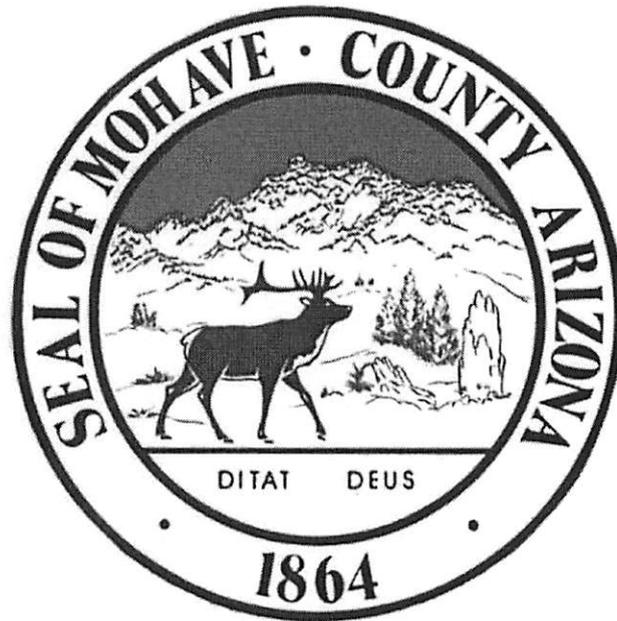


# MOHAVE COUNTY



## Annual Financial Report Fiscal Year Ended June 30, 2010

**MOHAVE COUNTY  
Annual Financial Report  
Year Ended June 30, 2010**

**TABLE OF CONTENTS**

Independent Auditors' Report.....	1 - 2
Required Supplementary Information - Management's Discussion and Analysis .....	3 - 14
<b>Government-wide Statements</b>	
Statement of Net Assets .....	16
Statement of Activities .....	17
<b>Fund Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet .....	18
Reconciliation of the Balance Sheet to the Statement of Net Assets .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	21
<b>Proprietary Funds</b>	
Statement of Net Assets .....	22
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	23
Statement of Cash Flows .....	24
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Assets .....	25
Statement of Changes in Fiduciary Net Assets .....	26
Notes to Financial Statements.....	27 - 52
<b>Other Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund .....	54 - 55
Budgetary Comparison Schedule – Road Fund.....	56
Budgetary Comparison Schedule – Flood Control Fund.....	57
Notes to Budgetary Comparison Schedules .....	58
Schedule of Agent Retirement Plans' Funding Progress.....	59
Notes to Schedule of Agent Retirement Plans' Funding Progress .....	60

## 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 aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2010, 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, 2010, 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 54 through 58, and the Schedule of Agent Retirement Plans' Funding

Progress on pages 59 through 60 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.

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

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, and others within the County and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Fester & Chapman P.C.

March 14, 2011

# 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

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2010. 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 \$305.1 million, an increase of 7.7% from the prior year. Of this amount, \$71.3 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets as reported in the Statement of Activities increased by \$21.8 million. Of this amount, \$21.3 million (97.6%) is attributable to governmental activities and \$.5 million (2.4%) 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 \$104.3 million, a decrease of \$36 million. This decrease resulted from payments made for debt service and capital projects from funds collected in previous years.
- The unreserved fund balance for the General Fund increased by \$4.5 million (39%), General Fund revenues were below budgeted revenues by \$2.9 million, and expenditures were only 77.6% and 77.5% respectively of both the original adopted and final General Fund budgets.

### Overview of the Financial Statements

The intent of this discussion and analysis is to serve as an introduction to Mohave County's basic financial statements. Mohave County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements 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 two finance corporations. The County's Board of Supervisors serves as the board of directors for all of the component units except for the finance corporations, which have a separate board of directors made up of County management. The list of blended component units follows:

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

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 180 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Flood Control Fund, and the County Capital Improvement Fund, all of which are major funds. Data from the other 176 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 54 to 58.

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

*Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among Mohave County's various functions. Mohave County uses internal service funds to account for its fleet of vehicles, employee benefit health insurance trust, self-insurance trust, janitorial services, communication services, and 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 27-52 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, pages 54-60 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.

### 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 \$305 million at the close of the most recent fiscal year.

By far the largest portion of Mohave County's net assets (60%) 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.

17% of Mohave County's net assets represent resources subject to external restrictions on how they may be used. The remaining \$71.3 million (23%) 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 Net Assets As of June 30,			
	2009	2010	Increase (Decrease)	% Change
Current assets and other assets	\$ 183,807,661	\$ 151,989,408	\$ (31,818,253)	-17.31%
Capital assets	179,461,188	228,654,869	49,193,681	27.41%
Total assets	363,268,849	380,644,277	17,375,428	4.78%
Long-term liabilities outstanding	73,166,384	68,502,725	(4,663,659)	-6.37%
Other liabilities	6,769,895	7,019,743	249,848	3.69%
Total liabilities	79,936,279	75,522,468	(4,413,811)	-5.52%
Net assets:				
Invested in capital assets, net of related debt	163,310,188	181,951,869	18,641,681	11.41%
Restricted	42,253,846	51,859,759	9,605,913	22.73%
Unrestricted	77,768,536	71,310,181	(6,458,355)	-8.30%
Total net assets	\$ 283,332,570	\$ 305,121,809	\$ 21,789,239	7.69%

**Governmental activities - net assets highlights:** The net assets *invested in capital assets, net of related debt* had a net increase of \$19.2 million. The capitalization of new buildings resulted in the increase to Capital Assets, a decrease in Construction in Progress and a decrease in current assets for the net effect seen in *invested in capital assets, net of related debts*. The details of the increase in capital assets are discussed later in this report under the Capital Asset and Debt Administration heading. Total liabilities decreased \$5 million from last year. The decrease was due to principal payments made on the County's Beneficial Interest Certificates (BIC's) and special assessment bonds payable, without incurring any new long-term debt.

The restricted net assets reflected a net increase of \$8.9 million from the prior year, approximately \$5.1 million from capital projects, \$1.8 million from debt service, \$1.3 million from highways and streets and .57 million from other sources. Unrestricted net assets decreased by \$6.9 million from the prior year, from assets being used for capital projects.

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

	2009	2010	Increase (Decrease)	% Change
Current assets and other assets	\$ 166,419,607	\$ 132,994,258	\$ (33,425,349)	-20.08%
Capital assets	163,554,563	213,296,302	49,741,739	30.41%
Total assets	<u>329,974,170</u>	<u>346,290,560</u>	<u>16,316,390</u>	<u>4.94%</u>
Long-term liabilities outstanding	68,581,024	63,567,275	(5,013,749)	-7.31%
Other liabilities	6,511,158	6,570,947	59,789	0.92%
Total liabilities	<u>75,092,182</u>	<u>70,138,222</u>	<u>(4,953,960)</u>	<u>-6.60%</u>
Net assets:				
Invested in capital assets, net of related debt	147,403,563	166,593,302	19,189,739	13.02%
Restricted	33,014,116	41,960,509	8,946,393	27.10%
Unrestricted	74,464,309	67,598,527	(6,865,782)	-9.22%
Total net assets	<u>\$ 254,881,988</u>	<u>\$ 276,152,338</u>	<u>\$ 21,270,350</u>	<u>8.35%</u>

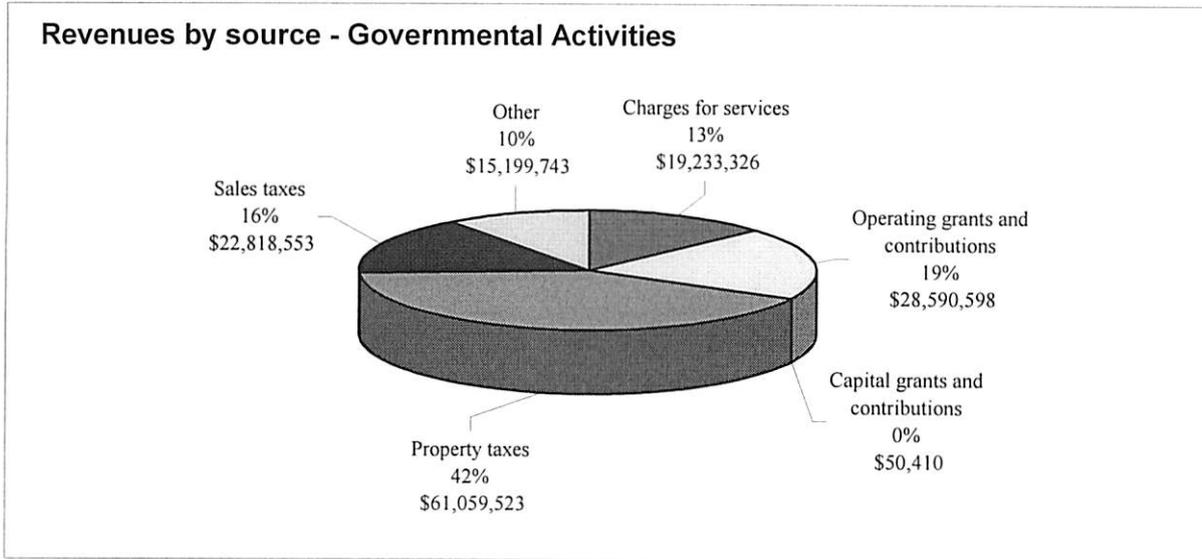
**Governmental activities – comparative statement of activities highlights:** The current year governmental activities financial statements reflect a decrease of \$3.1 million in total revenues due to several factors. The declining economy contributed to a downturn in retail sales resulting in a decrease in other taxes which includes sales tax, auto-lieu tax, and capital projects sales tax. The declining economy has also affected the Federal and state governments, who in turn have reduced the grant awards given out to local governments, including Mohave County. Investment earnings increased \$.6 million from the prior year due to a slight increase in the return on investments and a decrease in the amount of unrealized loss recorded in the current year. Increased assessed valuations of property resulted an increase in property tax revenue. Charges for services saw a slight net increase over the previous year. This was spread throughout the County funds. In some cases it was from increased services provided (mostly in the Court system) and there were some increases in fees and additional fees added.

