

# Mohave County

## Annual Financial Report

### Fiscal Year Ended June 30, 2007



**MOHAVE COUNTY**  
**Annual Financial Report**  
**Year Ended June 30, 2007**

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## Independent Auditors' Report

The Auditor General of the State of Arizona

The Board of Supervisors of  
Mohave County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 3 through 14, the Budgetary Comparison Schedules on pages 52 through 56, and the Schedule of Agent Retirement Plan's Funding Progress on page 57 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Budgetary Comparison Schedules of the Scenic Debt Service Fund and the County Capital Improvement Fund on pages 59 through 60 are not a required part of the basic financial statements. Those schedules have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2008, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Fester & Chapman P.C.*

March 28, 2008

# Mohave County Financial Services



JOHN TIMKO  
Financial Services Director

700 West Beale Street  
P.O. Box 7000  
Kingman, AZ 86402-7000

Phone: (928) 753-0735  
Fax: (928) 753-0704

## Management's Discussion and Analysis

This discussion and analysis of the County's financial performance is intended to provide an overview of the County's financial activities for the year ended June 30, 2007 based on currently known facts, decisions or conditions. Please read it in conjunction with the County's basic financial statements, which begin on page 16.

### Financial Highlights

- Total assets of the County exceeded its liabilities at the close of the fiscal year by \$250 million, an increase of 8.86% from the prior year. Of this amount, \$81.5 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- Property tax revenue increased by \$5.6 million. This increase is due to a 12% increase in the tax levy created by higher assessed values and new construction. The tax increase was predominantly in the secondary taxes for special districts. The amount of increase for primary property taxes is limited to 2%.
- The County's total net assets as reported in the Statement of Activities increased by \$20.4 million. Of this amount, \$19.9 million (98%) is attributable to governmental activities and \$.5 million (2%) is attributable to business-type activities.
- As reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances, the County's governmental funds reported combined fund balances of \$91.9 million, an increase of \$11.7 million, after restatement of the prior year's fund balance.
- The unreserved fund balance for the General Fund increased by \$1.5 million (13%) and General Fund revenues were short of budgeted revenues by \$422 thousand and expenditures were only 82% of the original adopted General Fund budget and 86% of the final General Fund budget.

### Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of Mohave County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused accrued leave).

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

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

Blended component units include the following: a television district, two 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 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 flood control systems for the County.
- Mohave County Special Assessment Districts provide funds to construct or improve roads, bridges, and water distribution systems.
- Mohave Administration Building Finance Corporation provides financing and oversight of the construction and operation of the Mohave County administration building.

Financial information for the *blended component units* is combined with the financial information presented for the primary government itself. The government-wide financial statements are on pages 16-17 of this report.

**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*. The governmental funds financial statements can be found on pages 18-21 of this report.

Mohave County maintains 178 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, Scenic Debt Service Fund, and the County Capital Improvement Fund, all of which are major funds. Data from the other 173 governmental funds are combined into a single, aggregated presentation, under the heading Other Governmental Funds.

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and the major Special Revenue Funds to demonstrate compliance with their budgets. These schedules are presented on pages 52 to 56.

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

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

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water companies and the landfill operations, which are major funds of Mohave County. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary funds financial statements are located on pages 22-24 of this report.

**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. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds financial statements can be found on pages 25-26 of this report.

**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. The notes to the financial statements are located on pages 27-50 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, pages 52-58 present *required supplementary information* including budgetary comparison schedules and Mohave County's progress in funding its obligation to provide pension benefits to some of its employees. *Other supplementary information* presenting budgetary comparison schedules for the Scenic Debt Service Fund and County Capital Improvement Fund are located on pages 59-60.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mohave County, assets exceeded liabilities by \$250 million at the close of the most recent fiscal year, after restatement of the beginning net assets. For details regarding the restatement of July 1, 2006, refer to Note 2 on page 33.

By far the largest portion of Mohave County's net assets (56%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. Mohave County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Mohave County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

11% of Mohave County's net assets represent resources subject to external restrictions on how they may be used. The remaining \$81.5 million of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors. The largest changes in the net assets occurred in the governmental funds. The changes are discussed separately under the following sections; Governmental activities – net assets highlights, Business-type activities – net assets highlights, and Capital Asset and Debt Administration.

**Government-wide  
Statement of Net Assets  
As of June 30,**

	2006 As restated	2007	Increase (Decrease)	% Change
Current assets and other assets	\$ 119,888,782	\$ 127,130,176	\$ 7,241,394	6.04%
Capital assets	156,008,318	159,871,120	3,862,802	2.48%
Total assets	<u>275,897,100</u>	<u>287,001,296</u>	<u>11,104,196</u>	<u>4.02%</u>
Long-term liabilities outstanding	36,736,008	31,827,818	(4,908,190)	-13.36%
Other liabilities	9,459,403	5,119,723	(4,339,680)	-45.88%
Total liabilities	<u>46,195,411</u>	<u>36,947,541</u>	<u>(9,247,870)</u>	<u>-20.02%</u>
Net assets:				
Invested in capital assets, net of related debt	134,634,026	140,275,120	5,641,094	4.19%
Restricted	32,134,041	28,307,368	(3,826,673)	-11.91%
Unrestricted	62,933,622	81,471,267	18,537,645	29.46%
Total net assets	<u>\$ 229,701,689</u>	<u>\$ 250,053,755</u>	<u>\$ 20,352,066</u>	<u>8.86%</u>

**Governmental activities - net assets highlights:** The net assets *invested in capital assets, net of related debt* had a net increase of \$4.8 million. The details of the increase in assets are discussed later in this report under the Capital Asset and Debt Administration heading. Total liabilities decreased \$9.6 million from last year. Long-term liabilities decreased \$5.5 mostly due to an early payoff of the Certificates of Participation, Series 2000 along with normal debt payments and no new debt issuances. Other liabilities decreased \$4.1 million primarily due to a decrease in accrued liabilities from the prior year of \$2.8 million in the Flood Control Fund for payments made to cities under an intergovernmental agreement for flood control projects. The expense did not decrease for the current year, and did not need to be accrued as it was paid earlier. In addition, deferred revenues decreased by \$2 million due to the restatement discussed in Note 2 on page 33.

**Governmental Activities  
Statement of Net Assets  
As of June 30,**

	2006 As restated	2007	Increase (Decrease)	% Change
Current assets and other assets	\$ 106,029,308	\$ 113,292,245	\$ 7,262,937	6.85%
Capital assets	140,730,557	143,737,677	3,007,120	2.14%
Total assets	<u>246,759,865</u>	<u>257,029,922</u>	<u>10,270,057</u>	<u>4.16%</u>
Long-term liabilities outstanding	33,227,870	27,744,359	(5,483,511)	-16.50%
Other liabilities	8,764,837	4,658,816	(4,106,021)	-46.85%
Total liabilities	<u>41,992,707</u>	<u>32,403,175</u>	<u>(9,589,532)</u>	<u>-22.84%</u>
Net assets:				
Invested in capital assets, net of related debt	119,356,265	124,141,677	4,785,412	4.01%
Restricted	24,577,330	20,790,722	(3,786,608)	-15.41%
Unrestricted	60,833,563	79,694,348	18,860,785	31.00%
Total net assets	<u>\$ 204,767,158</u>	<u>\$ 224,626,747</u>	<u>\$ 19,859,589</u>	<u>9.70%</u>

The **restricted** net assets reflected a net decrease of \$3.8 million. This was a result of a \$2.6 million early payoff of the Certificates of Participation, Series 2000 and the Road Fund spending an additional \$1.7 million on road maintenance than was collected this year, offset by small increases in other funds.

**Unrestricted** net assets increased by \$18.9 million from the prior year due to unspent revenue in the County Capital Improvement Fund, Flood Control Fund and remaining funds, of \$6, \$3.6, and \$4.9 million respectively. In addition, the internal service funds net assets, which are included here, increased by \$2.1 million over the prior year.

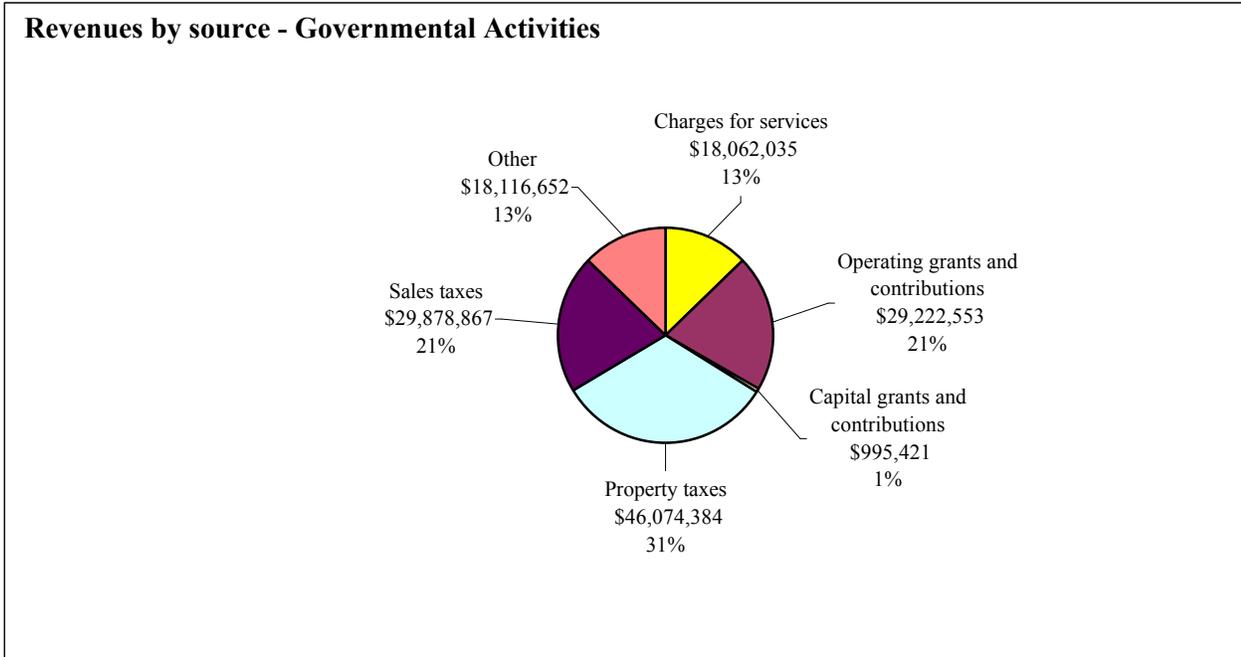
The majority of this increase represents funds set aside for reserves in the employee benefit trust and self insurance trust. The remaining \$2.3 million reflects the net increase resulting from the prior period adjustment changing the recognition of Federal in-lieu revenue by \$2 million and correcting for prepaid expenses of \$.3 million.

**Governmental activities – comparative statement of activities highlights:** Mohave County continues to have steady population growth while the economy is just now starting to decline. While the downturn in the housing market reduced the number of homes sold during the year, higher assessed values on those homes resulted in increased property tax revenues. The County has managed to maintain moderate growth in controllable expenses, due to increased efficiency, while providing services to an expanding population. The increase in expenses was primarily from a cost of living and market adjustment to salaries, which the County felt was necessary to attract and keep qualified personnel. The non-controllable expenses such as court costs from increased caseloads and indigent support continue to rise. The expenses increased \$14.3 million over the prior year. The current year governmental financial statements reflect an increase of \$13.1 million in total revenues due to several factors. Secondary property taxes rose because of a 12% increase in the tax levy. The assessed values rose substantially and new construction was still significant. There was an increase in other taxes: sales tax, auto-lieu tax, and capital projects sales tax. These increases were generated by a strong economy at the beginning of the year, increased population growth, and tourism. Investment earnings increased by \$3.8 million over the prior year due to improved return on investments and an unrealized gain recorded in the current year, as opposed to an unrealized loss recorded in 2006.

