension	3.14629%	(0.27865)%
Health insurance premium benefit	3.65246%	0.142135%

**Expense**—For the year ended June 30, 2020, the County recognized pension and OPEB expense for EORP of \$(2,600,032) and \$(34,061) respectively, and revenue of \$(513,020) for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees.

**Deferred outflows/inflows of resources**— At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**EORP**

	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 465,200	\$ 19,788	\$ 11,459	\$ 3,691
Changes of assumptions or other inputs	65,597	592,942	805	
Net difference between projected and actual earnings on plan investments	141,956		1,192	
Change in proportion and differences between county contributions and proportionate share of contributions	350,978	1,244,033		10,885
County contributions subsequent to the measurement date	<u>1,568,683</u>			
Total	<u>\$ 2,592,414</u>	<u>\$ 1,856,763</u>	<u>\$ 13,456</u>	<u>\$ 14,576</u>

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from county contributions subsequent to the measurement date will be recognized as an increase of the net asset or reduction of the net liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses, as follows:

Year ending June 30	Pension	Health insurance premium benefit
2021	\$ (873,258)	\$ (7,147)
2022	(36,201)	(1,527)
2023	39,641	3,867
2024	<u>36,785</u>	<u>3,687</u>
Total	<u>\$ (833,032)</u>	<u>\$ (1,120)</u>

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

**EORP**

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75% for pension/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>EORP</u>	Target allocation	Long-term expected geometric real rate of return
Asset class		
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
Total	<u>100%</u>	

**Discount rates**—At June 30, 2019, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

**Sensitivity of the County's proportionate share of the EORP net pension/OPEB (asset) liability to changes in the discount rate**—The following table presents the County's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.3, as well as what the County's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

MOHAVE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
<b>EORP</b>			
County's proportionate share of the net pension liability	\$ 23,894,102	\$ 20,865,471	\$ 18,285,891
County's proportionate share of the net OPEB (asset)	(315,451)	(357,737)	(394,519)

**Plan fiduciary net position**—Detailed information about the plans' 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. The EODCDP is not further disclosed because of its relative insignificance to the County's financial statements.

For the year ended June 30, 2020, 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. For the year ended June 30, 2020, the County recognized pension expense of \$39,922.

**NOTE 12 - INTERFUND BALANCES AND ACTIVITY**

Interfund receivable and payables - Interfund balances as of June 30, 2020, were as follows:

	Payable from			Total
	General fund	Other governmental funds	Internal service funds	
<b>Payable to</b>				
General fund		\$ 43,972	\$ 6,055	\$ 50,027
Road fund	\$ 100,678			100,678
Flood control fund		33		33
Other governmental funds	23,317	90,721		114,038
Landfill fund		68,743	43	68,786
GVID fund		49		49
Other Enterprise funds		32		32
Internal service funds		92		92
Total	<u>\$ 123,995</u>	<u>\$ 203,642</u>	<u>\$ 6,098</u>	<u>\$ 333,735</u>

The majority of the interfund receivables and payables result from year-end accruals and adjustments. Cash will be transferred within the first few months of the next fiscal year for these transactions. The balance of \$68,743 advance payable to the landfill fund from other governmental funds is an advance from the landfill to cover special assessment engineering fees. This expense has been 100% billed to property owners, through assessments on tax bills, as of June 30, 2020. The remaining balance is past due receivables that will be transferred to landfill, as they are received.

MOHAVE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 12 – INTERFUND BALANCES AND ACTIVITY (CONTINUED)**

**Interfund transfers**—Interfund transfers for the year ended June 30, 2020, were as follows:

	<b>Transfer to</b>				Total
	General fund	Flood Control	Other governmental funds	Internal service funds	
<b><u>Transfer from</u></b>					
General fund			\$ 1,852,344	\$ 293,810	\$ 2,146,154
Flood control fund	\$ 378,432		224,312		602,744
Other governmental funds	1,249,373	\$ 1,599	4,049,663		5,300,635
Landfill	150,000				150,000
Parks	75,899				75,899
Internal service funds			197,163		197,163
Total	<u>\$ 1,853,704</u>	<u>\$ 1,599</u>	<u>\$ 6,323,482</u>	<u>\$ 293,810</u>	<u>\$ 8,472,595</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. 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 \$5,919,960 of deposits held by other county departments and \$647,304 of deposits 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, 2020

**NOTE 13 – COUNTY TREASURER’S INVESTMENT POOL (CONTINUED)**

Details of each major investment classification follow:

Investment type	Principal	Interest rate(s)	Maturities	Amount
U.S. agency securities	\$ 38,943,249	1.250-2.625%	9/20-4/22	\$ 39,432,564
U.S. Treasury notes	128,917,879	1.25-2.875%	7/20-11/23	131,441,561
Corporate bonds	2,689,233	N/A	N/A	56,000
State Treasurer's Investment Pool	<u>50,122,590</u>	None stated	N/A	<u>50,122,589</u>
	<u>\$ 220,672,951</u>			<u>\$ 221,052,714</u>

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

Statement of net position	
Assets	<u>\$ 256,622,912</u>
Net position	<u>\$ 256,622,912</u>
Net position held in trust for:	
Internal participants	\$ 146,599,309
External participants	<u>110,023,603</u>
Total net position held in trust	<u>\$ 256,622,912</u>
Statement of changes in net position	
Total additions	\$ 485,229,372
Total deductions	<u>(459,949,692)</u>
Net increase	25,279,680
Net position held in trust:	
July 1, 2019	<u>231,343,232</u>
June 30, 2020	<u>\$ 256,622,912</u>

**NOTE 14 – SUBSEQUENT EVENT**

Subsequent to June 30, 2020, the Superior court of Arizona found in favor of TransWestern pipeline company, in their appeal of property tax valuations. The tax years affected are 2016 through 2020. The Company did not pay its 2020 taxes, pending the outcome of the lawsuit. Based on the decision of the court and subsequent settlement, the defendants must repay TransWestern a total of \$4.1 million. Mohave County and its blended component units’ share of the liability was \$900 thousand. The balance owed was paid on November 19, 2020.

There is a smaller lawsuit that is still outstanding. The payout is estimated at \$2.47 million statewide, and \$.5 million for Mohave County and its blended component units, if the plaintiffs prevail. The Arizona Attorney General’s Office represents Mohave County on this lawsuit. It is uncertain how, or when, this matter will be resolved at this time.