Expenses decreased \$8.5 million (6.3%) from the prior year. The County managed to maintain moderate growth in controllable expenses, through increased efficiency, and by offsetting increased costs with vacancy savings and suspending cost of living and step increases for employees. Non-controllable expenses, such as court costs from increased caseloads and indigent support, continue to rise, somewhat offsetting the decreases reflected. Interest on long-term debt decreased due to payments made on the BICs issued in prior years. Education increased due to spending of ARRA grant funds. Highways and streets increased due to two new flood control projects: updating the Aerial mapping and a new Mohave wash project.

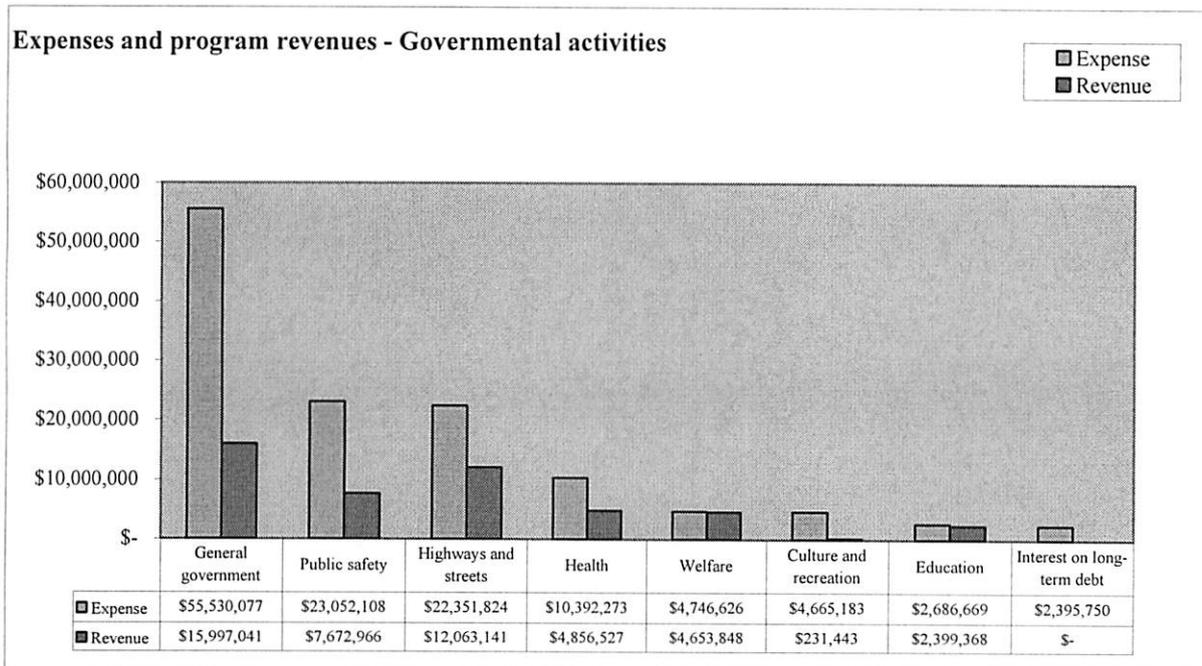
**Governmental Activities  
Comparative Statement of Activities  
Year Ended June 30,**

	2009	2010	Increase (decrease)	% Change
<b>Revenues:</b>				
<b>Program revenues</b>				
Charges for services	\$ 18,139,455	\$ 19,233,326	\$ 1,093,871	6.03%
Operating grants & contributions	29,968,968	28,590,598	(1,378,370)	-4.60%
Capital grants & contributions	92,004	50,410	(41,594)	-45.21%
<b>Total program revenues</b>	<b>48,200,427</b>	<b>47,874,334</b>	<b>(326,093)</b>	<b>-0.68%</b>
<b>General revenues</b>				
Property taxes	59,585,358	61,059,523	1,474,165	2.47%
Other taxes	39,416,103	34,768,476	(4,647,627)	-11.79%
Other revenues	2,865,225	3,249,820	384,595	13.42%
<b>Total general revenues</b>	<b>101,866,686</b>	<b>99,077,819</b>	<b>(2,788,867)</b>	<b>-2.74%</b>
<b>Total revenues</b>	<b>150,067,113</b>	<b>146,952,153</b>	<b>(3,114,960)</b>	<b>-2.08%</b>
<b>Expenses:</b>				
General government	58,616,197	55,530,077	(3,086,120)	-5.26%
Public safety	25,318,232	23,052,108	(2,266,124)	-8.95%
Highways and streets	20,449,462	22,351,824	1,902,362	9.30%
Health	15,176,533	10,392,273	(4,784,260)	-31.52%
Welfare	5,129,308	4,746,626	(382,682)	-7.46%
Culture and recreation	5,391,550	4,665,183	(726,367)	-13.47%
Education	1,714,370	2,686,669	972,299	56.71%
Interest on long-term debt	2,541,037	2,395,750	(145,287)	-5.72%
<b>Total expenses</b>	<b>134,336,689</b>	<b>125,820,510</b>	<b>(8,516,179)</b>	<b>-6.34%</b>
Increase in net assets before transfers	15,730,424	21,131,643	5,401,219	34.34%
Transfers	(56,671)	138,707	195,378	-140.86%
Increase in net assets	15,673,753	21,270,350	5,596,597	35.71%
Net assets beginning of year	239,208,235	254,881,988	15,673,753	6.55%
<b>Net assets end of year</b>	<b>\$ 254,881,988</b>	<b>\$ 276,152,338</b>	<b>\$ 21,270,350</b>	<b>8.35%</b>

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



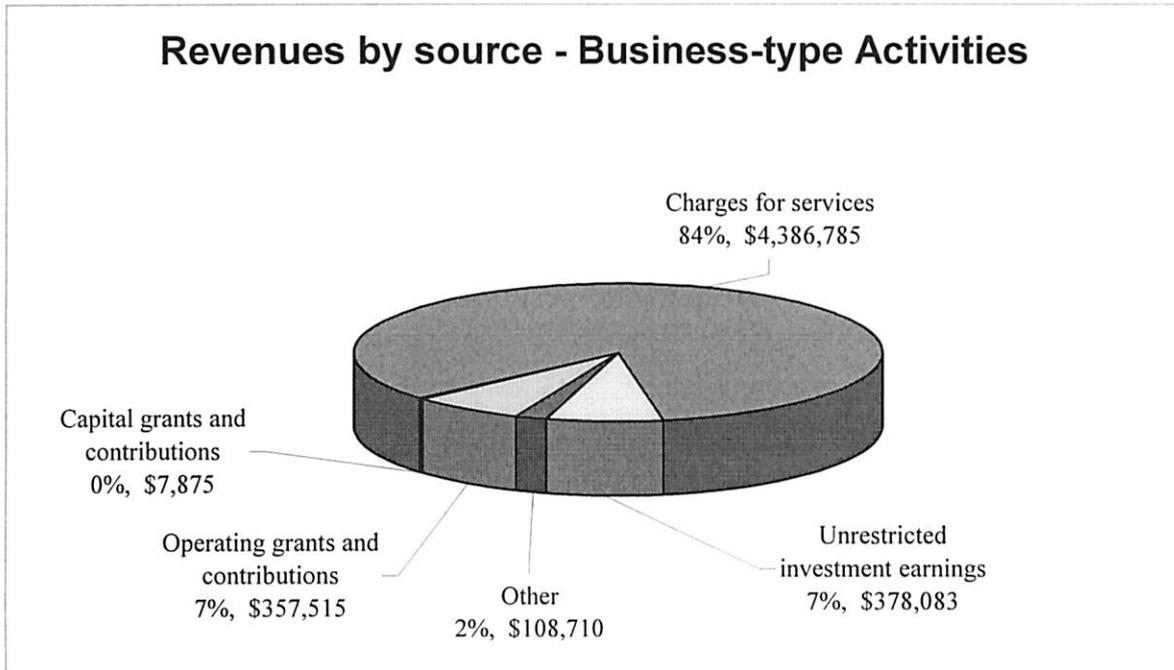
The following graph represents the expenses and program revenues for governmental activities as reported in the Statement of Activities. Program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities. Total revenues generated by governmental activities (program revenues and general revenues) were \$147.1 million. General revenues of \$99.2 million are not included in this graph, though they represent 67.5% 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 \$21.3 million for the fiscal year as indicated on the Statement of Activities.