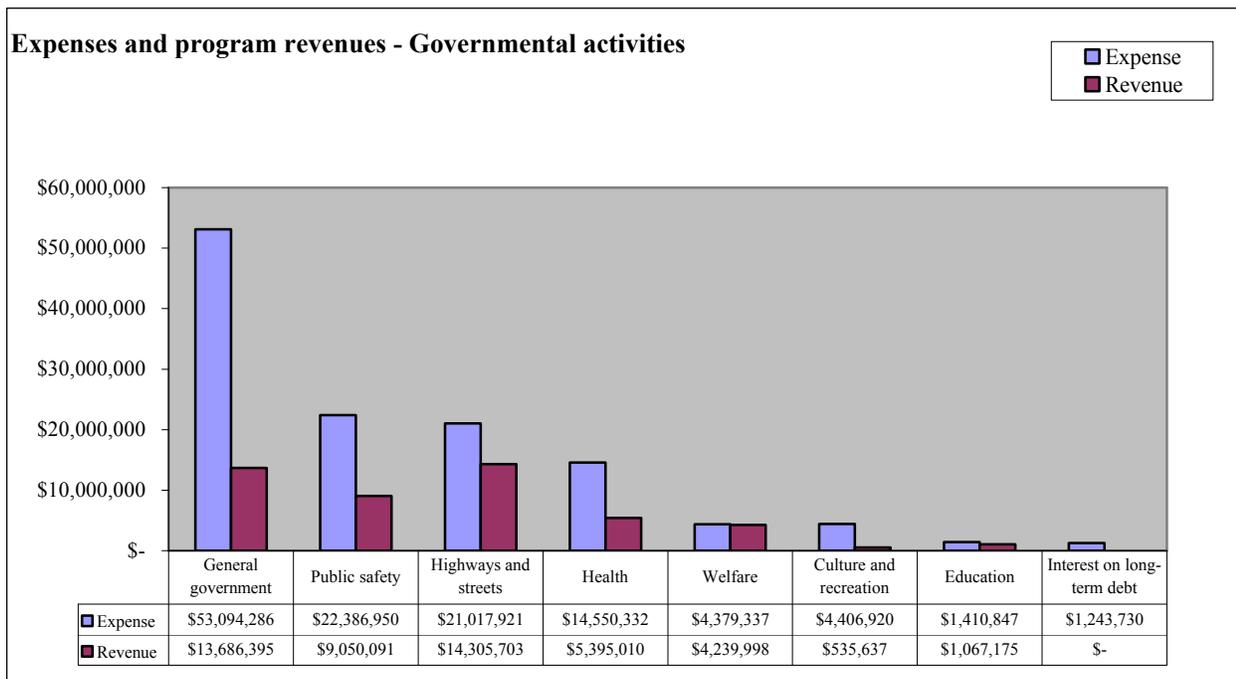
**Governmental Activities  
Comparative Statement of Activities  
Year Ended June 30,**

	2006 As restated	2007	Increase (decrease)	% Change
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 17,417,807	\$ 18,062,035	\$ 644,228	3.70%
Operating grants & contributions	29,522,114	29,222,553	(299,561)	-1.01%
Capital grants & contributions	-	995,421	995,421	100.00%
Total program revenues	<u>46,939,921</u>	<u>48,280,009</u>	<u>1,340,088</u>	<u>2.85%</u>
General revenues				
Property taxes	40,458,411	46,074,384	5,615,973	13.88%
Other taxes	39,964,725	42,422,988	2,458,263	6.15%
Other revenues	1,902,133	5,572,531	3,670,398	192.96%
Total general revenues	<u>82,325,269</u>	<u>94,069,903</u>	<u>11,744,634</u>	<u>14.27%</u>
Total revenues	<u>129,265,190</u>	<u>142,349,912</u>	<u>13,084,722</u>	<u>10.12%</u>
<b>Expenses:</b>				
General government	43,763,532	53,094,286	9,330,754	21.32%
Public safety	20,957,064	22,386,950	1,429,886	6.82%
Highways and streets	19,577,244	21,017,921	1,440,677	7.36%
Health	13,382,160	14,550,332	1,168,172	8.73%
Welfare	3,941,590	4,379,337	437,747	11.11%
Culture and recreation	3,759,007	4,406,920	647,913	17.24%
Education	1,290,580	1,410,847	120,267	9.32%
Interest on long-term debt	1,550,006	1,243,730	(306,276)	-19.76%
Total expenses	<u>108,221,183</u>	<u>122,490,323</u>	<u>14,269,140</u>	<u>13.19%</u>
Increase in net assets before transfers	21,044,007	19,859,589	(1,184,418)	-5.63%
Transfers	1,997	-	(1,997)	-100.00%
Increase in net assets	<u>21,046,004</u>	<u>19,859,589</u>	<u>(1,186,415)</u>	<u>-5.64%</u>
Net assets beginning of year	<u>183,721,154</u>	<u>204,767,158</u>	<u>21,046,004</u>	<u>11.46%</u>
Net assets end of year	<u>\$ 204,767,158</u>	<u>\$ 224,626,747</u>	<u>\$ 19,859,589</u>	<u>9.70%</u>

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 \$142 million. \$94 million of general revenues, which are not included in this graph, represents 66% of total revenues reported for governmental activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues produced an increase to net assets of \$19.9 million for the fiscal year as indicated on the Statement of Activities.

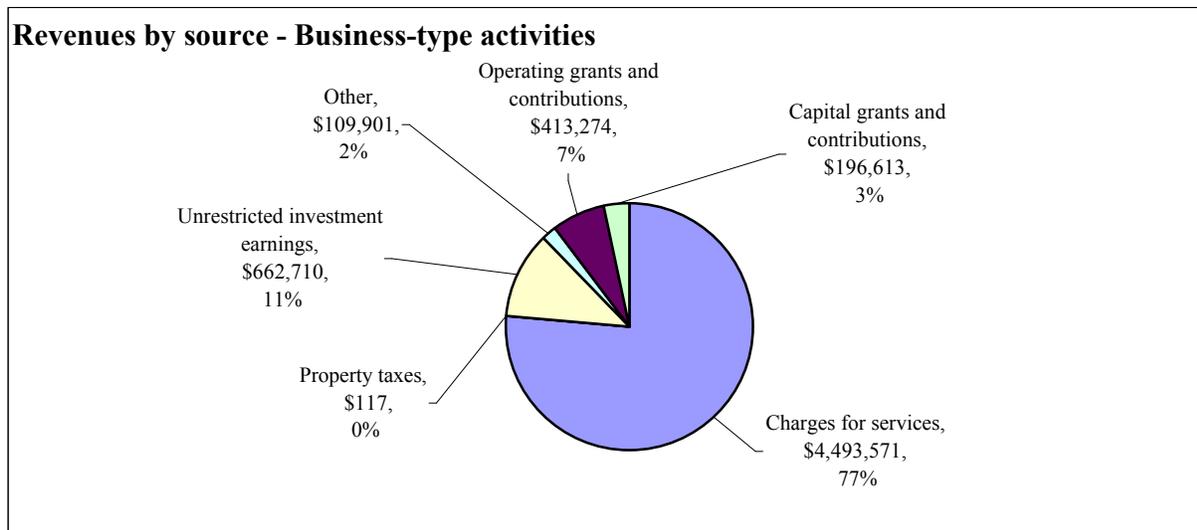


**Business-type activities - net assets highlights:** Net assets increased by \$492 thousand. The majority of this increase was due to a capital project in the Landfill Fund to construct septage ponds at the Cerbat landfill. Offsetting the \$855 thousand increase to capital assets was an increase in total liabilities of \$341 thousand. Of this increase, \$562 thousand resulted from an increase in projected closure and postclosure costs for the Landfill Fund. This increase was offset by a decrease of \$234 thousand to other liabilities resulting from a lump sum payment by Griffith Energy for sales taxes accrued in 2006 and paid to the State of Arizona in fiscal year 2007.

**Business-type Activities  
Statement of Net Assets  
As of June 30,**

	2006 As restated	2007	Increase (Decrease)	% Change
Current assets and other assets	\$ 13,859,474	\$ 13,837,931	\$ (21,543)	-0.16%
Capital assets	15,277,761	16,133,443	855,682	5.60%
Total assets	29,137,235	29,971,374	834,139	2.86%
Long-term liabilities outstanding	3,508,138	4,083,459	575,321	16.40%
Other liabilities	694,566	460,907	(233,659)	-33.64%
Total liabilities	4,202,704	4,544,366	341,662	8.13%
Net assets:				
Invested in capital assets, net of related debt	15,277,761	16,133,443	855,682	5.60%
Restricted	7,556,711	7,516,646	(40,065)	-0.53%
Unrestricted	2,100,059	1,776,919	(323,140)	-15.39%
Total net assets	\$ 24,934,531	\$ 25,427,008	\$ 492,477	1.98%

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



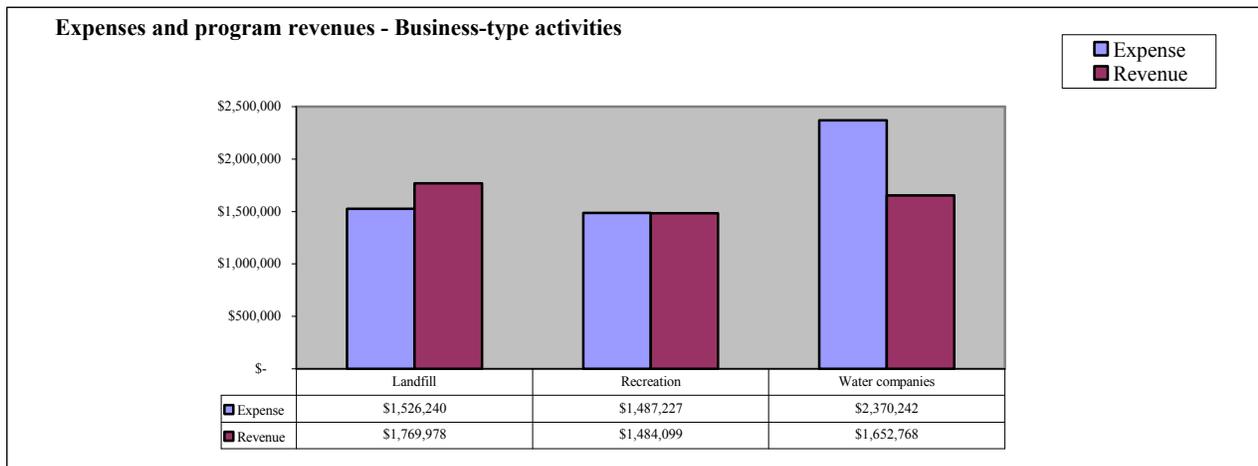
**Analysis of revenue changes** - The Business-type Activities Comparative Statement of Activities schedule on the following page shows the increases and decreases in total revenue with an overall decrease to total revenues of \$3.6 thousand. The decrease was caused by a reduction in operating grants and contributions from the previous year. These grants were for improvements to Davis Camp Park restroom facilities and the Hualapai Mountain Park visitor center. This decrease was offset by an increase of \$350 thousand in other income resulting from interest earnings and increased use fees.

**Business-type activities - comparative statement of activities highlights:** Net assets for all enterprise funds increased \$492 thousand from the prior year. Net assets of the Landfill Fund increased by \$759 thousand due to increased interest income, decreases in operating expenses that resulted from being in the off year of the two-year cycle for the waste-tire removal contract, and the addition of septage ponds at the Cerbat landfill booked as an infrastructure asset. In addition, the library district repaid a loan issued in fiscal year 2005. Water company expenses increased in total by \$460 thousand. The major contributors to this increase were from an increase in cost of liability insurance for the I-40 Water Corridor Fund and payments to an engineering firm to evaluate the Golden Valley Improvement District water supply and develop a plan for future usage. Salaries for both water companies increased due to a cost of living adjustment and the addition of one utility service worker.

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

	2006 As restated	2007	Increase (decrease)	% Change
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 4,419,205	\$ 4,493,571	\$ 74,366	1.68%
Operating grants & contributions	1,038,163	413,274	(624,889)	-60.19%
Capital grants & contributions	-	196,613	196,613	100.00%
Total program revenues	<u>5,457,368</u>	<u>5,103,458</u>	<u>(353,910)</u>	<u>-6.48%</u>
General revenues				
Property taxes	-	117	117	100.00%
Other taxes	100,000	100,000	-	0.00%
Other revenues	322,439	672,611	350,172	108.60%
Total general revenues	<u>422,439</u>	<u>772,728</u>	<u>350,289</u>	<u>82.92%</u>
Total revenues	<u>5,879,807</u>	<u>5,876,186</u>	<u>(3,621)</u>	<u>-0.06%</u>
<b>Expenses:</b>				
Landfill	1,722,728	1,526,240	(196,488)	-11.41%
Recreation	1,437,477	1,487,227	49,750	3.46%
Water companies	1,910,426	2,370,242	459,816	24.07%
Total expenses	<u>5,070,631</u>	<u>5,383,709</u>	<u>313,078</u>	<u>6.17%</u>
Increase in net assets before transfers	809,176	492,477	(316,699)	-39.14%
Transfers	(1,997)	-	1,997	-100.00%
Increase in net assets	<u>807,179</u>	<u>492,477</u>	<u>(314,702)</u>	<u>-38.99%</u>
Net assets beginning of year	24,127,352	24,934,531	807,179	3.35%
Net assets end of year	<u>\$ 24,934,531</u>	<u>\$ 25,427,008</u>	<u>\$ 492,477</u>	<u>1.98%</u>

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



## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Mohave County's governmental funds reported combined ending fund balances of \$91.8 million, an increase of \$11.7 million in comparison with the prior year. The reserved fund balances consist of \$5.5 million reserved for debt service and \$324,618 invested in inventory.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$13.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The General Fund unreserved fund balance represents 20% of total General Fund expenditures.