**NOTE 15 - CREDIT CARD PAYMENTS BY GOVERNMENTAL ACTIVITIES**

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 2020, \$82,570 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 41,500,005	\$ 41,500,005	\$ 39,510,804	\$ (1,989,201)
Licenses and permits	1,258,159	1,258,159	1,459,183	201,024
Intergovernmental	38,698,948	38,704,225	45,000,121	6,295,896
Charges for services	8,402,412	8,452,412	7,930,239	(522,173)
Fines and forfeits	1,377,000	1,377,000	1,223,317	(153,683)
Investment earnings	529,637	529,637	996,119	466,482
Contributions	38,675	47,985	116,941	68,956
Miscellaneous	1,192,200	1,189,935	446,798	(743,137)
Total revenues	<u>92,997,036</u>	<u>93,059,358</u>	<u>96,683,522</u>	<u>3,624,164</u>
<b>EXPENDITURES:</b>				
General government:				
Assessor	3,741,715	3,793,721	3,617,314	176,407
County attorney	4,545,856	4,646,823	4,514,803	132,020
County manager	319,660	327,659	322,670	4,989
Clerk of board	281,844	285,367	252,598	32,769
Community services department	395,785	398,558	363,881	34,677
General administration	3,660,936	2,939,077	1,730,377	1,208,700
Clerk of superior court	2,574,046	2,621,578	2,405,244	216,334
Constables	540,348	540,348	537,501	2,847
Contingency	3,000,000	2,980,000	-	2,980,000
Economic development department	535,806	538,085	375,446	162,639
Elections	590,543	597,436	549,651	47,785
Finance	1,182,822	1,203,131	1,159,170	43,961
Facilities maintenance	2,906,232	2,922,331	2,692,976	229,355
Justice courts	3,589,919	3,632,921	3,454,767	178,154
Juvenile detention	1,399,796	1,393,938	1,358,592	35,346
Human resources	402,222	408,276	389,906	18,370
Planning & zoning department	2,116,399	2,141,739	1,496,751	644,988
Public fiduciary	566,139	575,174	560,218	14,956
Public defender	6,798,427	6,861,659	6,369,876	491,783
Public legal defender	1,146,063	1,166,392	984,862	181,530
Building inspector	1,617,042	1,636,218	1,262,631	373,587
Procurement	456,780	465,076	464,279	797
Recorder	845,669	858,197	783,408	74,789
Superior courts	4,340,832	4,391,678	4,267,964	123,714
Treasurer	2,169,324	2,190,289	1,712,369	477,920
Voter registration	412,269	475,835	392,876	82,959
Supervisory districts	1,244,439	1,253,208	1,126,524	126,684
Total general government	<u>51,380,913</u>	<u>51,244,714</u>	<u>43,146,654</u>	<u>8,098,060</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
(Continued)				
Expenditures:				
Public safety:				
Adult detention center maintenance	\$ 1,221,828	\$ 1,221,828	\$ 835,617	\$ 386,211
Animal control	1,075,520	1,075,520	1,038,376	37,144
Jail	13,139,585	13,139,585	12,408,368	731,217
Medical examiner	646,380	646,380	646,380	-
Probation	1,938,388	2,003,098	2,003,098	-
Sheriff	<u>15,171,320</u>	<u>15,267,913</u>	<u>14,475,035</u>	<u>792,878</u>
Total public safety	<u>33,193,021</u>	<u>33,354,324</u>	<u>31,406,874</u>	<u>1,947,450</u>
Health:				
A.H.C.C.C.S	<u>10,746,900</u>	<u>10,746,934</u>	<u>10,746,934</u>	<u>-</u>
Culture and recreation:				
Fairgrounds	<u>102,267</u>	<u>102,267</u>	<u>6,140</u>	<u>96,127</u>
Education:				
School superintendent	<u>454,564</u>	<u>457,080</u>	<u>404,486</u>	<u>52,594</u>
Debt service:				
Principal retirement	-	-	95,204	(95,204)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>18,804</u>	<u>(18,804)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>114,008</u>	<u>(114,008)</u>
Total expenditures	<u>95,877,665</u>	<u>95,905,319</u>	<u>85,825,096</u>	<u>10,080,223</u>
Excess (deficiency) of revenues over (under) expenditures	(2,880,629)	(2,845,961)	10,858,426	13,704,387
OTHER FINANCING SOURCES (USES):				
Transfers in	2,045,902	2,045,902	1,853,703	(192,199)
Transfers out	<u>(7,525,419)</u>	<u>(7,525,419)</u>	<u>(2,146,154)</u>	<u>5,379,265</u>
Total other financing sources (uses)	<u>(5,479,517)</u>	<u>(5,479,517)</u>	<u>(292,451)</u>	<u>5,187,066</u>
Net changes in fund balance	(8,360,146)	(8,325,478)	10,565,975	18,891,453
Fund balances, July 1, 2019	<u>33,838,722</u>	<u>33,838,722</u>	<u>34,849,204</u>	<u>1,010,482</u>
Fund balances, June 30, 2020	<u>\$ 25,478,576</u>	<u>\$ 25,513,244</u>	<u>\$ 45,415,179</u>	<u>\$ 19,901,935</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - ROAD FUND  
YEAR ENDED JUNE 30, 2020

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 28,932	\$ \$(1,068)
Intergovernmental	17,722,000	17,722,000	17,664,427	(57,573)
Charges for services	43,050	43,050	51,117	8,067
Fines and forfeits	800	800	432	(368)
Investment earnings	200,000	200,000	456,954	256,954
Rents	76,708	76,708	76,708	-
Miscellaneous	<u>828,296</u>	<u>828,296</u>	<u>123,927</u>	<u>(704,369)</u>
Total revenues	<u>18,900,854</u>	<u>18,900,854</u>	<u>18,402,497</u>	<u>(498,357)</u>
<b>EXPENDITURES:</b>				
Highway and streets	<u>35,828,911</u>	<u>35,828,911</u>	<u>17,559,617</u>	<u>18,269,294</u>
Total expenditures	<u>35,828,911</u>	<u>35,828,911</u>	<u>17,559,617</u>	<u>18,269,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,928,057)</u>	<u>(16,928,057)</u>	<u>842,880</u>	<u>17,770,937</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds of sale of County property	<u>-</u>	<u>-</u>	<u>10,374</u>	<u>10,374</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>10,374</u>	<u>10,374</u>
Net changes in fund balances	(16,928,057)	(16,928,057)	853,254	17,781,311
Fund balances, July 1, 2019	16,928,057	16,928,057	16,129,849	(798,208)
Decrease in reserve for inventory	<u>-</u>	<u>-</u>	<u>(46,721)</u>	<u>(46,721)</u>
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,936,382</u>	<u>\$ 16,936,382</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE – FLOOD CONTROL FUND  
 YEAR ENDED JUNE 30, 2020