**Business-type activities - net assets highlights:** Net assets increased by \$.52 million. The 12.3% increase to unrestricted net assets was due to net income realized in the I-40 Water Corridor fund and Landfill fund from a concerted effort to reduce costs and from a decrease in waste tire expense (a bi-annual expense of the Landfill fund). The 11% increase to total liabilities was due to an increase in the closure and postclosure, estimated future costs for the Landfill fund (as provided by engineering consultants), a large accrued expense and July deferred revenues in the I-40 Water Corridor fund. The \$1.6 million, 9% increase in current assets and other assets is a reflection of the positive cash flow of all the funds, but mostly the Landfill fund and I-40 Water Corridor fund. The increases reflect reductions in controllable expenses – payments to supplier, and increases in investment earnings.

Business-type Activities Net Assets As of June 30,				
	2009	2010	Increase (Decrease)	% Change
Current assets and other assets	\$ 17,388,054	\$ 18,995,150	\$ 1,607,096	9.24%
Capital assets	15,906,625	15,358,567	(548,058)	-3.45%
Total assets	<u>33,294,679</u>	<u>34,353,717</u>	<u>1,059,038</u>	<u>3.18%</u>
Long-term liabilities outstanding	4,585,360	4,935,450	350,090	7.63%
Other liabilities	258,737	448,796	190,059	73.46%
Total liabilities	<u>4,844,097</u>	<u>5,384,246</u>	<u>540,149</u>	<u>11.15%</u>
Net assets:				
Invested in capital assets, net of related debt	15,906,625	15,358,567	(548,058)	-3.45%
Restricted	9,239,730	9,899,250	659,520	7.14%
Unrestricted	3,304,227	3,711,654	407,427	12.33%
Total net assets	<u>\$ 28,450,582</u>	<u>\$ 28,969,471</u>	<u>\$ 518,889</u>	<u>1.82%</u>

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



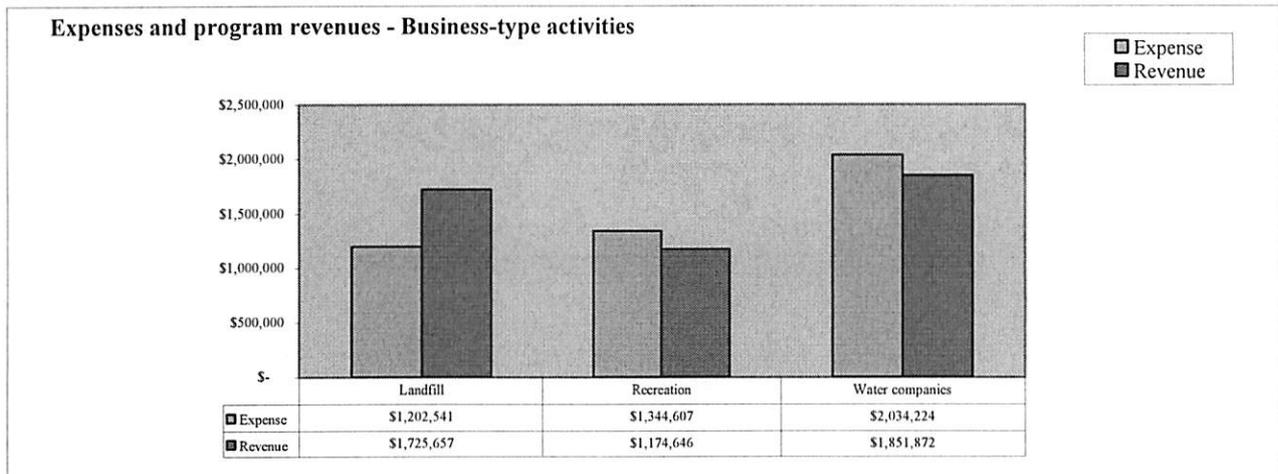
**Analysis of revenue changes -** The Business-type Activities Comparative Statement of Activities schedule on the following page shows the increases and decreases in revenue with an overall 12% decrease to total revenues. This decrease was due to a one time capital contribution to the G.V.I.D. fund in 2009 to install an arsenic removal system. Investment income was the only category that increased significantly over the prior year due to recoupment of previous investment losses.

**Business-type activities - comparative statement of activities highlights:** The increase in net assets for the enterprise funds decreased by \$279,553 (35%) from the prior year. This decrease was due primarily to a one time contribution in the G.V.I.D. fund in 2009 of \$1 million, replaced by decreased expenditures in all funds in 2010. In addition, the Landfill fund transferred \$150,000 to the General Fund and Other governmental funds to cover the costs of a nuisance abatement program.

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

	2009	2010	Increase (decrease)	%Change
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 4,373,982	\$ 4,386,785	\$ 12,803	0.29%
Operating grants & contributions	366,003	357,515	(8,488)	-2.32%
Capital grants & contributions	1,004,449	7,875	(996,574)	-99.22%
Total program revenues	<u>5,744,434</u>	<u>4,752,175</u>	<u>(992,259)</u>	<u>-17.27%</u>
General revenues				
Other taxes	100,000	100,000	-	0.00%
Other revenues	115,649	386,793	271,144	234.45%
Total general revenues	<u>215,649</u>	<u>486,793</u>	<u>271,144</u>	<u>125.73%</u>
Total revenues	<u>5,960,083</u>	<u>5,238,968</u>	<u>(721,115)</u>	<u>-12.10%</u>
<b>Expenses:</b>				
Landfill	1,599,618	1,202,541	(397,077)	-24.82%
Recreation	1,470,652	1,344,607	(126,045)	-8.57%
Water companies	2,148,042	2,034,224	(113,818)	-5.30%
Total expenses	<u>5,218,312</u>	<u>4,581,372</u>	<u>(636,940)</u>	<u>-12.21%</u>
Increase in net assets before transfers	741,771	657,596	(84,175)	-11.35%
Transfers	56,671	(138,707)	(195,378)	140.86%
Increase in net assets	798,442	518,889	(279,553)	-35.01%
Net assets beginning of year	27,652,140	28,450,582	798,442	2.89%
Net assets end of year	<u>\$ 28,450,582</u>	<u>\$ 28,969,471</u>	<u>\$ 518,889</u>	<u>1.82%</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 \$104.3 million, a decrease of \$36 million in comparison with the prior year. The reserved fund balances consist of \$10.8 million reserved for debt service and \$287,143 invested in inventory. The decrease reflects the spending down of the BIC's proceeds for the building of the new jail facility, offset by increases in other funds.

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 \$16.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The General Fund unreserved fund balance equals 25% of total General Fund expenditures, an increase from the prior year.

During the current fiscal year, the fund balance of Mohave County's General Fund increased by \$4.5 million. This represents a 39% increase from the fiscal year 2009 ending balance. Revenues decreased by \$1.4 million (2%), mostly from taxes and intergovernmental revenues. Expenditures decreased by \$6 million and total expenditures as a percentage of the total original budget were only 77.6% in fiscal year 2010. The County did not provide employees with any cost of living or step increases during the year.

The Road Fund had a total fund balance of \$11.7 million, of which \$287,143 is reserved for inventories and \$11.4 million is unreserved and will be used for road maintenance. The net increase in unrestricted fund balance during the current year in the Road Fund was \$1.5 million. The increase results from fewer 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 - fund balance increased by \$4 million. Expenses increased \$2.4 million over the prior year, with \$1.6 million spent on Geographic Information System (GIS) mapping services and flood plain studies for updating FEMA maps, \$.4 million for capital improvement projects of flood control systems, \$.3 million in personnel services and \$.1 million in other operating expenditures. While revenues decreased slightly from the prior year, there was still excess revenue collected over expenditures. This balance reflects funds available for ongoing flood control projects of the County.

The Scenic Debt Service Fund, which had an ending fund balance of \$1.1 million the previous year, no longer qualifies to be a major fund. The fund is now reflected as part of the Other Governmental funds information.