During the current fiscal year, the fund balance of Mohave County's General Fund increased by \$1.5 million. This represents a 12.5% increase from the fiscal year 2006 ending balance. Revenues increased by \$5.9 million (8.7%), while expenditures increased \$7.2 million (11.9%) over the previous year. Total expenditures as a percentage of the total original budget were only 82% in fiscal year 2007. The increases are the result of rapid population growth in the county. The County addressed personnel requirements to provide services to a growing Mohave County population by giving market adjustments and COLA increases. These increases along with increased retirement and health insurance costs accounted for a 12% increase in personnel costs. Other cost increases occurred in the following areas: legal services, mental health and AHCCCS services, inmate costs, and equipment automation.

The Road Fund had a total fund balance of \$11 million, of which \$324,618 is reserved for inventories and \$10.7 million is unreserved and will be used for road maintenance. The net decrease in unrestricted fund balance during the current year in the Road Fund was \$1.7 million. The decrease results from more road projects completed in this fiscal year than the amount of funds collected. The balance reflects funds available for ongoing road projects of the County.

The Flood Control Fund balance increased by 3.6 million. The majority of revenue for this fund comes from secondary taxes which increased due to the rise in assessed values, as discussed previously. There as also a new IGA with the City of Kingman for Phase III that brought in .8 million. In addition, the expenses decreased due to the completion of one flood control project and minimal expenses being incurred on the next project.

The Scenic Debt Service Fund had an ending fund balance of \$1.3 million. The fund balance decreased by \$40,000.

The County Capital Improvement Fund had a fund balance of \$34 million at June 30, 2007. This was an increase of \$5.9 million from the prior year. The increase reflects the fact that there were no major capital projects in 2007. The revenue stayed the same except for an increase in interest earnings. Revenue was offset by \$1.5 million in various small capital projects and a transfer out for debt service and maintenance of the County administration building of \$1.9 million. Expenditures decreased by \$8.8 million from the prior year (reflecting the decrease in construction). A major jail construction is scheduled to begin at the end of fiscal year 2008 (see Note 15) which will use most of the current fund balance.

The Other Governmental Funds had a combined fund balance of \$22.7 million at June 30, 2007. This was a net increase of \$2.4 million from the prior year. The net increase is primarily from a \$3.5 million transfer into the Administration Building debt Service Fund for future debt payoff. Two other major changes include the payoff of the library note of \$845,402 and the Certificates of Participation, Series 2000 early payoff of \$2.6 million. These additional expenses were offset by an increase in tax revenue of \$1.4 million, resulting from higher assessed values and collections of delinquent interest and taxes, and increases in investment earnings and contributions.

**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. Unrestricted net assets of the water companies, park services, and landfill operations at the end of the year amounted to \$1.8 million. Net assets for all enterprise funds increased \$492,477, a 2% increase from the prior year. The water companies did not show profits. They had decreases of \$290,050 and \$133,269, respectively. However, if you add back the non-cash expense of depreciation to those funds, they would have made a small profit. The Landfill Fund’s net assets increased by \$759,006. The increase is from reduced expenses for tire disposal, offset by moderate increases in postclosure costs and salaries. The accumulated net assets will be used for future expansion, as well as closure and postclosure costs. The G.V.I.D. Fund had a small loss of \$133,269, after depreciation of \$293,198. The Other Enterprise Funds posted a small loss of \$39,823 but after contributions from grant funds of \$196,913, they showed an increase of \$156,790. The contributions were assets generated from grant funds that were transferred to the parks when completed.

Net assets for the internal service funds increased by \$2.1 million. \$1 million of that amount was excess contributions over claims expense in the Employee Benefit Trust Fund. The Self Insurance Trust Fund also had excess collections over expenses during the current fiscal year of \$.4 million. These will be used to build up net assets and reduce future increases in costs passed on to employees and other departments. The motor pool fund had an increase in net assets of \$.6 million generated by vehicles transferred in from the vehicle replacement fund. The \$.1 million balance of the increase was a combination of increases and decreases in the remaining funds.

### **General Fund Budgetary Highlights**

**Revenues:** No changes were made to the General Fund revenue budget during the year. The 2007 budget for revenue was increased from the prior year by \$7.6 million. The general fund realized all but \$.4 million of the total amount of revenue budgeted.

**Expenditures:** Differences between the original budget and the final amended budget resulted from moving expenditures between departments and categories of budget. There were \$3.7 million in decreases to general government activities, which included a decrease of \$4.6 million from contingency to cover transfers to other funds as described below and \$865 thousand within the general government expenses. The money reallocated from contingency to other general government departments went mainly to the County attorney’s office and Public defender for legal expense and court costs of \$750 thousand. The mandated budget for services for Indigents, received an additional \$110,000 to cover excess costs. The net difference for expenditures was a decrease of \$3.8, 3.5 million of that was moved from contingency to transfers out.

**Transfers out:** The increase of \$3.5 million (reallocated from expenditures) was used to fund an allocation to the Administration Building Debt Service Fund for future debt payments.

Variances between actual revenues, expenditures and final budgeted amounts will be discussed below for all significant differences, as related to the schedule in required supplementary information on pages 53-54.

**Revenues:** Overall, revenues fell just short of the budgeted total. However, individually there were variations in several revenue sources. Tax revenue exceeded budgeted amounts by \$1.4 million due mainly to the sales of delinquent properties resulting in a \$2.4 million excess of delinquent interest and tax revenue over budget. Interest revenue was up due to a combination of increased investment rates and increased amounts of investments. Miscellaneous income reflected the recognition of revenue from cancelled warrants of \$300,000. The primary exceptions for revenue exceeding budget were in intergovernmental, charges for services, and licenses and permits. An unexpected downturn in the real estate market had serious repercussions. State shared revenue for sales tax and auto-lieu were below budget by almost \$1 million. Planning and zoning, Building inspector’s license and permit revenue, Assessor’s fees, and Recorder’s fees were down as a direct result of the slowing construction industry.

**Expenditures:** Expenditures were less than budgetary estimates by \$11.3 million. As permitted by State statutes, the County budgets its available unrestricted fund balance at the end of the prior fiscal year as contingency for the next year. The remaining balance of the prior year contingency at year-end was \$5.3 million. An additional \$4.9 million excess budget was in salary expense from personnel vacancies. Over half of that amount was reflected in Public safety, Planning and zoning, Building inspector, Public defender, and Public legal defender departments, where the departments are having trouble filling open positions. Planning and zoning had excess budget of \$223,000 from not outsourcing the plans review as they had budgeted. Building inspection had excess budget due to \$100,000 for plans review that were not outsourced. The A.H.C.C.S. budget was inadvertently doubled for administrative expense by including the same

\$363,000 on two different lines of the budget, which is why there is remaining budget. The remaining balance of available budget is scattered throughout the other departments in supplies and other services.

### Capital Asset and Debt Administration

**Capital assets** – Mohave County’s investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounts to \$159.9 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, and bridges. The increase in capital assets of \$3.9 million (net of depreciation) resulted from the following projects and purchases: the Mohave Wash project, completion of the Bullhead City Justice Court building, and the purchase of vehicles and road equipment that were added to the fleet.

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

	2006	2007	Increase Decrease	% Change
<b>Governmental activities</b>				
Capital assets, not being depreciated	\$ 39,269,707	\$ 39,719,073	\$ 449,366	1.14%
Capital assets, being depreciated	101,460,850	104,018,604	2,557,754	2.52%
Total governmental assets	<u>\$ 140,730,557</u>	<u>\$ 143,737,677</u>	<u>\$ 3,007,120</u>	<u>2.14%</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated	\$ 2,155,257	\$ 1,995,208	\$ (160,049)	-7.43%
Capital assets, being depreciated	13,122,504	14,138,235	1,015,731	7.74%
Total business-type assets	<u>\$ 15,277,761</u>	<u>\$ 16,133,443</u>	<u>\$ 855,682</u>	<u>5.60%</u>
<b>Total governmental and business-type activities</b>				
Capital assets, not being depreciated	\$ 41,424,964	\$ 41,714,281	\$ 289,317	0.70%
Capital assets, being depreciated	114,583,354	118,156,839	3,573,485	3.12%
Total capital assets	<u>\$ 156,008,318</u>	<u>\$ 159,871,120</u>	<u>\$ 3,862,802</u>	<u>2.48%</u>

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

- Construction continues on the Mohave Wash project with total expenditures in 2007 of \$758,000. The County expects to complete the project by June 30, 2009.
- The County spent \$1.8 million on three major road improvement projects: Shinarump Road, Vanderslice Road, and Grace Neal Parkway.
- Preliminary architectural and engineering work began for the County Correctional Facility with expenditures of \$364,000 for the year.
- The Parks fund spent \$163,000 on improvements at Davis Camp in Bullhead City.
- Construction was completed on the addition to the Bullhead City court building with expenditures of \$233,000 for the year. Total expenditures for the addition were \$1.5 million.
- The County replaced 66 aging vehicles from the fleet at a total cost of \$1.8 million. Forty-seven vehicles were purchased using general government funds, seventeen were purchased with Road funds, and two with business-type funds.

The 7% decrease to the business-type activities capital assets not being depreciated reflects the completion of the Hualapai Mountain Park visitor center. The project was previously reported under construction in progress and was not depreciated. Upon completion, the asset was reclassified as a depreciable asset. Notes 6 and 7, on pages 39-40 of this report, contain additional information on Mohave County’s capital assets.

**Long-term debt** - At the end of the current fiscal year, Mohave County had total debt outstanding of \$31.8 million. Of this amount, \$16.9 million comprises debt backed by buildings of the government used as collateral for Beneficial Interest Certificates issued and \$3.2 million is special assessment debt for which the government can sell the taxpayer’s

property, to cover the debt, in the event of default by the property owners subject to the assessment. The remainder of Mohave County's long-term liabilities represents claims and judgments payable, notes payable, landfill closure and postclosure care costs payable, and compensated absences payable incurred during normal operations.

State statutes limit the amount of general obligation debt a government entity may issue to 6% of its total secondary assessed valuation, without taxpayer approval, and up to 15% with the approval of a majority of taxpayers. The debt limitation for Mohave County, for fiscal year 2006/2007, was \$114 million (6% of \$1.9 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt and therefore has its full debt limit capacity available for future needs.

Note 9, on pages 41-45 of this report, contains additional information on Mohave County's long-term debt.

### **Economic Factors and Next Year's Budgets and Rates**

Continued population growth that exceeds State and national growth significantly influences future budgets. More citizens result in more service demands. A growing and changing economy creates additional costs and additional demand for public services, requiring public revenues to keep pace with economic growth. Even though there is still a growing trend in population, the revenue trend for governments is declining. This decline is predicted to continue for the next year or two. All of these factors were considered in preparing Mohave County's budget for the 2008 fiscal year.

The unemployment rate for Mohave County for 2007 was 4.7%, which is an increase from a rate of 4.1% in 2006. With this increase, the County's unemployment rate is growing faster than other areas and compares unfavorably to the state's average unemployment rate of 3.8% and approximates the national average rate of 4.6%.