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 8,150,000	\$ 8,150,000	\$ 8,461,231	\$ 311,231
Licenses and permits	3,000	3,000	3,590	590
Intergovernmental	-	-	35	35
Charges for services	67,277	67,277	47,221	(20,056)
Investment earnings	40,000	40,000	256,967	216,967
Miscellaneous	20,000	20,000	3,971	(16,029)
Total revenues	<u>8,280,277</u>	<u>8,280,277</u>	<u>8,773,015</u>	<u>492,738</u>
<b>EXPENDITURES:</b>				
Public safety	<u>17,181,855</u>	<u>17,181,855</u>	<u>10,771,150</u>	<u>6,410,705</u>
Total expenditures	<u>17,181,855</u>	<u>17,181,855</u>	<u>10,771,150</u>	<u>6,410,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,901,578)</u>	<u>(8,901,578)</u>	<u>(1,998,135)</u>	<u>6,903,443</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	1,599	1,599
Transfers out	<u>(680,681)</u>	<u>(680,681)</u>	<u>(602,744)</u>	<u>77,937</u>
Total other financing sources	<u>(680,681)</u>	<u>(680,681)</u>	<u>(601,145)</u>	<u>79,536</u>
Net changes in fund balances	(9,582,259)	(9,582,259)	(2,599,280)	6,982,979
Fund balances, July 1, 2019	9,582,259	9,582,259	10,540,218	957,959
Increase in reserve for inventory	<u>-</u>	<u>-</u>	<u>44,051</u>	<u>44,051</u>
Fund balances, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,984,989</u>	<u>\$ 7,984,989</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED JUNE 30, 2020

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, 2020, 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 NET PENSION/OPEB LIABILITY  
 COST-SHARING PLANS  
 JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>ASRS – Pension</u>							
County's proportion of the net pension liability	0.36%	0.36%	0.35%	0.37%	0.38%	0.39%	Information not available
County's proportionate share of the net pension liability	\$50,560,928	\$ 49,907,481	\$ 55,221,074	\$ 59,477,988	\$ 59,259,251	\$ 57,859,101	Information not available
County's covered payroll	36,706,673	\$ 35,556,097	\$ 34,720,762	\$ 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	137.73%	140.36%	159.04%	174.23%	168.57%	163.62%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
<u>ASRS - Health Insurance Premium Benefit</u>							
County's proportion of the net OPEB (asset)	(0.36%)	(0.36%)	(0.36%)	2017 through 2011	Information not available		
County's proportionate share of the net OPEB (asset)	\$ (97,163)	\$ (129,730)	\$ (194,329)				
County's covered payroll	36,706,673	\$ 35,556,097	\$ 34,720,762				
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(0.24)	(0.36)%	(0.56)%				
Plan fiduciary net position as a percentage of the total OPEB liability	101.62%	102.20%	103.57%				
<u>ASRS - Long-term Disability</u>							
County's proportion of the net OPEB liability	0.36%	0.36%	0.35%	Information not available			
County's proportionate share of the net OPEB liability	\$ 227,843	\$ 187,260	\$ 128,581				
County's covered payroll	36,706,673	\$ 35,556,097	\$ 34,720,762				
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.62	0.53%	0.37%				
Plan fiduciary net position as a percentage of the total OPEB liability	72.85%	77.83%	84.44%				

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY  
 COST-SHARING PLANS  
 JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>CORP AOC - Pension</u>							
County's proportion of the net pension liability	2.93%	2.97%	2.71%	2.67%	2.65%	2.71%	Information not available
County's proportionate share of the net pension liability	\$ 12,382,985	\$ 10,709,213	\$ 10,884,138	\$ 7,523,107	\$ 6,438,542	\$ 6,077,411	Information not available
County's covered payroll	\$ 3,612,401	\$ 3,449,848	\$ 3,042,429	\$ 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	342.79%	310.43%	357.75%	256.16%	218.71%	208.50%	
Plan fiduciary net position as a percentage of the total pension liability	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	
<u>CORP AOC - Health Insurance Premium Benefit</u>							
County's proportion of the net OPEB liability	2.95%	2.99%	2.72%	2017 through 2011			
County's proportionate share of the net OPEB liability	\$ 109,109	\$ 153,649	\$ 160,270	Information not available			
County's covered payroll	\$ 3,612,401	\$ 3,449,848	\$ 3,042,429				
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.03%	4.45%	5.27%				
Plan fiduciary net position as a percentage of the total OPEB liability	75.64%	67.75%	62.21%				