The County Capital Improvement Fund had an ending fund balance of \$11.9 million. This was a decrease of \$54.6 million from the prior year. The decrease results from construction costs related to various projects including the County Jail, the Development Services building, and various other building projects, totaling \$54.4 million, along with transfers out for debt service payments of \$6.7 million. These were offset by tax revenue of \$5.7 million, investment earnings of \$.7 million and miscellaneous income of \$.1 million.

The Other Governmental Funds had a combined fund balance of \$42.2 million at year-end. This was a net increase of \$8.2 million from the prior year. The increase is from transfers in exceeding transfers out by \$10.6 million, net of excess expenditures over revenue of \$2.4 million. Comparing the prior year to the current year, there was a decrease in revenues of \$.5 million. \$1.4 million was a result of a decrease in grant revenues, net of the increase from adding the Scenic Debt Service fund of \$.4 million, an increase in investment earnings of \$.6 million and miscellaneous other increases and decreases. Although the expenditures exceeded revenues, by \$2.4 million, the total expenditures actually decreased in total by \$2 million.

### ***Proprietary funds***

Reports for Mohave County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In response to the economic downturn, County departments cut expenses wherever possible. Even with these measures, some funds reflected in the statements show decreases to net assets.

**Statement of Net Assets-Business-type Activities** - Net assets for all enterprise funds increased \$.5 million. At the end of the year, the unrestricted net assets of the water companies and other enterprise funds, which includes park services, was \$3.7 million. The G.V.I.D. and other enterprise funds both reflected a net loss before contributions and transfers, after recording depreciation expense. Excluding non-cash expenditures, both funds showed an increase in cash position. The Landfill and I-40 Water Corridor fund net assets increased by nearly \$1 million. The majority of the increase was in the Landfill and was due to decreased expenses for waste tire disposal and closure/postclosure costs. The accumulated net assets are restricted and will be used for future expansion, as well as closure and postclosure costs.

**Governmental Activities-Internal Service Funds** - Net assets for the internal service funds increased by \$1.9 million. The majority of the increase was from the Employee Benefit Trust Fund (EBT), which experienced a favorable health insurance claims year resulting in \$1 million excess revenue over expenses. The investment in capital assets, net of related debt decreased due to depreciation expense exceeding purchases in the current year.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets-Business-type Activities** - The only difference between this statement and the Statement of Activities-Business type, discussed previously on page 10, is the presentation. The expenses are broken out in more detail on this report and the revenues are shown as either operating or non-operating.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets-Governmental Activities Internal Service Funds** - Total Internal Service Funds operating expenses decreased \$1.8 million or 9.3% from last year, while revenues increased by only \$.2 million or .09%. Investment income increased by approximately \$1.9 million. This increase was due to recoupment of unrealized investment losses from prior years.

### **General Fund Budgetary Highlights**

**Revenues:** The General Fund revenue was below the total amount budgeted by \$ 2.9 million (4%). Although the 2010 budget reflected a 3% decrease in budgeted revenues from 2009, it was still overly optimistic due to the economic downturn. Actual revenues were less than the previous year's total by \$1.5 million, and they were also below budgeted expectations.

**Expenditures:** Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments and categories of budget. There was net increase of \$152,170 in total expenditures, which resulted from an increase in the Public Defender's budget to cover court-mandated expenditures. Total actual expenditures were below budgeted expenditures by \$18.5 million, which was comprised mostly of unspent contingency funds. Actual expenditures decreased \$6 million from 2009.

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 54-55.

**Revenues:** Overall, revenues fell short of the budgeted amounts for all categories except fines and forfeits. Court fines increased by \$222 thousand due to an increase in court cases and new fees charged. Intergovernmental revenue, a major revenue source, was below budget by \$2.7 million. The primary cause was major declines in sales tax, auto lieu, and state lottery revenues, which were below budget by \$2.5 million.

**Expenditures:** Expenditures were less than budgetary estimates by \$18.5 million. Of the County contingency budget of \$11.6 million, \$.8 million was transferred to other departments and \$10.8 million remained unused. The County's contribution to the Arizona Health Care Cost Containment System (AHCCCS) was reduced by \$4 million due to American Recovery and Reinvestment Act (ARRA) funding. In October 2007 as a hedge against the declining economy, the Board of Supervisors enacted a hiring freeze on most vacant positions which continued into fiscal year 2010. Personnel vacancies resulted in \$2 million excess budget. In addition to vacant positions, the Development Services and Building Inspection departments had excess budget from not outsourcing the plans review function. They had savings of \$.6 million and \$.4 million, respectively. The remaining balance of available budget is scattered throughout the other departments in supplies and other services. Actual expenditures decreased over the prior year by \$6 million (8.5%). Most departments were able to maintain expenses at the prior year level. No merit raises or cost of

living increases were given to employees for the second consecutive year.

### 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, 2010 amounts to \$228.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, bridges, and an internally generated software program. The increase in capital assets of \$49.2 million (net of depreciation) resulted from the following major projects and purchases: Mohave County Jail, Development Services building, Negus building remodel, road additions, and the purchase of additional fleet vehicles.

<b>Capital Assets, net of accumulated depreciation</b>				
<b>As of June 30,</b>				
	<u>2009</u>	<u>2010</u>	<u>Increase Decrease</u>	<u>% Change</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated	\$ 53,101,816	\$ 107,626,255	\$ 54,524,439	102.68%
Capital assets, being depreciated	<u>110,452,747</u>	<u>105,670,047</u>	<u>(4,782,700)</u>	<u>-4.33%</u>
Total governmental assets	<u>\$ 163,554,563</u>	<u>\$ 213,296,302</u>	<u>\$ 49,741,739</u>	<u>30.41%</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated	\$ 1,630,859	\$ 1,714,287	\$ 83,428	5.12%
Capital assets, being depreciated	<u>14,275,766</u>	<u>13,644,280</u>	<u>(631,486)</u>	<u>-4.42%</u>
Total business-type assets	<u>\$ 15,906,625</u>	<u>\$ 15,358,567</u>	<u>\$ (548,058)</u>	<u>-3.45%</u>
<b>Total governmental and business-type activities</b>				
Capital assets, not being depreciated	\$ 54,732,675	\$ 109,340,542	\$ 54,607,867	99.77%
Capital assets, being depreciated	<u>124,728,513</u>	<u>119,314,327</u>	<u>(5,414,186)</u>	<u>-4.34%</u>
Total capital assets	<u>\$ 179,461,188</u>	<u>\$ 228,654,869</u>	<u>\$ 49,193,681</u>	<u>27.41%</u>

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

- The Beaver Dam Bridge project is still in process with \$2 million spent to date and an estimated \$5.9 million additional cost to complete.
- FaulknerUSA continued work on the County Correctional Facility with expenditures of \$48.1 million for the year. The project was completed in the fall of 2010 with total estimated expenditures of \$72 million.
- The Negus building was remodeled at a total cost of \$1.77 million and now houses the Probation department.
- In April, the Development Services building on Kino Avenue was substantially completed and the Public Works Director, Flood Control, Planning and Zoning, Emergency Services and Environmental Health departments moved into the new building. A total of \$3.5 million has been spent and an additional \$247,000 is estimated to complete the building by September 2010.
- The County replaced twenty-four aging vehicles from the fleet at a total cost of \$606,400. Twenty-three vehicles were purchased using general government funding: seven from the General fund, two from Road funds, one from Flood Control, thirteen from Other Governmental funds and one from business-type funds.

The 102.7% increase to governmental activities capital assets not being depreciated reflects \$54.5 million in costs added to construction in process (as discussed above). Notes 5 and 6, on pages 38-39 of this report, contain additional information on Mohave County’s capital assets.

**Long-term liabilities** - At the end of the current fiscal year, Mohave County had total long-term liabilities outstanding of \$68.5 million. Of this amount, \$55 million is related to construction projects and special assessment debt, backed as follows: \$7.4 million of unspent proceeds and reserves, \$46.2 million backed by buildings of the government used as

collateral for Beneficial Interest Certificates issued, and \$1.4 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 are comprised of claims and judgments payable, landfill closure and postclosure care costs payable, and compensated absences payable incurred during normal operations. For details see note 8.

State statutes limit the amount of general obligation debt a government entity may issue to 6% 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 2009/2010 was \$184 million (6% of \$3.1 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 8, on pages 40-44 of this report, contains additional information on Mohave County's long-term debt.

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

Population growth has leveled off, but there are still significant service demands for the existing population. A declining economy creates additional costs and additional demand for public services. The revenue trend for governments was declining for 2010 and is either still declining or flat for 2011. This trend is predicted to continue for the next year or two. All of these factors were considered in preparing Mohave County's budget for the 2011 fiscal year. In an effort to keep expenses down and avoid layoffs, the County has not budgeted a step or cost of living increase for FY 2011 and will continue to reduce the labor force through attrition.