### **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  
P.O. Box 7000  
Kingman, AZ 86402-7000

## **Basic Financial Statements**

**MOHAVE COUNTY**  
**Statement of Net Assets**  
**June 30, 2007**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 97,451,994	\$ 11,785,321	\$ 109,237,315
Receivables (net of allowances for uncollectibles):			
Property taxes	2,385,945	506	2,386,451
Accounts	593,238	592,146	1,185,384
Accrued interest	205,097	22,892	227,989
Special assessments	2,310,163	-	2,310,163
Internal balances	3,648	(3,648)	-
Due from other governments	7,509,537	102,208	7,611,745
Inventories	429,449	151,716	581,165
Prepaid items	737,378	55,237	792,615
<b>Noncurrent Assets</b>			
Restricted cash	1,665,796	1,131,553	2,797,349
Capital assets, not being depreciated	39,719,073	1,995,208	41,714,281
Capital assets, being depreciated, net	104,018,604	14,138,235	118,156,839
Total assets	<u>\$ 257,029,922</u>	<u>\$ 29,971,374</u>	<u>\$ 287,001,296</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	\$ 1,618,063	\$ 229,831	\$ 1,847,894
Accrued payroll and employee benefits	1,329,956	29,806	1,359,762
Accrued interest payable	461,251	-	461,251
Due to other governments	196,680	23,449	220,129
Deposits held for others	1,042,616	177,821	1,220,437
Deferred revenue (unearned revenue)	10,250	-	10,250
Current portion of long-term obligations	8,581,827	121,583	8,703,410
<b>Noncurrent liabilities</b>			
Noncurrent portion of long-term obligations	19,162,532	3,961,876	23,124,408
Total liabilities	<u>\$ 32,403,175</u>	<u>\$ 4,544,366</u>	<u>\$ 36,947,541</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 124,141,677	\$ 16,133,443	\$ 140,275,120
Restricted for:			
Public safety	2,448,756	-	2,448,756
Highways and streets	10,693,759	-	10,693,759
Health	800,296	-	800,296
Welfare	434,291	-	434,291
Education	207,948	-	207,948
Debt service	5,506,736	-	5,506,736
Capital projects	269,487	1,131,553	1,401,040
Other purposes	429,449	6,385,093	6,814,542
Unrestricted	79,694,348	1,776,919	81,471,267
Total net assets	<u>\$ 224,626,747</u>	<u>\$ 25,427,008</u>	<u>\$ 250,053,755</u>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Statement of Activities**  
**Year Ended June 30, 2007**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 53,094,286	\$ 11,533,742	\$ 2,025,516	\$ 127,137	\$ (39,407,891)	\$ -	\$ (39,407,891)
Public safety	22,386,950	2,651,824	5,529,983	868,284	(13,336,859)	-	(13,336,859)
Highways and streets	21,017,921	1,679,192	12,626,511	-	(6,712,218)	-	(6,712,218)
Health	14,550,332	1,783,760	3,611,250	-	(9,155,322)	-	(9,155,322)
Welfare	4,379,337	347,131	3,892,867	-	(139,339)	-	(139,339)
Culture and recreation	4,406,920	66,386	469,251	-	(3,871,283)	-	(3,871,283)
Education	1,410,847	-	1,067,175	-	(343,672)	-	(343,672)
Interest on long-term debt	1,243,730	-	-	-	(1,243,730)	-	(1,243,730)
Total governmental activities	122,490,323	18,062,035	29,222,553	995,421	(74,210,314)	-	(74,210,314)
Business-type activities:							
Landfill	1,526,240	1,356,704	413,274	-	-	243,738	243,738
Recreation	1,487,227	1,484,099	-	196,613	-	193,485	193,485
Water companies	2,370,242	1,652,768	-	-	-	(717,474)	(717,474)
Total business-type activities	5,383,709	4,493,571	413,274	196,613	-	(280,251)	(280,251)
Total primary government	\$ 127,874,032	\$ 22,555,606	\$ 29,635,827	\$ 1,192,034	(74,210,314)	(280,251)	(74,490,565)
General revenues:							
Taxes							
Property taxes, levied for general purposes					37,865,188	117	37,865,305
Property taxes, levied for flood control					8,209,196	-	8,209,196
Share of state sales taxes					22,161,424	-	22,161,424
Special county sales tax for capital projects					7,717,443	-	7,717,443
Auto-lieu tax					10,106,811	-	10,106,811
Federal in-lieu tax					1,940,781	100,000	2,040,781
Local in-lieu tax					25,147	-	25,147
Utilities franchise tax					471,382	-	471,382
County equalization revenue					168,333	-	168,333
Investment earnings					4,794,073	662,710	5,456,783
Miscellaneous					501,267	6,541	507,808
Rent					108,858	3,360	112,218
Total general revenues					94,069,903	772,728	94,842,631
Change in net assets					19,859,589	492,477	20,352,066
Net assets, July 1, 2006, as restated					204,767,158	24,934,531	229,701,689
Net assets, June 30, 2007					\$ 224,626,747	\$ 25,427,008	\$ 250,053,755

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

<b>Assets</b>	<b>General Fund</b>	<b>Road Fund</b>	<b>Flood Control Fund</b>	<b>Scenic Debt Service Fund</b>	<b>County Capital Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 12,644,726	\$ 9,515,709	\$ 8,804,470	\$ 1,280,400	\$ 33,092,362	\$ 20,319,445	\$ 85,657,112
Receivables (net of allowances for uncollectibles):							
Property taxes	1,614,154	-	404,256	-	-	367,535	2,385,945
Accounts	303,897	9,077	-	1,418	-	266,270	580,662
Accrued interest	33,524	17,971	22,405	2,829	61,088	45,640	183,457
Special assessments	-	-	-	2,048,621	-	261,542	2,310,163
Due from:							
Other funds	67,953	63,859	-	-	-	375,894	507,706
Other governments	2,238,691	1,508,723	403,000	-	647,387	2,700,329	7,498,130
Inventories	-	324,618	-	-	-	-	324,618
Prepaid items	107,344	599	-	-	-	243,460	351,403
Cash-restricted	252,114	-	-	-	269,487	1,061,971	1,583,572
<b>Total assets</b>	<b>\$ 17,262,403</b>	<b>\$ 11,440,556</b>	<b>\$ 9,634,131</b>	<b>\$ 3,333,268</b>	<b>\$ 34,070,324</b>	<b>\$ 25,642,086</b>	<b>\$ 101,382,768</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accrued liabilities	\$ 662,773	\$ 265,555	\$ 35,415	\$ -	\$ 6,202	\$ 502,936	\$ 1,472,881
Accrued payroll and employee benefits	804,760	153,348	9,070	-	-	321,899	1,289,077
Due to:							
Other funds	28,033	3,276	12,186	-	-	431,999	475,494
Other governments	407	-	-	-	-	196,273	196,680
Deposits held for others	994,171	-	-	-	-	46,317	1,040,488
Claims and judgments payable	4,421	-	-	-	-	-	4,421
Beneficial interest certificates:							
Principal payable	-	-	-	-	-	515,000	515,000
Interest payable	-	-	-	-	-	461,251	461,251
Deferred revenue	1,263,136	-	282,909	2,048,621	-	474,143	4,068,809
<b>Total liabilities</b>	<b>3,757,701</b>	<b>422,179</b>	<b>339,580</b>	<b>2,048,621</b>	<b>6,202</b>	<b>2,949,818</b>	<b>9,524,101</b>
<b>Fund balances</b>							
Reserved for:							
Inventories	-	324,618	-	-	-	-	324,618
Debt service	-	-	-	1,284,647	-	4,222,089	5,506,736
Unreserved, reported in:							
General fund	13,504,702	-	-	-	-	-	13,504,702
Special revenue funds	-	10,693,759	9,294,551	-	-	14,050,851	34,039,161
Capital projects funds	-	-	-	-	34,064,122	4,419,328	38,483,450
<b>Total fund balances</b>	<b>13,504,702</b>	<b>11,018,377</b>	<b>9,294,551</b>	<b>1,284,647</b>	<b>34,064,122</b>	<b>22,692,268</b>	<b>91,858,667</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,262,403</b>	<b>\$ 11,440,556</b>	<b>\$ 9,634,131</b>	<b>\$ 3,333,268</b>	<b>\$ 34,070,324</b>	<b>\$ 25,642,086</b>	<b>\$ 101,382,768</b>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**June 30, 2007**

Fund balances - total governmental funds		\$ 91,858,667
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		139,470,395
Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Property taxes receivable	\$ 1,807,376	
Special assessments receivable	<u>2,251,308</u>	4,058,684
Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		14,981,799
Some liabilities, including bonds and beneficial interest certificates payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Special assessment bonds	3,186,000	
Beneficial interest certificates	16,410,000	
Beneficial interest certificates premium-unamortized	477,307	
Compensated absences	<u>5,669,491</u>	<u>(25,742,798)</u>
Net assets of governmental activities		<u><u>\$ 224,626,747</u></u>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2007**

	General Fund	Road Fund	Flood Control Fund	Scenic Debt Service Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 30,986,559	\$ -	\$ 8,209,196	\$ -	\$ 7,717,443	\$ 7,890,110	\$ 54,803,308
Special assessments	-	-	-	625,539	-	96,692	722,231
Licenses and permits	1,466,907	36,203	27,631	-	-	462,689	1,993,430
Intergovernmental	32,484,034	15,351,622	1,126	-	-	16,194,263	64,031,045
Charges for services	6,727,521	762,358	853,000	-	32,974	5,309,684	13,685,537
Fines and forfeits	1,585,406	-	-	2,740	-	71,000	1,659,146
Investment earnings	722,472	497,750	458,273	72,310	1,460,446	1,035,297	4,246,548
Rents	-	117,400	-	-	108,858	-	226,258
Contributions	80	-	-	-	-	447,040	447,120
Miscellaneous	370,702	69,901	616	-	-	26,105	467,324
<b>Total revenues</b>	<b>74,343,681</b>	<b>16,835,234</b>	<b>9,549,842</b>	<b>700,589</b>	<b>9,319,721</b>	<b>31,532,880</b>	<b>142,281,947</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	37,606,332	-	-	-	-	5,015,349	42,621,681
Public safety	20,140,713	-	-	-	-	7,362,264	27,502,977
Highways and streets	-	18,128,233	5,569,600	-	-	14,683	23,712,516
Health	9,336,881	-	-	-	-	6,259,046	15,595,927
Welfare	-	-	-	-	-	4,562,450	4,562,450
Culture and recreation	-	-	-	-	-	6,159,462	6,159,462
Education	377,275	-	-	-	-	1,304,151	1,681,426
Capital outlay	-	-	-	-	1,520,768	1,694,584	3,215,352
<b>Debt service:</b>							
Principal retirement	-	-	-	450,000	-	3,775,000	4,225,000
Interest and fiscal charges	-	-	-	185,139	-	1,058,591	1,243,730
<b>Total expenditures</b>	<b>67,461,201</b>	<b>18,128,233</b>	<b>5,569,600</b>	<b>635,139</b>	<b>1,520,768</b>	<b>37,205,580</b>	<b>130,520,521</b>
Excess (deficiency) of revenues over expenditures	6,882,480	(1,292,999)	3,980,242	65,450	7,798,953	(5,672,700)	11,761,426
<b>Other financing sources (uses):</b>							
Transfers in	1,235,043	-	-	-	-	10,200,397	11,435,440
Transfers out	(6,601,571)	(397,238)	(406,529)	(105,451)	(1,886,984)	(2,109,506)	(11,507,279)
<b>Total other financing sources and uses</b>	<b>(5,366,528)</b>	<b>(397,238)</b>	<b>(406,529)</b>	<b>(105,451)</b>	<b>(1,886,984)</b>	<b>8,090,891</b>	<b>(71,839)</b>
<b>Net change in fund balances</b>	<b>1,515,952</b>	<b>(1,690,237)</b>	<b>3,573,713</b>	<b>(40,001)</b>	<b>5,911,969</b>	<b>2,418,191</b>	<b>11,689,587</b>
Fund balances, July 1, 2006, as restated	11,988,750	12,646,743	5,720,838	1,324,648	28,152,153	20,274,077	80,107,209
Increase in reserve for inventory of supplies	-	61,871	-	-	-	-	61,871
<b>Fund balances, June 30, 2007</b>	<b>\$ 13,504,702</b>	<b>\$ 11,018,377</b>	<b>\$ 9,294,551</b>	<b>\$ 1,284,647</b>	<b>\$ 34,064,122</b>	<b>\$ 22,692,268</b>	<b>\$ 91,858,667</b>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**Year Ended June 30, 2007**

Net change in fund balances - total governmental funds		\$ 11,689,587
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 9,019,155	
Depreciation expense	<u>(5,927,561)</u>	3,091,594
<p>In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold.</p>		
Net effect of disposal of capital assets		(681,892)
<p>Debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal repaid on long-term debt:		
Special assessment bonds	555,000	
Certificates of participation	2,650,000	
Beneficial interest certificates	1,020,000	
Beneficial interest certificates premium-amortization	39,775	
Note payable to landfill	<u>845,402</u>	5,110,177
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.</p>		
Increase in compensated absences		(404,009)
<p>Collections of deferred revenues plus current-year revenues recorded in the governmental funds exceeded revenues reported in the Statement of Activities.</p>		
		(1,094,130)
<p>Some cash outlays, such as the purchase of supply inventories, are recorded as expenditures in the governmental funds when purchased. In the Statement of Activities, however, inventories are reported as expenses when consumed.</p>		
Increase in supply inventory		61,871
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>		
		<u>2,086,391</u>
Change in net assets of governmental activities		<u>\$ 19,859,589</u>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2007**