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY  
 COST-SHARING PLANS  
 JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>EORP - Pension</u>							
County's proportion of the net pension liability	3.15%	3.42%	2.62%	2.51%	2.37%	2.53%	Information not available
County's proportionate share of the net pension liability	\$ 20,865,471	\$ 21,581,830	\$ 31,957,961	\$ 23,741,585	\$ 18,541,752	\$ 16,967,857	
State's proportionate share of the net pension liability associated with the County	<u>1,961,138</u>	<u>3,697,907</u>	<u>6,632,705</u>	<u>4,899,011</u>	<u>5,780,547</u>	<u>5,202,503</u>	
Total	<u>\$ 22,826,609</u>	<u>\$ 25,279,737</u>	<u>\$ 38,590,666</u>	<u>\$ 28,640,596</u>	<u>\$ 24,322,299</u>	<u>\$ 22,170,360</u>	
County's covered payroll	\$ 2,437,576	\$ 2,311,048	\$ 2,180,142	\$ 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	855.99%	933.85%	1,465.87%	1,353.75%	859.50%	716.97%	
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	
<u>EORP - Health Insurance Premium Benefit</u>	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011			
County's proportion of the net OPEB (asset)	(3.65)%	3.51%	3.32%	Information not available			
County's proportionate share of the net OPEB (asset)	(357,737)	\$ (362,754)	\$ (302,772)				
County's covered payroll	\$2,437,576	\$ 2,311,048	\$ 2,180,142				
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(14.68)%	(15.70)%	(13.89)%				
Plan fiduciary net position as a percentage of the total OPEB liability	169.72%	177.16%	164.84%				