The average unemployment rate for Mohave County was 10.6% for 2010, which is an increase from an average rate of 9.5% in 2009. The unemployment rate in Mohave County exceeded the state's average unemployment rate of 9.4% and compares unfavorably to the national average rate of 9.8%. The rates within the state vary greatly and continue to climb. In November 2010, Mohave County's rate was at 10.7% while the state's was 9.4% and the Federal rate was 9.8%.

### **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, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 108,003,847	\$ 16,158,945	\$ 124,162,792
Receivables (net of allowances for uncollectibles):			
Property taxes	6,433,823	388	6,434,211
Accounts	1,070,164	312,398	1,382,562
Accrued interest	448,886	68,913	517,799
Special assessments	1,221,252	-	1,221,252
Due from other governments	5,673,449	89,143	5,762,592
Inventories	387,211	366,948	754,159
Prepaid items	891,340	61,166	952,506
Restricted cash	9,764,360	1,037,175	10,801,535
Internal balances	(900,074)	900,074	-
Capital assets, not being depreciated	107,626,255	1,714,287	109,340,542
Capital assets, being depreciated, net	105,670,047	13,644,280	119,314,327
<b>Total assets</b>	<b>346,290,560</b>	<b>34,353,717</b>	<b>380,644,277</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	2,744,695	175,250	2,919,945
Accrued payroll and employee benefits	2,156,819	45,803	2,202,622
Accrued interest	494,200	-	494,200
Due to other governments	180,647	7,164	187,811
Deposits held for others	481,333	130,305	611,638
Deferred revenue	513,253	90,274	603,527
Noncurrent liabilities			
Current portion of long-term obligations	12,730,775	159,000	12,889,775
Noncurrent portion of long-term obligations	50,836,500	4,776,450	55,612,950
<b>Total liabilities</b>	<b>70,138,222</b>	<b>5,384,246</b>	<b>75,522,468</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	166,593,302	15,358,567	181,951,869
Restricted for:			
Public safety	2,794,432	-	2,794,432
Highways and streets	11,425,398	-	11,425,398
Health	573,051	-	573,051
Welfare	1,042,078	-	1,042,078
Education	224,467	-	224,467
Debt service	10,808,041	-	10,808,041
Capital projects	14,705,831	1,037,175	15,743,006
Other purposes	387,211	8,862,075	9,249,286
Unrestricted	67,598,527	3,711,654	71,310,181
<b>Total net assets</b>	<b>\$ 276,152,338</b>	<b>\$ 28,969,471</b>	<b>\$ 305,121,809</b>

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

**MOHAVE COUNTY**  
**Statement of Activities**  
**Year Ended June 30, 2010**

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>							
<b>Governmental activities:</b>							
General government	\$ 55,530,077	\$ 13,585,962	\$ 2,360,669	\$ 50,410	\$ (39,533,036)	\$ -	\$ (39,533,036)
Public safety	23,052,108	2,544,406	5,128,560	-	(15,379,142)	-	(15,379,142)
Highways and streets	22,351,824	927,676	11,135,465	-	(10,288,683)	-	(10,288,683)
Health	10,392,273	1,582,854	3,273,673	-	(5,535,746)	-	(5,535,746)
Welfare	4,746,626	522,882	4,130,966	-	(92,778)	-	(92,778)
Culture and recreation	4,665,183	69,546	161,897	-	(4,433,740)	-	(4,433,740)
Education	2,686,669	-	2,399,368	-	(287,301)	-	(287,301)
Interest on long-term debt	2,395,750	-	-	-	(2,395,750)	-	(2,395,750)
<b>Total governmental activities</b>	<b>125,820,510</b>	<b>19,233,326</b>	<b>28,590,598</b>	<b>50,410</b>	<b>(77,946,176)</b>	<b>-</b>	<b>(77,946,176)</b>
<b>Business-type activities:</b>							
Landfill	1,202,541	1,368,142	357,515	-	-	523,116	523,116
Recreation	1,344,607	1,174,646	-	-	-	(169,961)	(169,961)
Water companies	2,034,224	1,843,997	-	7,875	-	(182,352)	(182,352)
<b>Total business-type activities</b>	<b>4,581,372</b>	<b>4,386,785</b>	<b>357,515</b>	<b>7,875</b>	<b>-</b>	<b>170,803</b>	<b>170,803</b>
<b>Total primary government</b>	<b>\$ 130,401,882</b>	<b>\$ 23,620,111</b>	<b>\$ 28,948,113</b>	<b>\$ 58,285</b>	<b>(77,946,176)</b>	<b>170,803</b>	<b>(77,775,373)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					47,535,980	-	47,535,980
Property taxes, levied for flood control					13,523,543	-	13,523,543
Share of state sales taxes					17,163,770	-	17,163,770
Special county sales tax for capital projects					5,654,783	-	5,654,783
Auto-lieu tax					8,357,218	-	8,357,218
Federal in-lieu tax					3,219,658	100,000	3,319,658
Local in-lieu tax					15,805	-	15,805
Utilities franchise tax					357,242	-	357,242
County equalization revenue					88,856	-	88,856
Investment earnings					2,922,790	378,083	3,300,873
Miscellaneous					131,459	6,710	138,169
Rent					106,715	2,000	108,715
Transfers					138,707	(138,707)	-
<b>Total general revenues</b>					<b>99,216,526</b>	<b>348,086</b>	<b>99,564,612</b>
<b>Change in net assets</b>					<b>21,270,350</b>	<b>518,889</b>	<b>21,789,239</b>
Net assets, July 1, 2009					254,881,988	28,450,582	283,332,570
Net assets, June 30, 2010					<b>\$ 276,152,338</b>	<b>\$ 28,969,471</b>	<b>\$ 305,121,809</b>

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

**MOHAVE COUNTY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

<b>Assets</b>	<b>General Fund</b>	<b>Road Fund</b>	<b>Flood Control Fund</b>	<b>County Capital Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 14,902,731	\$ 10,410,666	\$ 22,599,731	\$ 3,770,369	\$ 41,460,681	\$ 93,144,178
Receivables (net of allowances for uncollectibles):						
Property taxes	3,392,924	-	1,646,624	-	1,394,275	6,433,823
Accounts	562,559	6,822	210	-	287,212	856,803
Accrued interest	58,024	41,399	106,123	25,961	164,258	395,765
Special assessments	-	-	-	-	1,221,252	1,221,252
Due from:						
Other funds	637,207	39,283	-	-	156,179	832,669
Other governments	1,608,103	1,213,634	273,314	445,656	2,127,388	5,668,095
Inventories	-	287,143	-	-	-	287,143
Prepaid items	17,459	1,627	6,924	239,889	273,614	539,513
Restricted cash	-	-	-	7,790,467	1,911,875	9,702,342
<b>Total assets</b>	<b>\$ 21,179,007</b>	<b>\$ 12,000,574</b>	<b>\$ 24,632,926</b>	<b>\$ 12,272,342</b>	<b>\$ 48,996,734</b>	<b>\$ 119,081,583</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 617,113	\$ 78,263	\$ 883,386	\$ 413,813	\$ 626,025	\$ 2,618,600
Accrued payroll and employee benefits	1,317,385	209,770	36,402	-	526,807	2,090,364
Due to:						
Other funds	99,415	-	39,283	-	757,421	896,119
Other governments	856	-	-	-	179,791	180,647
Deposits held for others	387,736	-	-	-	93,597	481,333
Advances payable - Landfill	-	-	-	-	900,000	900,000
Beneficial interest certificates:						
Principal payable	-	-	-	-	580,000	580,000
Interest payable	-	-	-	-	494,200	494,200
Deferred revenue	2,657,789	-	1,244,585	-	2,642,019	6,544,393
<b>Total liabilities</b>	<b>5,080,294</b>	<b>288,033</b>	<b>2,203,656</b>	<b>413,813</b>	<b>6,799,860</b>	<b>14,785,656</b>
<b>Fund balances</b>						
Reserved for:						
Inventories	-	287,143	-	-	-	287,143
Debt service	-	-	-	-	10,808,041	10,808,041
Unreserved, reported in:						
General fund	16,098,713	-	-	-	-	16,098,713
Special revenue funds	-	11,425,398	22,429,270	-	28,541,531	62,396,199
Capital projects funds	-	-	-	11,858,529	2,847,302	14,705,831
<b>Total fund balances</b>	<b>16,098,713</b>	<b>11,712,541</b>	<b>22,429,270</b>	<b>11,858,529</b>	<b>42,196,874</b>	<b>104,295,927</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,179,007</b>	<b>\$ 12,000,574</b>	<b>\$ 24,632,926</b>	<b>\$ 12,272,342</b>	<b>\$ 48,996,734</b>	<b>\$ 119,081,583</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, 2010**

Fund balances - total governmental funds \$ 104,295,927

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. 210,225,860

Some receivables are not available to pay for current-period  
expenditures and, therefore, are deferred in the funds.