**Business-Type Activities-Enterprise Funds**

	<b>I-40 Water Corridor Fund</b>	<b>Landfill Fund</b>	<b>G.V.I.D. Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 140,630	\$ 10,107,391	\$ 821,371	\$ 715,929	\$ 11,785,321	\$ 11,794,882
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	506	-	506	-
Accounts	375,413	152,724	63,432	577	592,146	12,576
Accrued interest	1,661	17,265	2,713	1,253	22,892	21,640
Special assessments	-	-	-	-	-	-
Due from:						
Other funds	217	-	102	-	319	12,691
Other governments	-	98,814	-	3,394	102,208	11,407
Inventories	124,012	-	27,704	-	151,716	104,831
Prepaid items	48,732	-	3,661	2,844	55,237	385,975
Total current assets	<u>690,665</u>	<u>10,376,194</u>	<u>919,489</u>	<u>723,997</u>	<u>12,710,345</u>	<u>12,344,002</u>
Noncurrent assets:						
Cash - restricted	670,324	-	461,229	-	1,131,553	82,224
Capital assets, net of accumulated depreciation, where applicable						
Land	-	106,818	40,388	1,481,772	1,628,978	-
Infrastructure, net	4,269,429	1,032,243	6,432,535	501,436	12,235,643	-
Buildings, net	-	-	52,084	1,302,455	1,354,539	-
Equipment, net	39,211	30,660	234,626	243,556	548,053	4,267,282
Construction in progress	-	-	-	366,230	366,230	-
Total noncurrent assets	<u>4,978,964</u>	<u>1,169,721</u>	<u>7,220,862</u>	<u>3,895,449</u>	<u>17,264,996</u>	<u>4,349,506</u>
Total assets	<u>5,669,629</u>	<u>11,545,915</u>	<u>8,140,351</u>	<u>4,619,446</u>	<u>29,975,341</u>	<u>16,693,508</u>
<b>Liabilities</b>						
Current liabilities:						
Accrued liabilities	134,876	59,673	11,420	23,862	229,831	145,182
Accrued payroll and employee benefits	3,797	3,157	6,183	16,669	29,806	40,879
Due to:						
Other funds	783	545	1,789	850	3,967	41,255
Other governments	20,733	-	2,716	-	23,449	-
Deposits held for others	17,798	-	154,723	5,300	177,821	2,128
Deferred revenues	-	-	-	-	-	125
Current portion of:						
Compensated absences payable	18,540	2,216	21,108	79,719	121,583	202,972
Claims and judgments payable	-	-	-	-	-	1,279,168
Total current liabilities	<u>196,527</u>	<u>65,591</u>	<u>197,939</u>	<u>126,400</u>	<u>586,457</u>	<u>1,711,709</u>
Noncurrent liabilities:						
Landfill closure and postclosure care costs payable	-	3,924,835	-	-	3,924,835	-
Compensated absences payable	5,651	675	6,430	24,285	37,041	-
Total noncurrent liabilities	<u>5,651</u>	<u>3,925,510</u>	<u>6,430</u>	<u>24,285</u>	<u>3,961,876</u>	<u>-</u>
Total liabilities	<u>202,178</u>	<u>3,991,101</u>	<u>204,369</u>	<u>150,685</u>	<u>4,548,333</u>	<u>1,711,709</u>
<b>Net Assets</b>						
Investment in capital assets, net of related debt	4,308,640	1,169,721	6,759,633	3,895,449	16,133,443	4,267,282
Restricted for:						
Capital projects	670,324	-	461,229	-	1,131,553	-
Sanitation	-	6,385,093	-	-	6,385,093	-
Unrestricted	488,487	-	715,120	573,312	1,776,919	10,714,517
Total net assets	<u>\$ 5,467,451</u>	<u>\$ 7,554,814</u>	<u>\$ 7,935,982</u>	<u>\$ 4,468,761</u>	<u>\$ 25,427,008</u>	<u>\$ 14,981,799</u>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2007**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities- Internal Service Funds</b>
	<b>I-40 Water Corridor Fund</b>	<b>Landfill Fund</b>	<b>G.V.I.D. Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
Operating revenues:						
Taxes	\$ -	\$ -	\$ 117	\$ -	\$ 117	\$ 133
Charges for services	909,041	1,356,704	855,948	1,371,878	4,493,571	17,235,377
Miscellaneous	1,207	200	978	4,156	6,541	5,015
Total operating revenues	<u>910,248</u>	<u>1,356,904</u>	<u>857,043</u>	<u>1,376,034</u>	<u>4,500,229</u>	<u>17,240,525</u>
Operating expenses:						
Personnel services	207,995	148,901	333,517	924,627	1,615,040	2,020,180
Supplies	113,731	8,721	58,113	128,553	309,118	500,914
Professional services	9,800	574,195	133,424	48,990	766,409	120,072
Communications	4,658	1,957	17,460	17,966	42,041	695,358
Insurance	56,737	20,309	9,659	26,007	112,712	684,826
Landfill closure and postclosure care costs	-	562,527	-	-	562,527	-
Insurance claims	-	-	-	-	-	8,825,902
Lawsuit judgments	-	-	-	-	-	108,320
Repairs and maintenance	4,840	1,017	68,823	26,693	101,373	134,989
Public utility service	418,862	116,756	101,930	252,680	890,228	-
Rents and leases	3,260	6,790	3,001	5,570	18,621	972,256
Depreciation	411,359	7,722	293,198	101,358	813,637	973,988
Other	21,537	77,345	40,417	11,883	151,182	667,296
Total operating expenses	<u>1,252,779</u>	<u>1,526,240</u>	<u>1,059,542</u>	<u>1,544,327</u>	<u>5,382,888</u>	<u>15,704,101</u>
Operating income (loss)	<u>(342,531)</u>	<u>(169,336)</u>	<u>(202,499)</u>	<u>(168,293)</u>	<u>(882,659)</u>	<u>1,536,424</u>
Nonoperating revenues (expenses):						
Investment earnings	50,801	515,068	67,550	29,291	662,710	547,525
Rent income	1,680	-	1,680	-	3,360	-
Intergovernmental	-	413,274	-	100,000	513,274	-
Loss on disposal of capital assets	-	-	-	(821)	(821)	(36,717)
Total nonoperating revenues	<u>52,481</u>	<u>928,342</u>	<u>69,230</u>	<u>128,470</u>	<u>1,178,523</u>	<u>510,808</u>
Income (loss) before contributions and transfers	<u>(290,050)</u>	<u>759,006</u>	<u>(133,269)</u>	<u>(39,823)</u>	<u>295,864</u>	<u>2,047,232</u>
Capital contributions	-	-	-	196,613	196,613	(32,680)
Transfers in	-	-	-	-	-	71,839
Increase (decrease) in net assets	<u>(290,050)</u>	<u>759,006</u>	<u>(133,269)</u>	<u>156,790</u>	<u>492,477</u>	<u>2,086,391</u>
Total net assets, July 1, 2006, as restated	<u>5,757,501</u>	<u>6,795,808</u>	<u>8,069,251</u>	<u>4,311,971</u>	<u>24,934,531</u>	<u>12,895,408</u>
Total net assets, June 30, 2007	<u>\$ 5,467,451</u>	<u>\$ 7,554,814</u>	<u>\$ 7,935,982</u>	<u>\$ 4,468,761</u>	<u>\$ 25,427,008</u>	<u>\$ 14,981,799</u>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2007**

	Business-type Activities- Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 843,035	\$ 1,369,658	\$ 911,985	\$ 1,376,014	\$ 4,500,692	\$ 1,261,845
Receipts from interfund services provided	-	-	-	-	-	16,128,036
Payments to suppliers	(485,604)	(766,755)	(381,059)	(515,015)	(2,148,433)	(12,504,714)
Payments to employees	(201,285)	(159,296)	(327,246)	(896,525)	(1,584,352)	(1,995,729)
Payments for interfund services used	(11,901)	(9,735)	(62,830)	(41,599)	(126,065)	(401,874)
Net cash provided by (used for) operating activities	<u>144,245</u>	<u>433,872</u>	<u>140,850</u>	<u>(77,125)</u>	<u>641,842</u>	<u>2,487,564</u>
Cash flows from noncapital financing activities:						
Rent income	1,680	-	1,680	-	3,360	-
Advances from other funds	-	-	-	-	-	71,838
Subsidy from federal grant	-	413,274	-	100,000	513,274	-
Net cash provided by noncapital financing activities	<u>1,680</u>	<u>413,274</u>	<u>1,680</u>	<u>100,000</u>	<u>516,634</u>	<u>71,838</u>
Cash flows from capital and related financing activities:						
Capital contributions	(31,401)	-	-	-	(31,401)	(32,680)
Purchases of capital assets	(36,208)	(1,032,243)	(259,119)	(114,557)	(1,442,127)	(1,684,552)
Proceeds from sales of capital assets	-	-	-	-	-	47,998
Net cash used for capital and related financing activities	<u>(67,609)</u>	<u>(1,032,243)</u>	<u>(259,119)</u>	<u>(114,557)</u>	<u>(1,473,528)</u>	<u>(1,669,234)</u>
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	-	845,402	-	-	845,402	-
Interest and dividends received	52,965	531,559	68,646	30,066	683,236	559,505
Net cash provided by investing activities	<u>52,965</u>	<u>1,376,961</u>	<u>68,646</u>	<u>30,066</u>	<u>1,528,638</u>	<u>559,505</u>
Net increase (decrease) in cash and cash equivalents	131,281	1,191,864	(47,943)	(61,616)	1,213,586	1,449,673
Cash and cash equivalents, July 1, 2006, as restated	679,673	8,915,527	1,330,543	777,545	11,703,288	10,427,433
Cash and cash equivalents, June 30, 2007	<u>\$ 810,954</u>	<u>\$ 10,107,391</u>	<u>\$ 1,282,600</u>	<u>\$ 715,929</u>	<u>\$ 12,916,874</u>	<u>\$ 11,877,106</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (342,531)	\$ (169,336)	\$ (202,499)	\$ (168,293)	\$ (882,659)	\$ 1,536,424
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	411,359	7,722	293,198	101,358	813,637	973,988
Landfill closure and postclosure care costs	-	562,527	-	-	562,527	-
Expenses incurred but not reported	-	-	-	-	-	1,192
Change in assets and liabilities:						
Receivables, decrease	139,758	14,285	35,628	-	189,671	54,547
Due from other funds, decrease	213	-	9,010	101	9,324	85,618
Due from other governments, (increase) decrease	73,841	(1,530)	-	(21)	72,290	(8,197)
Inventories, (increase) decrease	102,787	-	(1,319)	-	101,468	325
Prepaid items, (increase) decrease	2,868	-	1,223	537	4,628	(18,869)
Accrued liabilities, increase (decrease)	(10,323)	31,048	(15,984)	(17,895)	(13,154)	13,402
Due to other funds, decrease	(4,945)	(104)	(175)	(2,919)	(8,143)	(173,099)
Due to other governments, decrease	(234,691)	-	(3,405)	-	(238,096)	-
Accrued payroll and related benefits, increase (decrease)	385	(915)	(478)	(1,178)	(2,186)	3,857
Compensated absences, increase (decrease)	5,524	(9,825)	5,910	11,185	12,794	18,067
Deferred revenues, increase	-	-	-	-	-	125
Customer deposits, increase	-	-	19,741	-	19,741	184
Total adjustments	<u>486,776</u>	<u>603,208</u>	<u>343,349</u>	<u>91,168</u>	<u>1,524,501</u>	<u>951,140</u>
Net cash provided by (used for) operating activities	<u>\$ 144,245</u>	<u>\$ 433,872</u>	<u>\$ 140,850</u>	<u>\$ (77,125)</u>	<u>\$ 641,842</u>	<u>\$ 2,487,564</u>

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 66,864,983	\$ 594,860
Total assets	<u>\$ 66,864,983</u>	<u>\$ 594,860</u>
<b>Liabilities</b>		
Deposits held for others	-	\$ 594,860
Total liabilities	-	<u>\$ 594,860</u>
<b>Net Assets</b>		
Held in trust for investment trust participants	<u>\$ 66,864,983</u>	

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2007**

	<b>Investment Trust Funds</b>
<b>Additions:</b>	
Contributions from participants	\$ 455,895,733
Investment income:	
Interest and dividend income	2,093,968
Net increase in fair value of investments	248,652
Net investment income	2,342,620
<b>Total additions</b>	<b>458,238,353</b>
<b>Deductions:</b>	
Distributions to participants	(456,951,970)
<b>Total deductions</b>	<b>(456,951,970)</b>
Change in net assets	1,286,383
Net assets, July 1, 2006	65,578,600
Net assets, June 30, 2007	\$ 66,864,983

The notes to the financial statements are an integral part of this statement

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**  
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**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

Mohave County is a general purpose local government that is governed by a separately elected board of three county supervisors. 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 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. Each blended component unit discussed below has a June 30 year end. The County has no discretely presented component units.

**The following table describes the County's component units:**

<b>Component Unit</b>	<b>Description: Criteria for Inclusion</b>	<b>Reporting Method</b>	<b>For Separate Financial Statements</b>
Mohave County Flood Control District	A tax-levying district that provides flood control systems; County board of supervisors serves as board of directors	Blended	Not available
Mohave County Library District	A tax-levying district that provides and maintains library services for County residents; County board of supervisors serves as board of directors	Blended	Not available
Mohave County Television District	Provides and maintains communication equipment resources to provide television signals to residents; County board of supervisors serves as board of directors	Blended	Not available
Mohave County Special Assessment Districts	Constructs or improves roads, bridges, and water distribution systems; County board of supervisors serves as board of directors	Blended	Not available
Mohave Administration Building - Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County administration building; management of Mohave County serves as the board of directors of the corporation	Blended	Not available

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (cont'd)**

**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 usefulness of the information.

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

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County only allocates indirect expenses to special taxing districts and proprietary funds. 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 some taxes, 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 subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenue generated by ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be nonoperating expenses.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (cont'd)**

**The County reports the following major governmental funds:**

- **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.
- **Road Fund** accounts for all taxes on gas and auto license fees collected for building and maintaining County roads.
- **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.
- **Scenic Debt Service Fund** accounts for collections of special district assessments from taxpayers, and semiannual bond payments.
- **County Capital Improvement Fund** accounts for a ¼ cent sales tax collected to provide for major capital improvements of the County.