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)  
AND RELATED RATIOS - AGENT PLANS  
JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<b>PSPRS – Sheriff</b>							
Total pension liability:							
Service cost	\$ 844,346	\$ 788,297	\$ 966,017	\$ 738,110	\$ 856,128	\$ 841,853	Information
Interest on the total pension liability	3,402,084	3,214,798	3,003,684	2,932,447	2,908,448	2,507,303	not available
Changes of benefit terms	-	-	425,471	1,255,658	-	743,169	
Differences between expected and actual experience in the measurement of the pension liability	46,799	480,574	396,188	(569,078)	(797,687)	(926,693)	
Changes of assumptions or other inputs	1,015,153	-	1,538,482	1,409,917	-	3,668,599	
Benefit payments, including refunds of employee contributions	<u>(2,216,642)</u>	<u>(2,589,312)</u>	<u>(3,104,457)</u>	<u>(3,271,340)</u>	<u>(1,932,983)</u>	<u>(1,529,492)</u>	
Net change in total pension liability	3,091,740	1,894,357	3,225,385	2,495,714	1,033,906	5,304,739	
Total pension liability—beginning	<u>46,238,082</u>	<u>44,343,725</u>	<u>41,118,340</u>	<u>38,622,626</u>	<u>37,588,720</u>	<u>32,283,981</u>	
Total pension liability—ending (a)	<u>\$ 49,329,822</u>	<u>\$ 46,238,082</u>	<u>\$ 44,343,725</u>	<u>\$ 41,118,340</u>	<u>\$ 38,622,626</u>	<u>\$ 37,588,720</u>	
 Plan fiduciary net position:							
Contributions—employer	\$ 3,186,768	\$ 2,809,701	\$ 1,836,800	\$ 1,623,099	\$ 1,232,825	\$ 1,174,898	
Contributions—employee	355,252	399,901	504,665	510,843	476,318	485,480	
Net investment income	1,166,370	1,334,686	2,131,234	110,794	708,906	2,343,758	
Benefit payments, including refunds of employee contributions	2,216,642	(2,589,312)	(3,104,457)	(3,271,340)	(1,932,983)	(1,529,492)	
Hall/Parker settlement	-	(535,232)	-	-	-	-	
Administrative expense	(21,271)	(21,014)	(19,258)	(16,343)	(17,672)	(18,876)	
Other changes	-	246	(155,786)	(68,502)	10,751	(180,019)	
Net change in plan fiduciary net position	2,470,477	1,398,976	1,193,198	(1,111,449)	478,145	2,275,749	
Plan fiduciary net position—beginning	<u>21,166,383</u>	<u>19,767,702</u>	<u>18,574,504</u>	<u>19,685,953</u>	<u>19,207,808</u>	<u>16,932,059</u>	
Plan fiduciary net position—ending (b)	<u>\$ 23,636,860</u>	<u>\$ 21,166,678</u>	<u>\$ 19,767,702</u>	<u>\$ 18,574,504</u>	<u>\$ 19,685,953</u>	<u>\$ 19,207,808</u>	
 County's net pension liability (asset)—ending (a) – (b)	\$25,692,962	\$ 25,071,404	\$ 24,576,023	\$ 22,543,836	\$ 18,936,673	\$ 18,380,912	
Plan fiduciary net position as a percentage of the total pension liability	47.92%	45.78%	44.58%	45.17%	50.97%	51.10%	
Covered payroll	\$4,357,353	\$ 4,414,050	\$ 4,241,502	\$ 4,188,771	\$ 4,310,395	\$ 4,486,194	
County's net pension liability (asset) as a percentage of covered payroll	589.65%	567.99%	579.42%	538.20%	439.33%	409.72%	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)  
AND RELATED RATIOS - AGENT PLANS  
JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date)			2017 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	
<u>PSPRS - Sheriff OPEB</u>				
Total OPEB liability:				
Service cost	\$ 15,957	\$ 16,755	\$ 19,767	Information not available
Interest on the total OPEB liability	56,203	54,751	54,418	
Changes of benefit terms	-	-	6,427	
Differences between expected and actual experience in the measurement of the OPEB liability	(137,378)	(34,511)	(13,127)	
Changes of assumptions or other inputs	8,899	-	(28,604)	
Benefit payments, including refunds of employee contributions	<u>(25,646)</u>	<u>(24,275)</u>	<u>(21,852)</u>	
Net change in total OPEB liability	(81,965)	12,720	17,029	
Total OPEB liability—beginning	<u>756,364</u>	<u>743,644</u>	<u>726,615</u>	
Total OPEB liability—ending (a)	<u>\$ 674,399</u>	<u>\$ 756,364</u>	<u>\$ 743,644</u>	
Plan fiduciary net position:				
Contributions—employer	-	\$ (295)	\$ -	
Contributions—employee	-	-	-	
Net investment income	78,333	96,159	147,573	
Benefit payments, including refunds of employee contributions	(25,646)	(24,275)	(21,852)	
Administrative expense	<u>(1,352)</u>	<u>(1,464)</u>	<u>(1,306)</u>	
Net change in plan fiduciary net position	51,335	70,125	124,415	
Plan fiduciary net position—beginning	<u>1,457,297</u>	<u>1,386,877</u>	<u>1,262,462</u>	
Plan fiduciary net position—ending (b)	<u>\$1,508,632</u>	<u>\$ 1,457,002</u>	<u>\$ 1,386,877</u>	
County's net OPEB (asset) liability—ending (a) – (b)	\$ (834,233)	\$ (700,638)	\$ (643,233)	
Plan fiduciary net position as a percentage of the total OPEB liability	223.70%	192.63%	186.50%	
Covered payroll	\$ 4,357,353	\$ 4,414,050	\$ 4,341,502	