Property taxes receivable	4,965,174	
Special assessments receivable	<u>1,065,966</u>	6,031,140

Internal service funds are used by management to charge the  
costs of certain activities, such as insurance, automotive  
maintenance and operation, and telecommunications, to  
individual funds. The assets and liabilities of the internal  
service funds are included in governmental activities in the  
Statement of Net Assets. 17,117,520

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	(1,441,000)	
Beneficial interest certificates	(52,640,000)	
Beneficial interest certificates premium-unamortized	(357,979)	
Compensated absences	<u>(7,079,130)</u>	<u>(61,518,109)</u>

Net assets of governmental activities \$ 276,152,338

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, 2010**

	<u>General Fund</u>	<u>Road Fund</u>	<u>Flood Control Fund</u>	<u>County Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes	\$ 34,620,400	\$ -	\$ 13,523,543	\$ 5,654,784	\$ 12,300,089	\$ 66,098,816
Special assessments	-	-	-	-	737,034	737,034
Licenses and permits	610,403	16,500	6,400	-	732,634	1,365,937
Intergovernmental	27,004,279	13,153,999	273,553	-	16,575,150	57,006,981
Charges for services	6,229,579	495,076	409,700	-	4,987,253	12,121,608
Fines and forfeits	1,953,239	-	-	-	61,581	2,014,820
Investment earnings	325,337	220,972	516,022	736,106	841,067	2,639,504
Rents	-	121,358	-	101,276	2,260	224,894
Contributions	24,340	-	-	42,500	318,300	385,140
Miscellaneous	78,492	25,717	-	-	24,558	128,767
<b>Total revenues</b>	<b>70,846,069</b>	<b>14,033,622</b>	<b>14,729,218</b>	<b>6,534,666</b>	<b>36,579,926</b>	<b>142,723,501</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	36,547,080	-	-	-	5,895,227	42,442,307
Public safety	21,729,572	-	-	-	5,650,037	27,379,609
Highways and streets	-	11,974,481	10,027,262	-	9,411	22,011,154
Health	5,095,078	-	-	-	5,914,379	11,009,457
Welfare	-	-	-	-	5,012,400	5,012,400
Culture and recreation	-	-	-	-	6,189,902	6,189,902
Education	406,987	-	-	-	2,618,897	3,025,884
Capital outlay	-	-	-	54,395,016	444,248	54,839,264
<b>Debt service:</b>						
Principal retirement	-	-	-	-	4,865,000	4,865,000
Interest and fiscal charges	-	-	-	-	2,395,750	2,395,750
<b>Total expenditures</b>	<b>63,778,717</b>	<b>11,974,481</b>	<b>10,027,262</b>	<b>54,395,016</b>	<b>38,995,251</b>	<b>179,170,727</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>7,067,352</b>	<b>2,059,141</b>	<b>4,701,956</b>	<b>(47,860,350)</b>	<b>(2,415,325)</b>	<b>(36,447,226)</b>
<b>Other financing sources (uses):</b>						
Transfers in	1,651,534	-	-	-	15,571,581	17,223,115
Transfers out	(4,182,237)	(524,222)	(686,085)	(6,710,978)	(4,980,886)	(17,084,408)
<b>Total other financing sources (uses)</b>	<b>(2,530,703)</b>	<b>(524,222)</b>	<b>(686,085)</b>	<b>(6,710,978)</b>	<b>10,590,695</b>	<b>138,707</b>
<b>Net change in fund balances</b>	<b>4,536,649</b>	<b>1,534,919</b>	<b>4,015,871</b>	<b>(54,571,328)</b>	<b>8,175,370</b>	<b>(36,308,519)</b>
Fund balances, July 1, 2009	11,562,064	10,179,129	18,413,399	66,429,857	34,021,504	140,605,953
Decrease in reserve for inventory of supplies	-	(1,507)	-	-	-	(1,507)
<b>Fund balances, June 30, 2010</b>	<b>\$ 16,098,713</b>	<b>\$ 11,712,541</b>	<b>\$ 22,429,270</b>	<b>\$ 11,858,529</b>	<b>\$ 42,196,874</b>	<b>\$ 104,295,927</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, 2010**

Net change in fund balances - total governmental funds		\$(36,308,519)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	58,442,909	
Depreciation expense	<u>(6,330,968)</u>	52,111,941
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.		
Net effect of disposal of capital assets		(1,451,461)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Principal repaid on long-term debt:		
Special assessment bonds	580,000	
Beneficial interest certificates-payments	4,285,000	
Beneficial interest certificates premium-amortization	<u>39,776</u>	4,904,776
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Increase in compensated absences		(306,878)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		374,963
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.		
Decrease in supply inventory		(1,507)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, information technology and telecommunications, to individual funds. The net revenue of certain internal service funds is reported with governmental activities in the Statement of Activities.		
		<u>1,947,035</u>
Change in net assets of governmental activities		<u><u>\$ 21,270,350</u></u>

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

**MOHAVE COUNTY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
<b>Assets</b>						
<b>Current assets:</b>						
Cash and investments	\$ 1,558,328	\$ 12,421,453	\$ 952,481	\$ 1,226,683	\$ 16,158,945	\$ 14,859,669
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	388	-	388	-
Accounts	11,647	245,057	48,058	7,636	312,398	213,361
Accrued interest	6,563	51,622	6,291	4,437	68,913	53,121
Due from:						
Other funds	-	-	93	-	93	133,069
Other governments	-	89,043	100	-	89,143	5,354
Inventories	183,623	-	183,325	-	366,948	100,068
Prepaid items	58,357	166	-	2,643	61,166	351,827
<b>Total current assets</b>	<b>1,818,518</b>	<b>12,807,341</b>	<b>1,190,736</b>	<b>1,241,399</b>	<b>17,057,994</b>	<b>15,716,469</b>
<b>Noncurrent assets:</b>						
Restricted cash	500,785	-	536,390	-	1,037,175	62,018
Advance to other funds	-	900,000	-	-	900,000	-
Capital assets, net of accumulated depreciation, where applicable						
Land	-	108,699	40,388	1,481,772	1,630,859	-
Infrastructure, net	3,755,618	904,515	6,581,422	630,720	11,872,275	-
Buildings, net	-	-	48,447	1,286,353	1,334,800	-
Equipment, net	36,047	22,066	176,273	202,819	437,205	3,070,442
Construction in progress	-	83,428	-	-	83,428	-
<b>Total noncurrent assets</b>	<b>4,292,450</b>	<b>2,018,708</b>	<b>7,382,920</b>	<b>3,601,664</b>	<b>17,295,742</b>	<b>3,132,460</b>
<b>Total assets</b>	<b>6,110,968</b>	<b>14,826,049</b>	<b>8,573,656</b>	<b>4,843,063</b>	<b>34,353,736</b>	<b>18,848,929</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	103,380	34,060	4,524	33,286	175,250	126,095
Accrued payroll and employee benefits	5,892	8,916	10,207	20,788	45,803	66,455
Due to:						
Other funds	17	2	-	-	19	69,693
Other governments	(370)	-	7,534	-	7,164	-
Deposits held for others	25,000	-	105,305	-	130,305	-
Deferred revenues	90,274	-	-	-	90,274	-
Current portion of:						
Compensated absences payable	21,000	32,000	30,000	76,000	159,000	161,500
Claims and judgments payable	-	-	-	-	-	1,219,017
<b>Total current liabilities</b>	<b>245,193</b>	<b>74,978</b>	<b>157,570</b>	<b>130,074</b>	<b>607,815</b>	<b>1,642,760</b>
<b>Noncurrent liabilities:</b>						
Landfill closure and postclosure care costs payable	-	4,767,669	-	-	4,767,669	-
Compensated absences payable	708	2,619	2,511	2,943	8,781	88,649
<b>Total noncurrent liabilities</b>	<b>708</b>	<b>4,770,288</b>	<b>2,511</b>	<b>2,943</b>	<b>4,776,450</b>	<b>88,649</b>
<b>Total liabilities</b>	<b>245,901</b>	<b>4,845,266</b>	<b>160,081</b>	<b>133,017</b>	<b>5,384,265</b>	<b>1,731,409</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	3,791,665	1,118,708	6,846,530	3,601,664	15,358,567	3,070,442
Restricted for:						
Capital projects	500,785	-	536,390	-	1,037,175	-
Sanitation	-	8,862,075	-	-	8,862,075	-
Unrestricted	1,572,617	-	1,030,655	1,108,382	3,711,654	14,047,078
<b>Total net assets</b>	<b>\$ 5,865,067</b>	<b>\$ 9,980,783</b>	<b>\$ 8,413,575</b>	<b>\$ 4,710,046</b>	<b>\$ 28,969,471</b>	<b>\$ 17,117,520</b>