**The County reports the following major enterprise funds:**

- **I-40 Water Corridor Fund** accounts for the operations of a water company located in the County's industrial park, off U.S. I-40.
- **Landfill Fund** accounts for the operations of two landfills located in Mohave County.
- **G.V.I.D. Fund** accounts for the operations of a water company located in Golden Valley.

The internal service funds account for automotive maintenance and operation, insurance, computer services, central purchasing 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 and non-pooled assets held and invested by the County Treasurer on behalf of the County's departments and other governmental entities; as well as individual investments, including money market investments held by outside trustees.

The agency funds account for assets held by the County as an agent for the State and various local governments and for property taxes collected and distributed to the State, local school districts, community college districts, and special districts.

**C. Basis of Accounting**

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, with the exception of agency funds, and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus. 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.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (cont'd)**

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 became 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 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.

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 net assets available to finance the program. The County applies grant resources to such programs before using general revenues except where matching requirements exist.

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

**D. Cash and Investments**

For purposes of its statement of cash flows, the County considers all cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

Nonparticipating interest-earning investment contracts are stated at cost. All other investments are stated at fair value.

**E. Inventories and Prepaid Items**

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 are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method.

Inventories in the government-wide and the proprietary funds are recorded as assets when purchased and expensed when consumed. 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 government-wide and fund financial statements.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (cont'd)**

**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 estimated fair value at the time received. 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 reported in the government-wide statements and proprietary funds are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
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

**H. Investment Earnings**

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (concl'd)**

**I. Compensated Absences**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. The County uses PTO (personal time off), which is a combination of vacation and sick leave, for compensating employees. PTO 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 one year probationary period. All other employees have a six month probationary period.

Employees may accumulate an unlimited number of PTO hours. Upon termination of employment, unused PTO hours, up to a limit of 400, are paid to employees. Any PTO balance in excess of the maximum 400 hours is forfeited. Accordingly, 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.

**Note 2 – Beginning Balances Restated / Prior Period Adjustment**

**Prior Period Corrections-Governmental Activities:** The beginning net assets of the governmental activities in the government-wide Statement of Activities were restated by \$2,340,686 for the following three reasons. The General Fund's beginning fund balance changed on the Statement of Revenues, Expenditures, and Changes in Fund Balances due to prior year deferred revenue in the amount of \$1,944,307 for Federal payment in-lieu of taxes being reclassified to reflect revenue under the full accrual basis of accounting. The other two adjustments affected internal service funds, which appear as a combined total in the Proprietary fund statements. The net affect of these adjustments was \$396,379; \$96,685 to record the cash held by the health insurance administrator as Trustee for the Employee Benefit Trust Fund and \$299,694 related to a prepaid equipment lease that was not previously reported in the statements.

<b>Statement of Activities</b>	<b>Governmental Activities</b>
Net Assets, June 30, 2006	\$ 202,426,472
Prior period corrections	<u>2,340,686</u>
Net Assets, July 1, 2006, as restated	<u>\$ 204,767,158</u>

<b>Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds</b>	<b>General Fund</b>
Fund balance, June 30, 2006	\$ 10,044,443
Prior period correction	<u>1,944,307</u>
Fund balance, July 1, 2006, as restated	<u>\$ 11,988,750</u>

<b>Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds</b>	<b>Governmental Activities Internal Service Funds</b>
Net Assets, June 30, 2006	\$ 12,499,029
Prior period corrections	<u>396,379</u>
Net Assets, July 1, 2006, as restated	<u>\$ 12,895,408</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 2 – Beginning Balances Restated / Prior Period Adjustment (concl'd)**

**Prior Period Correction-Business-Type Activities:** Beginning net assets of the business-type activities were restated by \$100,000 to record the effect of reclassifying the prior year deferred revenue for Boulder Dam in-lieu taxes to reflect revenue under the full accrual basis of accounting.

	<b>Statement of Activities Business-type Activities</b>	<b>Statement of Revenues, Expenses and Changes in Fund Net Assets Other Enterprise Funds</b>
Net Assets, June 30, 2006	\$ 24,834,531	\$ 4,211,971
Prior period correction	<u>100,000</u>	<u>100,000</u>
Net Assets, July 1, 2006, as restated	<u>\$ 24,934,531</u>	<u>\$ 4,311,971</u>

**Note 3 – Stewardship, Compliance, and Accountability**

**Deficit fund balances or net assets-**At June 30, 2007, the following funds reported deficits in net assets or fund balances:

<b><u>Fund</u></b>	<b><u>Deficit</u></b>
Special revenue funds:	
Emergency management	\$ 1,627,010
J.I.P.S.	26,341
Community punishment program	14,171
Probation victim rights	1,651
JAIBG grants	7,898
WIA grants	1,972

The Emergency management deficit reflects an expense for a FEMA declared emergency in Beaver Dam in December 2005. The expenditures qualified to be fully refunded by the Federal Highway Administration. The County received \$1,241,864 in reimbursements in January 2008. Any of the balance not received at a future date will be reimbursed by the Road Fund.

The other funds reflect programs for which additional funding is expected to become available in the next program year. The deficit will be made up by the General Fund for any funding that does not become available.

**Note 4 – Deposits and Investments**

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as saving accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 4 – Deposits and Investments (cont'd)**

**Credit risk**

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating services. 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 demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

**Concentration of credit risk**

Statutes do not include any requirements regarding concentration of credit risk.

**Interest rate risk**

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

**Foreign currency risk**

Statutes do not allow foreign investments.

**Deposits** - At June 30, 2007, the carrying amount of the County's deposits was \$7,224,886 and the bank balance was \$10,694,536. There was cash on hand of \$29,443. The County does not have a formal policy for custodial credit risk.

At June 30, 2007, \$9,280,854 of the County's bank balance was exposed to custodial risk through uninsured deposits with collateral held by the pledging financial institution.

**Investments** – The County's investments at June 30, 2007, were as follows:

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury security	\$ 5,044,894
U.S. agency securities	165,840,188
Tennessee Valley Authority	982,719
State Treasurer's Local Government Investment Pool	372,377
Total investments	<u>\$ 172,240,178</u>

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 4 – Deposits and Investments (cont'd)**

**Credit Risk** – The County does not have a formal credit risk policy. At June 30, 2007, credit risk for the County's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
U.S. agency securities	Aaa	Moody's	\$ 165,840,188
Tennessee Valley Authority	Aaa	Moody's	982,719
State Treasurer's Local Government Investment Pool	Unrated	Not applicable	<u>372,377</u>
			<u>\$ 167,195,284</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 does not have a formal policy for custodial credit risk.

**Concentration of Credit Risk** - The County's formal investment policy does not currently address concentration of credit risk. However, the policy is being revised to include interest rate risk and concentration of credit risk and will be presented to the Board of Supervisors for approval. The County had investments at June 30, 2007, of 5 percent or more in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 9.5 percent, 45.45 percent, 17.01 percent, and 24.15 percent, respectively, of the County's total investments.

**Interest Rate Risk** – The County does not have a formal policy with respect to interest rate risk. At June 30, 2007, the County had the following investments in debt securities.

<b>Investment Type</b>	<b><u>Amount</u></b>	<b><u>Investment Maturities</u></b>	
		<b><u>Less than 1 year</u></b>	<b><u>1 to 5 Years</u></b>
State Treasurer's investment pools	\$ 372,377	\$ 372,377	\$ -
U.S. Treasury security	5,044,894	5,044,894	-
U.S. agency securities	165,840,188	53,470,728	112,369,460
Tennessee Valley Authority	982,719	982,719	-
Total	<u>\$ 172,240,178</u>	<u>\$ 59,870,718</u>	<u>\$ 112,369,460</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 4 – Deposits and Investments (concl'd)**

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments:

	<u>Amount</u>
Cash on hand	\$ 29,443
Amount of deposits	7,224,886
Amount of investments	<u>172,240,178</u>
Total	<u>\$ 179,494,507</u>

Statements of Net Assets:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and investments	\$ 97,451,994	\$ 11,785,321	\$ 66,864,983	\$ 594,860	\$176,697,158
Restricted cash	<u>1,665,796</u>	<u>1,131,553</u>	-	-	<u>2,797,349</u>
Total	<u>\$ 99,117,790</u>	<u>\$ 12,916,874</u>	<u>\$ 66,864,983</u>	<u>\$ 594,860</u>	<u>\$179,494,507</u>

**Note 5 – Property Taxes Receivable**

Property taxes receivable consist of uncollected real and personal property taxes as determined from the records of the County Treasurer's Office, and at June 30, 2007 were as follows:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
2006	\$ 928,883	\$ 333,211	\$ 284,204	\$ 1,546,298
2005	24,890	5,486	6,708	37,084
Prior	660,381	65,559	76,623	802,563
Total	<u>\$ 1,614,154</u>	<u>\$ 404,256</u>	<u>\$ 367,535</u>	<u>\$ 2,385,945</u>

That portion of property taxes receivable, not collected within 60 days after June 30, 2007, 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.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 6 – Capital Assets**

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,136,123	\$ 15,480	\$ -	\$ 25,151,603
Construction in progress	14,133,584	4,443,911	(4,010,025)	14,567,470
Total capital assets not being depreciated	<u>39,269,707</u>	<u>4,459,391</u>	<u>(4,010,025)</u>	<u>39,719,073</u>
Capital assets being depreciated:				
Buildings	58,158,735	3,195,240	(21,178)	61,332,797
Infrastructure & improvements other than buildings	94,479,556	987,869	-	95,467,425
Equipment	36,710,159	6,041,379	(2,401,242)	40,350,296
Total	<u>189,348,450</u>	<u>10,224,488</u>	<u>(2,422,420)</u>	<u>197,150,518</u>
Less accumulated depreciation for:				
Buildings	(10,702,729)	(1,214,315)	21,178	(11,895,866)
Infrastructure & improvements other than buildings	(57,969,907)	(2,590,874)	-	(60,560,781)
Equipment	(19,214,964)	(3,096,360)	1,636,057	(20,675,267)
Total	<u>(87,887,600)</u>	<u>(6,901,549)</u>	<u>1,657,235</u>	<u>(93,131,914)</u>
Total capital assets being depreciated, net	<u>101,460,850</u>	<u>3,322,939</u>	<u>(765,185)</u>	<u>104,018,604</u>
Governmental activities capital assets, net	<u>\$ 140,730,557</u>	<u>\$ 7,782,330</u>	<u>\$ (4,775,210)</u>	<u>\$ 143,737,677</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,628,978	\$ -	\$ -	\$ 1,628,978
Construction in progress	526,279	163,743	(323,792)	366,230
Total capital assets not being depreciated	<u>2,155,257</u>	<u>163,743</u>	<u>(323,792)</u>	<u>1,995,208</u>
Capital assets being depreciated:				
Buildings	1,728,867	360,195	-	2,089,062
Utility systems	17,921,003	1,360,942	99,500	19,381,445
Equipment	1,147,089	109,052	(104,500)	1,151,641
Total	<u>20,796,959</u>	<u>1,830,189</u>	<u>(5,000)</u>	<u>22,622,148</u>
Less accumulated depreciation for:				
Buildings	(687,947)	(46,576)	-	(734,523)
Utility systems	(6,457,982)	(685,333)	(2,487)	(7,145,802)
Equipment	(528,526)	(81,728)	6,666	(603,588)
Total	<u>(7,674,455)</u>	<u>(813,637)</u>	<u>4,179</u>	<u>(8,483,913)</u>
Total capital assets being depreciated, net	<u>13,122,504</u>	<u>1,016,552</u>	<u>(821)</u>	<u>14,138,235</u>
Business-type activities capital assets, net	<u>\$ 15,277,761</u>	<u>\$ 1,180,295</u>	<u>\$ (324,613)</u>	<u>\$ 16,133,443</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 6 – Capital Assets (concl'd)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,328,315
Public safety	719,952
Highways and streets	3,629,049
Health	21,427
Welfare	61,948
Culture and recreation	165,289
Education	1,581
Internal service funds	973,988
Total governmental activities depreciation expense	\$ 6,901,549
Business-type activities:	
Landfill	\$ 7,722
Recreation	86,057
Water companies	719,858
Total business-type activities depreciation expense	\$ 813,637

**Note 7 – Construction and Other Significant Commitments**

The County had major contractual commitments related to various capital projects at June 30, 2007, for the construction of the correctional facility, Beaver Dam bridge project, and Grace Neal parkway. At June 30, 2007, the County had spent \$1,685,836 on these projects and had remaining contractual commitments with contractors of \$1,524,577. The correctional facility will be financed with Certificates of Participation and cash reserves in the County Capital Improvement Fund. The Beaver Dam bridge and Grace Neal parkway will be financed using Highway User Revenue Funds.