County's net OPEB (asset) liability as a percentage of covered payroll	(19.15)%	(15.87)%	(14.82)%	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)  
AND RELATED RATIOS - AGENT PLANS  
JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<b><u>CORP - Detention</u></b>							
Total pension liability:							
Service cost	\$ 526,994	\$ 614,868	\$ 513,320	\$ 522,178	\$ 527,226	\$ 535,075	Information not available
Interest on the total pension liability	588,077	592,728	498,282	502,287	476,424	404,294	
Changes of benefit terms	-	(271,185)	1,002,759	23,016	-	52,115	
Differences between expected and actual experience in the measurement of the pension liability	185,879	(589,476)	(132,391)	(441,945)	(255,141)	(44,513)	
Changes of assumptions or other inputs	219,311	-	149,218	238,838	-	309,034	
Benefit payments, including refunds of employee contributions	<u>(524,394)</u>	<u>(734,302)</u>	<u>(697,451)</u>	<u>(492,035)</u>	<u>(341,013)</u>	<u>(325,442)</u>	
Net change in total pension liability	995,867	(387,367)	1,333,737	352,339	407,496	930,563	
Total pension liability—beginning	<u>7,682,193</u>	<u>8,069,560</u>	<u>6,735,823</u>	<u>6,383,484</u>	<u>5,975,988</u>	<u>5,045,425</u>	
Total pension liability—ending (a)	<u>\$ 8,678,060</u>	<u>\$ 7,682,193</u>	<u>\$ 8,069,560</u>	<u>\$ 6,735,823</u>	<u>\$ 6,383,484</u>	<u>\$ 5,975,988</u>	
<b>Plan fiduciary net position:</b>							
Contributions—employer	\$ 192,899	\$ 228,873	\$ 222,521	\$ 277,167	\$ 265,631	\$ 288,751	
Contributions—employee	243,273	300,474	311,185	331,483	330,465	328,515	
Net investment income	432,909	534,696	828,794	42,247	243,014	776,232	
Benefit payments, including refunds of employee contributions	(524,394)	(734,302)	(697,451)	(492,035)	(341,013)	(325,442)	
Administrative expense	(8,426)	(8,789)	(7,650)	(6,374)	(6,374)	-	
Other changes	<u>-</u>	<u>(158)</u>	<u>(47)</u>	<u>(66,110)</u>	<u>(82,072)</u>	<u>(439,949)</u>	
Net change in plan fiduciary net position	336,261	320,794	657,352	86,378	409,651	628,107	
Plan fiduciary net position—beginning	<u>8,007,053</u>	<u>7,686,259</u>	<u>7,028,907</u>	<u>6,942,529</u>	<u>6,532,878</u>	<u>5,904,771</u>	
Plan fiduciary net position—ending (b)	<u>\$ 8,343,314</u>	<u>\$ 8,007,053</u>	<u>\$ 7,686,259</u>	<u>\$ 7,028,907</u>	<u>\$ 6,942,529</u>	<u>\$ 6,532,878</u>	
County's net pension liability (asset)—ending (a) – (b)	\$334,746	\$ (324,860)	\$ 383,301	\$ (293,084)	\$ (559,045)	\$ (556,890)	
Plan fiduciary net position as a percentage of the total pension liability	96.14%	104.23%	95.25%	104.35%	108.76%	109.32%	
Covered payroll	\$ 3,370,075	\$ 3,582,040	\$ 3,697,257	\$ 3,910,641	\$ 3,910,769	\$ 4,107,411	
County's net pension liability (asset) as a percentage of covered payroll	9.93%	(9.07)%	10.37%	(7.49)%	(14.30)%	(13.56)%	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)  
AND RELATED RATIOS - AGENT PLANS  
JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011
<u>CORP - Detention OPEB</u>				
Total OPEB liability:				
Service cost	\$11,648	\$ 11,232	\$ 12,131	Information not available
Interest on the total OPEB liability	17,538	17,154	19,090	
Changes of benefit terms	-	-	-	
Differences between expected and actual experience in the measurement of the OPEB liability	(79,515)	(23,009)	(18,058)	
Changes of assumptions or other inputs	3,329	-	(28,276)	
Benefit payments, including refunds of employee contributions	<u>(5,440)</u>	<u>(7,012)</u>	<u>(7,301)</u>	
Net change in total OPEB liability	(52,440)	(1,635)	(22,414)	
Total OPEB liability—beginning	<u>228,067</u>	<u>229,702</u>	<u>252,116</u>	
Total OPEB liability—ending (a)	<u>\$ 175,627</u>	<u>\$ 228,067</u>	<u>\$ 229,702</u>	
Plan fiduciary net position:				
Contributions—employer	\$ -	\$ -	\$ -	
Contributions—employee	-	-	-	
Net investment income	37,085	46,261	68,817	
Benefit payments, including refunds of employee contributions	(5,440)	(7,012)	(7,301)	
Administrative expense	(662)	(700)	(602)	
Other changes	-	-	-	
Net change in plan fiduciary net position	30,983	38,549	60,914	
Plan fiduciary net position—beginning	<u>682,059</u>	<u>643,510</u>	<u>582,596</u>	
Plan fiduciary net position—ending (b)	<u>\$ 713,042</u>	<u>\$ 682,059</u>	<u>\$ 643,510</u>	
County's net OPEB (asset) liability—ending (a) – (b)	\$ (537,415)	\$ (453,992)	\$ (413,808)	
Plan fiduciary net position as a percentage of the total OPEB liability	406.00%	299.06%	280.15%	
Covered payroll	\$ 3,370,075	\$ 3,582,040	\$ 3,697,257	
County's net OPEB (asset) liability as a percentage of covered payroll	(15.95)%	(12.67)%	(11.19)%	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PENSION/OPEB CONTRIBUTIONS  
 JUNE 30, 2020