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, 2010**

	<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>	
<b>Operating revenues:</b>						
Charges for services	\$ 1,188,037	\$ 1,368,142	\$ 627,318	\$ 1,203,288	\$ 4,386,785	\$ 19,385,517
Miscellaneous	769	-	2,649	3,292	6,710	2,692
<b>Total operating revenues</b>	<b>1,188,806</b>	<b>1,368,142</b>	<b>629,967</b>	<b>1,206,580</b>	<b>4,393,495</b>	<b>19,388,209</b>
<b>Operating expenses:</b>						
Personnel services	183,738	301,505	320,182	663,194	1,468,619	2,126,197
Supplies	16,598	20,853	49,401	122,452	209,304	293,514
Professional services	16,452	256,398	28,656	63,537	365,043	90,116
Communications	5,358	1,307	17,771	18,021	42,457	715,920
Insurance	69,249	9,587	9,730	14,271	102,837	708,669
Landfill closure and postclosure care costs	-	362,996	-	-	362,996	-
Insurance claims	-	-	-	-	-	10,322,486
Lawsuit judgments	-	-	-	-	-	77,206
Repairs and maintenance	2,417	3,203	32,281	6,566	44,467	91,949
Public utility service	465,615	115,187	99,728	281,685	962,215	-
Rents and leases	2,000	5,000	2,500	6,679	16,179	1,247,771
Depreciation	265,223	52,785	353,244	115,978	787,230	1,024,489
Other	14,110	73,720	29,381	17,346	134,557	970,190
<b>Total operating expenses</b>	<b>1,040,760</b>	<b>1,202,541</b>	<b>942,874</b>	<b>1,309,729</b>	<b>4,495,904</b>	<b>17,668,507</b>
<b>Operating income (loss)</b>	<b>148,046</b>	<b>165,601</b>	<b>(312,907)</b>	<b>(103,149)</b>	<b>(102,409)</b>	<b>1,719,702</b>
<b>Nonoperating revenues (expenses):</b>						
Investment earnings	42,087	295,269	16,858	23,869	378,083	283,286
Rent income	-	-	2,000	-	2,000	-
Noncapital grants	-	357,515	-	100,000	457,515	-
Gain (loss) on disposal of capital assets	-	-	1,601	(87,069)	(85,468)	(53,267)
<b>Total nonoperating revenues</b>	<b>42,087</b>	<b>652,784</b>	<b>20,459</b>	<b>36,800</b>	<b>752,130</b>	<b>230,019</b>
<b>Income (loss) before contributions and transfers</b>	<b>190,133</b>	<b>818,385</b>	<b>(292,448)</b>	<b>(66,349)</b>	<b>649,721</b>	<b>1,949,721</b>
Capital contributions	-	-	7,875	-	7,875	(2,686)
Transfers in	-	-	14,333	1,960	16,293	-
Transfers out	-	(155,000)	-	-	(155,000)	-
<b>Increase (decrease) in net assets</b>	<b>190,133</b>	<b>663,385</b>	<b>(270,240)</b>	<b>(64,389)</b>	<b>518,889</b>	<b>1,947,035</b>
<b>Total net assets, July 1, 2009</b>	<b>5,674,934</b>	<b>9,317,398</b>	<b>8,683,815</b>	<b>4,774,435</b>	<b>28,450,582</b>	<b>15,170,485</b>
<b>Total net assets, June 30, 2010</b>	<b>\$ 5,865,067</b>	<b>\$ 9,980,783</b>	<b>\$ 8,413,575</b>	<b>\$ 4,710,046</b>	<b>\$ 28,969,471</b>	<b>\$ 17,117,520</b>

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, 2010**

	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		
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 1,243,212	\$ 1,295,362	\$ 650,889	\$ 1,199,276	\$ 4,388,739	\$ 1,142,444
Receipts from interfund services provided	-	-	-	-	-	18,157,984
Payments to suppliers	(563,118)	(421,126)	(180,377)	(454,240)	(1,618,861)	(14,815,416)
Payments to employees	(185,020)	(294,892)	(323,047)	(669,991)	(1,472,950)	(2,095,640)
Payments for interfund services used	(29,297)	(57,372)	(76,825)	(70,187)	(233,681)	(228,189)
<b>Net cash provided by operating activities</b>	<b>465,777</b>	<b>521,972</b>	<b>70,640</b>	<b>4,858</b>	<b>1,063,247</b>	<b>2,161,183</b>
<b>Cash flows from noncapital financing activities:</b>						
Transfers from (to) other funds	-	(155,000)	14,333	1,960	(138,707)	-
Advanced to other funds	-	(900,000)	-	-	(900,000)	-
Rent income	-	-	2,000	-	2,000	-
Subsidy from non-capital grant	-	353,137	-	100,000	453,137	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>(701,863)</b>	<b>16,333</b>	<b>101,960</b>	<b>(583,570)</b>	<b>-</b>
<b>Cash flows from capital and related financing activities:</b>						
Purchases of capital assets	(48,728)	(81,695)	(28,917)	(63,175)	(222,515)	(231,039)
Proceeds from sales of capital assets	3,114	-	4,109	-	7,223	69,763
<b>Net cash used for capital and related financing activities</b>	<b>(45,614)</b>	<b>(81,695)</b>	<b>(24,808)</b>	<b>(63,175)</b>	<b>(215,292)</b>	<b>(161,276)</b>
<b>Cash flows from investing activities:</b>						
Interest and dividends received	40,808	279,831	14,917	22,541	358,097	289,002
<b>Net cash provided by investing activities</b>	<b>40,808</b>	<b>279,831</b>	<b>14,917</b>	<b>22,541</b>	<b>358,097</b>	<b>289,002</b>
<b>Net increase in cash and cash equivalents</b>	<b>460,971</b>	<b>18,245</b>	<b>77,082</b>	<b>66,184</b>	<b>622,482</b>	<b>2,288,909</b>
Cash and cash equivalents, July 1, 2009	1,598,142	12,403,208	1,411,789	1,160,499	16,573,638	12,632,778
<b>Cash and cash equivalents, June 30, 2010</b>	<b>\$ 2,059,113</b>	<b>\$ 12,421,453</b>	<b>\$ 1,488,871</b>	<b>\$ 1,226,683</b>	<b>\$ 17,196,120</b>	<b>\$ 14,921,687</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 148,046	\$ 165,601	\$ (312,907)	\$ (103,149)	\$ (102,409)	\$ 1,719,702
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>						
Depreciation expense	265,223	52,785	353,244	115,978	787,230	1,024,489
Landfill closure and postclosure care costs	-	362,996	-	-	362,996	-
Expenses incurred but not reported	-	-	-	-	-	(460,800)
<b>Change in assets and liabilities:</b>						
Receivables, (increase)	(11,150)	(72,780)	(3,417)	(7,553)	(94,900)	(105,820)
Due from other funds, (increase) decrease	939	-	15,950	740	17,629	(102,885)
Due from other governments, (increase) decrease	-	-	(100)	3,332	3,232	(648)
Inventories, decrease	2,992	-	22,304	-	25,296	13,090
Prepaid items, (increase) decrease	1,804	(166)	4,306	815	6,759	131,275
Accounts payable, increase (decrease)	936	7,815	(10,457)	8,073	6,367	(115,114)
Due to other funds, increase (decrease)	(16,026)	2	(939)	(4,415)	(21,378)	28,300
Due to other governments, increase (decrease)	(20,442)	-	305	-	(20,137)	-
Accrued payroll and employee benefits, increase	582	970	391	2,457	4,400	12,636
Compensated absences payable, increase (decrease)	(2,401)	4,749	(3,834)	(11,420)	(12,906)	16,958
Deferred revenues, increase	90,274	-	-	-	90,274	-
Deposits held for others, increase	5,000	-	5,794	-	10,794	-
<b>Total adjustments</b>	<b>317,731</b>	<b>356,371</b>	<b>383,547</b>	<b>108,007</b>	<b>1,165,656</b>	<b>441,481</b>
<b>Net cash provided by operating activities</b>	<b>\$ 465,777</b>	<b>\$ 521,972</b>	<b>\$ 70,640</b>	<b>\$ 4,858</b>	<b>\$ 1,063,247</b>	<b>\$ 2,161,183</b>
<b>Cash at June 30, 2010 is comprised of the following:</b>						
Cash and investments	\$ 1,558,328	\$ 12,421,453	\$ 952,481	\$ 1,226,683	\$ 16,158,945	\$ 14,859,669
Restricted cash	500,785	-	536,390	-	1,037,175	62,018
<b>Total</b>	<b>\$ 2,059,113</b>	<b>\$ 12,421,453</b>	<b>\$ 1,488,871</b>	<b>\$ 1,226,683</b>	<b>\$ 17,196,120</b>	<b>\$ 14,921,687</b>