**Note 8 – Restricted Assets**

As of June 30, 2007, the County had restricted assets as follows:

**Governmental activities assets:**

Cash	\$1,665,796	Cash held by trustees restricted by agreements for construction, debt payments, insurance trusts, loans or major maintenance.
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**Business-type activities assets:**

Cash	\$ 461,229	GVID collections restricted for future repairs of infrastructure by agreement with customers.
Cash	670,324	I-40 water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities assets	\$1,131,553	

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 9 – Long-Term Liabilities**

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2007:

	Balance <u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2007</u>	Due Within <u>1 Year</u>
<b><u>Governmental activities:</u></b>					
Special assessment bonds payable	\$ 3,741,000	\$ -	\$ (555,000)	\$ 3,186,000	\$646,000
Certificates of participation payable	3,050,000	-	(3,050,000)	-	-
Beneficial Interest Certificates payable	17,930,000	-	(1,005,000)	16,925,000	1,040,000
Beneficial Interest Certificates premium- unamortized	517,082	-	(39,775)	477,307	39,775
Note payable	845,402	-	(845,402)	-	-
Compensated absences payable	5,450,387	6,022,118	(5,600,042)	5,872,463	5,872,463
Claims and judgments payable	<u>1,693,999</u>	<u>9,174,142</u>	<u>(9,584,552)</u>	<u>1,283,589</u>	<u>983,589</u>
Total governmental activities long-term liabilities	<u>\$ 33,227,870</u>	<u>\$ 15,196,260</u>	<u>\$ (20,679,771)</u>	<u>\$ 27,744,359</u>	<u>\$ 8,581,827</u>
<b><u>Business-type activities:</u></b>					
Landfill closure and postclosure care costs payable	\$ 3,362,308	\$ 562,527	\$ -	\$ 3,924,835	\$ -
Compensated absences payable	<u>145,830</u>	<u>164,574</u>	<u>(151,780)</u>	<u>158,624</u>	<u>121,583</u>
Total business-type activities long-term liabilities	<u>\$ 3,508,138</u>	<u>\$ 727,101</u>	<u>\$ (151,780)</u>	<u>\$ 4,083,459</u>	<u>\$ 121,583</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 9 – Long-Term Liabilities (cont'd)**

**Bonds** - The County's bonded debt consists of special assessment bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for constructing infrastructure assets. Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The County is not obligated in any manner for the special assessment debt. However, if the property owner defaults on their payment of the debt, the County places a lien on the property. In the event that the lien is not cleared, the property is sold and the proceeds are used to pay off the debt. The original amount of special assessment bonds issued in prior years was \$5,647,000.

Bonds outstanding at June 30, 2007, were as follows:

<u>District</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2007</u>
G.V.I.D. No. 1 Phase IV Horizon Six street improvement	\$ 409,000 647,000	1/08-1/12 1/08-1/10	5.60% 6.375%	\$ 200,000 195,000
Scenic road and bridge project improvement Mohave County improvement district	4,500,000 91,000	1/08-1/13 in arrears	6.30% 5.50%	2,700,000 91,000
Total	<u>\$ 5,647,000</u>			<u>\$ 3,186,000</u>

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2007.

Year Ending June 30,	Governmental <u>activities</u>	
	Special <u>Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 646,000	\$ 242,079
2009	555,000	142,751
2010	555,000	108,017
2011	490,000	75,355
2012	490,000	44,765
2013	450,000	14,175
Total	<u>\$ 3,186,000</u>	<u>\$ 627,142</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 9 – Long-Term Liabilities (cont'd)**

**Beneficial Interest Certificates** - The County has issued beneficial interest certificates to purchase or construct capital facilities that are generally noncallable with interest payable semiannually. The original amount of certificates issued in a prior year was \$19,320,000.

Beneficial interest certificates outstanding at June 30, 2007, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2007</u>
Beneficial interest certificates Series 2004	\$ <u>19,320,000</u>	7/2007-7/2019	2.0%-5.0%	\$ <u>16,925,000</u>

The following schedule details debt service requirements to maturity for the County's Beneficial interest certificates payable at June 30, 2007:

Year Ending <u>June 30,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,040,000	\$ 797,067
2009	1,070,000	761,693
2010	1,120,000	716,052
2011	1,170,000	667,996
2012	1,225,000	612,931
2013-17	7,055,000	2,112,666
2018-20	<u>4,245,000</u>	<u>340,200</u>
Total	<u>\$ 16,925,000</u>	<u>\$ 6,008,605</u>

**Note payable** – During fiscal year 2005, the library fund borrowed \$1,000,000 from the landfill to fund its portion of the 98 Certificates of participation reserve fund, which was established to accumulate monies for an early payoff of the Certificates of participation. The Library had sufficient excess funds at June 30, 2007 to pay off the remaining balance of the note early.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 9 - Long-Term Liabilities (cont'd)**

**Landfill closure and postclosure care costs** - The County owns two 160-acre landfill sites, Cerbat and Mohave Valley, which are operated by independent contractors under contract with the County. Both landfills began operations in January 1989. The County operates its landfills on a cell basis. The County owns additional unused parcels of land adjacent to the existing landfill sites that will (or may) be used, as needed, to open additional cells.

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

The amount of cost recognized each year is based on landfill capacity used at the end of each fiscal year. The \$3,924,835 reported as landfill closure and postclosure care liability at June 30, 2007 represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 73% and 95%, respectively, of the estimated capacity of the open cells of the landfills. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$916,935 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 2007. The County expects to close the landfills in the years 2010 and 2028, respectively, and the actual cost may be higher due to inflation, changes in technology, or changes in regulations.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

**Insurance Claims** - The County established two internal service funds, Health Insurance and Self-Insurance. The Health Insurance Fund accounts for employee health benefits through a combination of self-insurance and commercial insurance. The Self-Insurance 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 Self-Insurance 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 three fiscal years.

The Health Insurance Fund accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive major medical, prescriptions, dental, life/accidental death and dismemberment, and short-term disability) to eligible employees and their dependents, through a combination of commercial insurance and self-insurance. The County is self-insured up to certain limits, with commercial insurance to cover losses above the limits. The life insurance is 100% 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 administers the short-term disability. Settled claims have not exceeded available self-insurance funds or the purchased commercial insurance in any of the past three fiscal years.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 9 - Long-Term Liabilities (concl'd)**

The insurance claims payable liability of the Self-Insurance Fund and Health Insurance Fund totaling \$1,279,168, included in the balance below at June 30, 2007, 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, 2007) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences). The balance of \$4,421 is the liability due at June 30, 2007 from the Governmental funds for claims and judgments.

Changes in the funds' claims payable for the years ended June 30, 2006 and 2007, were as follows:

	<u>2006</u>	<u>2007</u>
Claims payable - beginning of year	\$ 1,386,817	\$ 1,693,999
Add: Claims incurred and changes in estimates	9,354,483	8,810,464
Deduct: Claims paid	<u>(9,047,301)</u>	<u>(9,220,874)</u>
Claims payable - end of year	<u>\$ 1,693,999</u>	<u>\$ 1,283,589</u>

**Compensated absences and claims and judgments** – Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2007, the County paid for compensated absences as follows: 58 percent from the General Fund, 14 percent from major funds, and 28 percent from other funds. The County paid for claims and judgments as follows: 99 percent from the General Fund and 1 percent from the Self-Insurance Fund. The claims paid from the General Fund were associated with one specific lawsuit being handled by the County, not by the pool. However, the Self-Insurance Fund was funded \$850,000 by the General Fund and \$311,920 by various Public Works Funds this past year to cover insurance expense and possible settlements. Occasionally it is also reimbursed by other major funds. The Health Insurance Fund paid all claims, but was reimbursed 100% from the other funds for all claims and judgments paid.

**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; but was unable to obtain insurance at a cost it considered to be economically justifiable for Workers' Compensation or liability insurance. Therefore, 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 11 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of \$10,000 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 \$100 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 three years after becoming a member; however, it may withdraw after the initial three-year period. If the pool were to become insolvent, the County would be assessed an additional contribution.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 10 – Risk Management (concl'd)**

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties with workers' compensation coverage, as required by law, 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 triennially. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

**Note 11 – Operating Leases**

The County leases buildings, copiers, computers, land and a parking lot under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$601,475 for the year ended June 30, 2007. The operating leases have remaining noncancellable lease terms from one to ninety years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2007, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>
2008	\$ 834,825
2009	451,279
2010	101,112
2011	18,501
2012	5,101
2013-2017	12,005
2018-2022	12,005
2023-2024	4,874
Total minimum lease payments	<u>\$ 1,439,702</u>

**Note 12 – Retirement Plans**

**Plan Descriptions** - The County contributes to four plans, three of which are described below. The Elected Officials Retirement System (EORP) is not described, due to its relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 12- Retirement Plans (cont'd)**

The *Public Safety Personnel Retirement System (PSPRS)* is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Corrections Officer Retirement Plan (CORP)* is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona's Department of Corrections and Department of Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The CORP is governed by The Fund Manager of PSPRS and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

**ASRS**  
3300 N. Central Avenue  
P. O. Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2000 or (800) 621-3778

**PSPRS, CORP, and EORP**  
3010 E. Camelback Road  
Suite 200  
Phoenix, AZ 85016-4416  
(602) 255-5575

**Funding Policy** - The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

*Cost-sharing plans* - For the year ended June 30, 2007, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2007, 2006, and 2005, were \$3,685,077, \$2,625,462 and \$1,850,484, respectively, which were equal to the required contributions for the year.

*Agent plans* - For the year ended June 30, 2007, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 11.83 percent. Active CORP members were required by statute to contribute 8.5 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 5.0 percent.

**Annual Pension Costs** - The County's pension costs for the two agent plans for the year ended June 30, 2007 and related information follows.

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
County	11.83%	5.00%
Plan members	7.65%	8.50%
Annual pension cost	\$559,816	\$127,121
Contributions made	\$559,816	\$127,121

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 12- Retirement Plans (concl'd)**

The current-year annual required contributions for both the PSPRS and CORP were determined as part of their June 30, 2005 actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.50 percent investment rate of return and (b) projected salary increases ranging from 5.50 percent to 8.50 percent per year. (b) included an inflation component of 5.00 percent. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 7-year period. The unfunded (excess) actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2005, was 30 years.

**Trend Information** – Annual pension cost information for the current and two preceding years follows for each of the agent plans.

<u>Plan</u>	<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
PSPRS	2007	\$559,816	100%	\$ -
	2006	459,875	100%	-
	2005	292,708	100%	-
CORP	2007	127,121	100%	-
	2006	82,510	100%	-
	2005	39,230	100%	-

**Note 13 – Interfund Balances and Activity**

**Interfund Receivables and Payables** - Interfund balances at June 30, 2007, were as follows:

		<u>Due from Other Funds</u>						
		General Fund	Road Fund	Nonmajor Governmental Funds	I-40 Water Corridor Fund	G.V.I.D. Fund	Internal Service Funds	Total
<b>Due to Other Funds</b>	General Fund							
	Road Fund	-	-	56	-	-	3,220	3,276
	Flood Control Fund	-	12,059	13	-	-	114	12,186
	Nonmajor Governmental Funds	67,953	8,164	351,204	-	-	4,678	431,999
	I-40 Water Corridor Fund	-	28	155	-	102	498	783
	Landfill Fund	-	-	-	-	-	545	545
	G.V.I.D. Fund	-	330	35	217	-	1,207	1,789
	Nonmajor Enterprise Funds	-	43	40	-	-	767	850
	Internal Service Funds	-	41,255	-	-	-	-	41,255
<b>Total</b>		<b>\$ 67,953</b>	<b>\$ 63,859</b>	<b>\$ 375,894</b>	<b>\$ 217</b>	<b>\$ 102</b>	<b>\$ 12,691</b>	<b>\$ 520,716</b>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 13 – Interfund Balances and Activity (concl'd)**

The majority of the interfund receivables and payables result from year-end accruals and adjustments. All cash is transferred within the first two months of the next fiscal year for these transactions.

**Interfund Transfers** –Interfund transfers for the year ended June 30, 2007, were as follows:

		Transfers out to Other Funds						Total
		General Fund	Road Fund	Flood Control Fund	Debt Service Funds	County Capital Improvement Fund	Nonmajor Governmental Funds	
Transfers in from Other Funds	General Fund	\$ -	\$ -	\$ 406,529	\$ -	\$ -	\$ 828,514	\$ 1,235,043
	Nonmajor Governmental Funds	6,529,732	397,238	-	105,451	1,886,984	1,280,992	10,200,397
	Internal Service	71,839	-	-	-	-	-	71,839
	<b>Total</b>	<u>\$ 6,601,571</u>	<u>\$ 397,238</u>	<u>\$ 406,529</u>	<u>\$ 105,451</u>	<u>\$ 1,886,984</u>	<u>\$ 2,109,506</u>	<u>\$ 11,507,279</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 of programs and to cover matching grants.

**Note 14 – County Treasurer’s Investment Pool**

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County’s monies under his 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.