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
<u>ASRS- Pension</u>								
Statutorily required contribution	\$ 4,536,324	\$ 4,103,806	\$ 3,876,705	\$ 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>4,536,324</u>	<u>4,103,806</u>	<u>3,876,705</u>	<u>3,742,898</u>	<u>3,771,411</u>	<u>3,828,189</u>	<u>3,771,598</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 39,618,550	\$ 36,706,673	\$ 35,556,097	\$ 34,720,762	\$ 34,138,216	\$ 35,153,250	\$ 35,362,373	
County's contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%	11.05%	10.89%	10.67%	

\* No disclosure was provided on OPEB information as it was considered insignificant to the financial statements.

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
<u>CORP AOC - Pension</u>								
Statutorily required contribution	\$ 1,128,054	\$ 1,191,370	\$ 776,560	\$ 609,950	\$ 564,751	\$ 438,052	\$ 421,197	Information not available
County's contributions in relation to the statutorily required contribution	<u>1,128,054</u>	<u>1,191,370</u>	<u>776,560</u>	<u>609,950</u>	<u>564,751</u>	<u>438,052</u>	<u>421,197</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 3,673,246	\$ 3,612,401	\$ 3,449,848	\$ 3,042,429	\$ 2,936,852	\$ 2,943,898	\$ 2,914,858	
County's contributions as a percentage of covered payroll	30.71%	32.98%	22.51%	20.05%	19.23%	14.88%	14.45%	

\* No disclosure was provided on OPEB information as it was considered insignificant to the financial statements.

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PENSION/OPEB CONTRIBUTIONS  
 JUNE 30, 2020

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
<u>EORP- Pension</u>								
Statutorily required contribution	\$1,568,683	\$ 1,627,129	\$ 543,096	\$ 512,333	\$ 421,134	\$ 506,959	\$ 539,153	Information not available
County's contributions in relation to the statutorily required contribution	<u>1,568,683</u>	<u>1,499,109</u>	<u>-</u>	<u>512,333</u>	<u>421,134</u>	<u>506,959</u>	<u>539,153</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 128,020</u>	<u>\$ 543,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$2,553,611	\$ 2,437,576	\$ 2,311,048	\$ 2,180,142	\$ 1,753,759	\$ 2,157,272	\$ 2,366,603	
County's contributions as a percentage of covered payroll	61.43%	61.50%	- %	23.50%	24.01%	23.50%	22.78%	

\* No disclosure was provided on OPEB information as it was considered insignificant to the financial statements.

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
<u>PSPRS - Sheriff</u>								
Actuarially determined contribution	\$ 2,673,933	\$ 2,283,253	\$ 2,296,189	\$ 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>2,673,933</u>	<u>2,283,253</u>	<u>2,296,189</u>	<u>1,862,504</u>	<u>1,623,099</u>	<u>1,232,773</u>	<u>1,174,898</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$4,891,043	\$ 4,357,353	\$ 4,414,050	\$ 4,341,502	\$ 4,188,771	\$ 4,310,395	\$ 4,486,194	
County's contributions as a percentage of covered payroll	54.67%	52.40%	52.02%	42.90%	38.75%	28.60%	26.19%	

\* No disclosure was provided on OPEB information as it was considered insignificant to the financial statements.

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PENSION/OPEB CONTRIBUTIONS  
 JUNE 30, 2020

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
<u>CORP - Detention</u>								
Actuarially determined contribution	\$ 294,209	\$ 225,795	\$ 229,251	\$ 221,835	\$ 277,167	\$ 265,631	\$ 288,751	Information not available
County's contributions in relation to the actuarially determined contribution	<u>294,209</u>	<u>225,795</u>	<u>229,251</u>	<u>221,835</u>	<u>277,167</u>	<u>265,631</u>	<u>288,751</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 4,313,915	\$ 3,370,075	\$ 3,582,040	\$ 3,697,257	\$ 3,910,641	\$ 3,910,769	\$ 4,107,411	
County's contributions as a percentage of covered payroll	6.82%	6.70%	6.40%	6.00%	7.09%	6.79%	7.03%	

\* No disclosure was provided on OPEB information as it was considered insignificant to the financial statements.

See accompanying notes to pension plan schedule.

MOHAVE COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO THE COUNTY'S PENSION/OPEB PLAN SCHEDULES  
 JUNE 30, 2020

**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-of-pay, closed
Remaining amortization period as of the 2018 actuarial valuation	18 years
Asset valuation method	7-year smoothed market; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decrease from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS and from 4.0%-7.25% to 3.5%-6.5% for CORP. 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 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. 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% to 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	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

MOHAVE COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE COUNTY'S PENSION/OPEB PLAN SCHEDULES  
YEAR ENDED JUNE 30, 2020

**NOTE 2 - FACTORS THAT AFFECT TRENDS**

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP-AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-, CORP-, and CORP-AOC required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-, CORP-, and CORP-AOC required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are based on actuarial valuation and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019 for the EORP contributions. The County elected not to use the available credits for the PSPRS and made the required contributions.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