Substantially all deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$2,777,139 of deposits. Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 4 for disclosure of the County’s deposit and investment risks.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 14 – County Treasurer’s Investment Pool (concl’d)**

Details of each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Treasury security	\$ 5,000,000	4.875%	5/08	\$ 5,044,894
U.S. agency securities	165,545,000	2.25-6.00%	07/07-06/12	165,840,188
Other	1,000,000	2.45%	5/08	982,719
State Treasurer’s Local Government Investment Pool	372,377	1.00%	N/A	372,377
	<u>\$171,917,377</u>			<u>\$172,240,178</u>

A condensed statement of the investment pool’s net assets and changes in net assets follows.

**Statement of Net Assets**

Assets	\$175,245,306
Liabilities	-
Net assets	<u>\$175,245,306</u>
Net assets held in trust for:	
Internal participants	\$110,199,088
External participants	65,046,218
Total net assets held in trust	<u>\$175,245,306</u>

**Statement of Changes in Net Assets**

Total additions	\$772,782,216
Total deductions	(763,390,064)
Net increase	<u>9,392,152</u>
Net assets held in trust:	
July 1, 2006	165,853,154
June 30, 2007	<u>\$175,245,306</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 15 – Subsequent Events**

**Capital Projects:**

Mohave Wash, flood control project - The Board of Supervisors approved a \$4,478,182 contract for the Kingman Area Master Plan Mohave County Update, Mohave Wash Channel Project, Phase III, on September 6, 2006. This is an on-going flood control project.

Law and Justice Center - A needs assessment has been performed to determine the requirements for a new Law and Justice Center in Kingman to accommodate all the courts and the Probation Department. Construction is not projected to begin for approximately two years.

Kingman Jail expansion - A needs assessment was performed in fiscal year 2006 for expansion of the jail facilities. Construction is projected to begin in fiscal year 2008. The estimated cost is \$74 million, based on the needs assessment. Certificates of Participation are expected to be issued in late March for between \$43 and \$47 million. The balance of the cost will be paid from cash reserves in the County Capital Improvement Fund.

## **Required Supplementary Information**

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 29,625,000	\$ 29,625,000	\$ 30,986,559	\$ 1,361,559
Licenses and permits	2,301,373	2,301,373	1,466,907	(834,466)
Intergovernmental	33,412,118	33,412,118	32,484,034	(928,084)
Charges for services	7,710,198	7,710,198	6,727,521	(982,677)
Fines and forfeits	1,431,950	1,431,950	1,585,406	153,456
Investment earnings	243,000	243,000	722,472	479,472
Contributions			80	80
Miscellaneous	42,487	42,487	370,702	328,215
Total revenues	<u>74,766,126</u>	<u>74,766,126</u>	<u>74,343,681</u>	<u>(422,445)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Assessor	4,005,815	4,005,815	3,865,793	140,022
County attorney	4,082,665	4,275,459	4,188,845	86,614
Risk management	304,161	304,161	244,146	60,015
Board of supervisors	1,192,337	1,192,337	907,659	284,678
Clerk of board	240,545	240,545	222,733	17,812
Housing community development	766,831	559,187	553,855	5,332
General administrative	3,182,308	3,232,308	2,807,707	424,601
Clerk of superior court	1,840,071	1,880,632	1,722,876	157,756
Constables	354,620	354,620	324,333	30,287
Contingency	9,909,367	5,336,182	-	5,336,182
Elections	793,186	793,186	738,339	54,847
Finance	1,119,841	1,119,841	1,052,142	67,699
Building & grounds maintenance	1,915,283	1,915,283	1,660,578	254,705
Justice courts	2,922,827	2,922,827	2,741,065	181,762
Juvenile detention	1,164,248	1,264,248	1,262,939	1,309
Personnel	702,660	703,160	655,228	47,932
Planning & zoning	2,631,690	2,631,190	1,781,227	849,963
Public fiduciary	506,775	491,775	431,507	60,268
Public defender	3,211,788	3,806,207	3,228,379	577,828
Public legal defender	937,844	937,844	797,027	140,817
Building inspector	1,644,441	1,644,441	1,141,589	502,852
Public works	43,984	43,984	35,824	8,160
Procurement	354,984	354,984	336,163	18,821
Recorder	812,937	812,937	770,522	42,415
Superior courts	3,699,183	3,809,183	3,645,891	163,292
Treasurer	2,035,361	2,035,361	1,878,992	156,369
Voter registration	366,381	366,381	314,500	51,881
Supervisory districts	345,906	345,906	296,473	49,433
Total general government	<u>\$ 51,088,039</u>	<u>\$ 47,379,984</u>	<u>\$ 37,606,332</u>	<u>\$ 9,773,652</u>

(Continued)

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2007**  
**(Concluded)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Public safety:				
Animal control	\$ 708,828	\$ 708,828	\$ 642,542	\$ 66,286
Jail	8,858,354	8,858,354	8,521,975	336,379
Medical examiner	300,000	315,000	315,000	-
Probation	1,794,554	1,753,993	1,656,064	97,929
Sheriff	9,609,780	9,579,293	9,005,132	574,161
Total public safety	<u>21,271,516</u>	<u>21,215,468</u>	<u>20,140,713</u>	<u>1,074,755</u>
Health				
A.H.C.C.C.S.	9,726,233	9,726,233	9,336,881	389,352
Education				
School superintendent	402,028	402,028	377,275	24,753
Total expenditures	<u>82,487,816</u>	<u>78,723,713</u>	<u>67,461,201</u>	<u>11,262,512</u>
Excess (deficiency) of revenues over expenditures	<u>(7,721,690)</u>	<u>(3,957,587)</u>	<u>6,882,480</u>	<u>10,840,067</u>
Other financing sources (uses):				
Transfers in	1,226,912	1,226,912	1,235,043	8,131
Transfers out	<u>(3,414,589)</u>	<u>(6,926,269)</u>	<u>(6,601,571)</u>	<u>324,698</u>
Total other financing sources (uses)	<u>(2,187,677)</u>	<u>(5,699,357)</u>	<u>(5,366,528)</u>	<u>332,829</u>
Excess of revenues and other sources over (under) expenditures and other uses	(9,909,367)	(9,656,944)	1,515,952	11,172,896
Fund balances, July 1, 2006, as restated	<u>9,909,367</u>	<u>9,656,944</u>	<u>11,988,750</u>	<u>2,331,806</u>
Fund balances, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,504,702</u>	<u>\$ 13,504,702</u>

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 36,203	\$ 11,203
Intergovernmental	14,201,000	14,201,000	15,351,622	1,150,622
Charges for services	297,000	877,000	762,358	(114,642)
Investment earnings	200,000	200,000	497,750	297,750
Rents	117,400	117,400	117,400	-
Miscellaneous	4,120,000	3,540,000	69,901	(3,470,099)
Total revenues	<u>18,960,400</u>	<u>18,960,400</u>	<u>16,835,234</u>	<u>(2,125,166)</u>
Expenditures:				
Current:				
Highways and streets	33,022,016	32,977,916	18,128,233	14,849,683
Total expenditures	<u>33,022,016</u>	<u>32,977,916</u>	<u>18,128,233</u>	<u>14,849,683</u>
Excess of revenues over (under) expenditures	<u>(14,061,616)</u>	<u>(14,017,516)</u>	<u>(1,292,999)</u>	<u>12,724,517</u>
Other financing sources (uses):				
Transfers out	<u>(3,354,000)</u>	<u>(3,354,000)</u>	<u>(397,238)</u>	<u>2,956,762</u>
Total other financing sources (uses)	<u>(3,354,000)</u>	<u>(3,354,000)</u>	<u>(397,238)</u>	<u>2,956,762</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(17,415,616)</u>	<u>(17,371,516)</u>	<u>(1,690,237)</u>	<u>15,681,279</u>
Fund balances, July 1, 2006	17,415,616	17,371,516	12,646,743	(4,724,773)
Increase (decrease) in reserve for inventory	-	-	61,871	61,871
Fund balances, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,018,377</u>	<u>\$ 11,018,377</u>

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Flood Control Fund**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 8,603,197	\$ 8,603,197	\$ 8,209,196	\$ (394,001)
Licenses and permits	50,000	50,000	27,631	(22,369)
Intergovernmental	-	-	1,126	1,126
Charges for services	400,000	400,000	853,000	453,000
Investment earnings	60,000	60,000	458,273	398,273
Miscellaneous	-	-	616	616
Total revenues	<u>9,113,197</u>	<u>9,113,197</u>	<u>9,549,842</u>	<u>436,645</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Highways and streets	9,961,290	9,961,290	5,569,600	4,391,690
Total expenditures	<u>9,961,290</u>	<u>9,961,290</u>	<u>5,569,600</u>	<u>4,391,690</u>
Excess of revenues over (under) expenditures	<u>(848,093)</u>	<u>(848,093)</u>	<u>3,980,242</u>	<u>4,828,335</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(1,956,529)</u>	<u>(1,956,529)</u>	<u>(406,529)</u>	<u>1,550,000</u>
Total other financing sources (uses)	<u>(1,956,529)</u>	<u>(1,956,529)</u>	<u>(406,529)</u>	<u>1,550,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(2,804,622)</u>	<u>(2,804,622)</u>	<u>3,573,713</u>	<u>6,378,335</u>
Fund balances, July 1, 2006	<u>2,804,622</u>	<u>2,804,622</u>	<u>5,720,838</u>	<u>2,916,216</u>
Fund balances, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,294,551</u>	<u>\$ 9,294,551</u>

**Mohave County**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2007**

**Note 1 – Budgeting and Budgetary Control**

A.R.S require 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.

**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, 2007, 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 Agent Retirement Plans' Funding Progress  
June 30, 2007**

**Public Safety Personnel Retirement System**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)
06/30/2007	\$ 14,857,616	\$ 22,191,473	\$ (7,333,857)	67.0%	\$ 4,748,734	154.4%
06/30/2006	14,634,246	19,435,624	(4,801,378)	75.3%	4,496,673	106.8%
06/30/2005	14,008,411	16,515,362	(2,506,951)	84.8%	3,903,487	64.2%

**Corrections Officer Retirement System**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)
06/30/2007	\$ 4,245,772	\$ 2,923,117	\$ 1,322,655	145.2%	\$ 2,753,573	N/A
06/30/2006	4,009,017	2,532,419	1,476,598	158.3%	2,184,299	N/A
06/30/2005	3,846,262	2,194,102	1,652,160	175.3%	2,143,213	N/A

## **Supplementary Information**

**MOHAVE COUNTY**  
**Supplementary Information**  
**Budgetary Comparison Schedule**  
**Scenic Debt Service Fund**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 648,450	\$ 648,450	\$ 625,539	\$ (22,911)
Fines and forfeits	5,000	5,000	2,740	(2,260)
Investment earnings	8,000	8,000	72,310	64,310
Total revenues	<u>661,450</u>	<u>661,450</u>	<u>700,589</u>	<u>39,139</u>
Expenditures:				
Current:				
Debt service	<u>1,062,842</u>	<u>1,062,842</u>	<u>635,139</u>	<u>427,703</u>
Total expenditures	<u>1,062,842</u>	<u>1,062,842</u>	<u>635,139</u>	<u>427,703</u>
Excess of revenues over (under) expenditures	<u>(401,392)</u>	<u>(401,392)</u>	<u>65,450</u>	<u>466,842</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(105,451)</u>	<u>105,451</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(105,451)</u>	<u>105,451</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(401,392)</u>	<u>(401,392)</u>	<u>(40,001)</u>	<u>361,391</u>
Fund balances, July 1, 2006	<u>401,392</u>	<u>401,392</u>	<u>1,324,648</u>	<u>923,256</u>
Fund balances, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,284,647</u>	<u>\$ 1,284,647</u>

**MOHAVE COUNTY**  
**Supplementary Information**  
**Budgetary Comparison Schedule**  
**County Capital Improvement Fund**  
**Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,900,000	\$ 7,900,000	\$ 7,717,443	\$ (182,557)
Intergovernmental	-	-	32,974	32,974
Investment earnings	400,000	400,000	1,460,446	1,060,446
Rents	109,100	109,100	108,858	(242)
Total revenues	<u>8,409,100</u>	<u>8,409,100</u>	<u>9,319,721</u>	<u>910,621</u>
Expenditures:				
Current:				
Capital outlay	<u>33,163,705</u>	<u>33,111,588</u>	<u>1,520,768</u>	<u>31,590,820</u>
Excess of revenues over (under) expenditures	<u>(24,754,605)</u>	<u>(24,702,488)</u>	<u>7,798,953</u>	<u>32,501,441</u>
Other financing sources (uses):				
Transfers out	<u>(1,834,868)</u>	<u>(1,886,985)</u>	<u>(1,886,984)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>(1,834,868)</u>	<u>(1,886,985)</u>	<u>(1,886,984)</u>	<u>(1)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(26,589,473)</u>	<u>(26,589,473)</u>	<u>5,911,969</u>	<u>32,501,442</u>
Fund balances, July 1, 2006	<u>26,589,473</u>	<u>26,589,473</u>	<u>28,152,153</u>	<u>1,562,680</u>
Fund balances, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,064,122</u>	<u>\$ 34,064,122</u>