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

**MOHAVE COUNTY**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	<u>\$ 72,285,425</u>	<u>\$ 373,408</u>
Total assets	<u><u>\$ 72,285,425</u></u>	<u><u>\$ 373,408</u></u>
<b>Liabilities</b>		
Deposits held for others	<u>\$ -</u>	<u>\$ 373,408</u>
Total liabilities	<u>-</u>	<u><u>\$ 373,408</u></u>
<b>Net Assets</b>		
Held in trust for investment trust participants	<u><u>\$ 72,285,425</u></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, 2010**

	<u>Investment Trust Funds</u>
<b>Additions:</b>	
Contributions from participants	\$ 414,705,652
Investment earnings:	
Interest and dividend income	2,209,402
Net decrease in fair value of investments	<u>(1,808,257)</u>
Net investment earnings	<u>401,145</u>
<b>Total additions</b>	<u>415,106,797</u>
<b>Deductions:</b>	
Distributions to participants	<u>(436,076,737)</u>
<b>Total deductions</b>	<u>(436,076,737)</u>
Change in net assets	(20,969,940)
Net assets, July 1, 2009	<u>93,255,365</u>
Net assets, June 30, 2010	<u>\$ 72,285,425</u>

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Table of Contents**

Note 1 - Summary of Significant Accounting Policies .....	28
A. Reporting Entity .....	28
B. Basis of Presentation .....	29
C. Basis of Accounting .....	30
D. Cash and Investments.....	31
E. Inventories and Prepaid Items.....	31
F. Property Tax Calendar .....	32
G. Capital Assets.....	32
H. Investment Earnings.....	32
I. Compensated Absences.....	33
Note 2 – Stewardship, Compliance, and Accountability.....	33
Note 3 – Deposits and Investments .....	34
Note 4 – Property Taxes Receivable .....	37
Note 5 – Capital Assets .....	38
Note 6 – Construction and Other Significant Commitments.....	39
Note 7 – Restricted Assets.....	40
Note 8 – Long-Term Liabilities.....	40
Note 9 – Risk Management .....	44
Note 10 – Operating Leases .....	45
Note 11 – Pensions and Other Postemployment Benefits .....	45
Note 12 – Interfund Balances and Activity .....	50
Note 13 – County Treasurer’s Investment Pool .....	51

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**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).

For the year ended June 30, 2010, the County implemented the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets.

**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. The County has no discretely presented component units. Each blended component unit discussed below has a June 30 year end.

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 Jail - Finance Corporation	A corporation set up to provide financing and oversight of the construction and equipping of the Mohave County jail facility; management of Mohave County serves as the board of directors of the corporation	Blended	Not available

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**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 all 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 noncapital grants, 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, 2010**

**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.
- **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 County reports the following fund types:**

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

The investment trust funds account for pooled and non-pooled assets held and invested by the County Treasurer on behalf of 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 Public Fiduciary clients.

**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, 2010**

**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 general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

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

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**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
Utility systems	\$5,000	Straight Line	10-50 years
Intangibles	\$5,000	Straight Line	7-15 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, 2010**

**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 up to 900 hours of PTO annually. Upon termination of employment, most employees will be paid up to 400 hours of PTO. However, at-will employees are paid up to 600 hours of PTO. Any remaining PTO balance, in excess of the maximum, will be 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 – Stewardship, Compliance, and Accountability**

**Deficit fund balances or net assets-**At June 30, 2010, the following funds reported deficits in net assets or fund balances:

<u>Fund</u>	<u>Deficit</u>
Capital projects	
G.V.I.D. construction	\$ 840,590
Special revenue	
Juvenile Intensive Probation Supervision	8,479
Probation grants	13,491
Victims of Crime Assistance Fund	<u>13,990</u>
	<u>\$ 876,550</u>

The G.V.I.D. construction fund borrowed funds from the Landfill fund to cover expenses of an improvement district instead of issuing bonds. These funds are reflected as a liability, rather than revenue, resulting in a negative fund balance. The liability is to be paid back to the Landfill fund through collections from the property owners.

The 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.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 3 – Deposits and Investments**

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

**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, 2010, the carrying amount of the County's deposits was \$8,215,071 and the bank balance was \$22,286,276. There was cash on hand of \$21,244. It is the County's policy to collateralize all deposits by at least 101 percent of the deposits not covered by depository insurance.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 3 – Deposits and Investments (cont'd)**

**Investments** – The County’s investments at June 30, 2010, were as follows:

<u>Investment Type</u>	<u>Amount</u>
Guaranteed investment contract	\$ 7,378,573
U.S. agency securities	174,294,858
Corporate bonds	8,634,549
Corporate stock	997,613
Repurchase agreement	634,337
State Treasurer’s Local Government Investment Pool	7,446,915
Total investments	<u>\$ 199,386,845</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.

**Credit Risk** – It is the County’s investment policy to invest to preserve the principal value of the portfolio. This is to be accomplished through limiting the types of securities purchased, the percent of the portfolio of each type of security and the length of time they can be held. Investments allowed are obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities. The County can also invest in certificates of deposits, commercial paper, obligations of Arizona state and local governments, repurchase agreements, money market mutual funds, and corporate bonds, debentures or notes issued by United States companies with AA or greater ratings by Standard and Poor’s rating service. All purchases must have prior approval of the investment oversight committee. At June 30, 2010, 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	S & P	\$ 174,294,858
Repurchase agreement	AAA	S & P	634,337
Corporate bonds	BB+	S & P	4,596,740
Corporate bonds	B+	S & P	3,050,309
Corporate bonds	Unrated	S & P	987,500
State Treasurer’s Local Government Investment Pool 7	Unrated	Not applicable	7,446,915
			<u>\$ 191,010,659</u>

At the time of purchase, all investments carried ratings at or above AA.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 3 – Deposits and Investments (cont'd)**

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

**Concentration of Credit Risk** - The County’s formal investment policy requires at least 10 percent of the overall portfolio to be invested in highly liquid accounts such as local government pools, money market funds or overnight repurchase agreements to ensure the ability to meet ongoing obligations. It also limits the total amount of corporate securities to 20 percent of the total portfolio, with not more than 5% invested in any single corporation. Corporate bonds and stocks represented 4.8 percent of the total portfolio at June 30, 2010. All other securities will be structured with varying maturity dates, not to exceed 5 years, and in various types of investments described under credit risk. The County had investments at June 30, 2010, of 5 percent or more in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 26.44 percent, 26.71 percent, and 33.94 percent, respectively, of the County’s total investments. The County Capital Improvement fund had 100 percent of its beneficial interest certificates proceeds held in a guaranteed investment contract, which was 3.7 percent of the primary government’s total investments.

**Interest Rate Risk** – The County’s formal policy with respect to interest rate risk minimizes the risk by structuring the portfolio into two accounts to meet cash needs. The return on investment is secondary to safety and liquidity. One account consists of highly liquid securities with maturities of 120 days or less. The second account has maturities of greater than 120 days. Both accounts will have active secondary markets. At June 30, 2010, the County had the following investments in debt securities:

<b>Investment Type</b>	<b>Amount</b>	<b>Investment Maturities</b>	
		<b>Less than 1 year</b>	<b>1 to 5 Years</b>
State Treasurer's investment pools	\$ 7,446,915	\$ 7,446,915	\$ -
U.S. agency securities	174,294,858	86,749,737	87,545,121
Corporate bonds	8,634,549	-	8,634,549
Repurchase agreement	634,337	634,337	-
<b>Total</b>	<b>\$ 191,010,659</b>	<b>\$ 94,830,989</b>	<b>\$ 96,179,670</b>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 3 – 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	\$ 21,244
Amount of deposits	8,215,071
Amount of investments	<u>199,386,845</u>
Total	<u>\$ 207,623,160</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	\$ 108,003,847	\$ 16,158,945	\$ 72,285,425	\$ 373,408	\$ 196,821,625
Restricted cash	<u>9,764,360</u>	<u>1,037,175</u>	-	-	<u>10,801,535</u>
Total	<u>\$ 117,768,207</u>	<u>\$ 17,196,120</u>	<u>\$ 72,285,425</u>	<u>\$ 373,408</u>	<u>\$ 207,623,160</u>

**Note 4 – Property Taxes Receivable**

Property taxes receivable consist of uncollected real and personal property taxes as determined from the records of the County Treasurer's Office, and at June 30, 2010 were as follows:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
2009	\$ 2,299,634	\$ 1,271,436	\$ 1,056,283	\$ 4,627,353
2008	329,219	226,340	189,364	744,923
Prior	<u>764,071</u>	<u>148,848</u>	<u>148,628</u>	<u>1,061,547</u>
Total	<u>\$ 3,392,924</u>	<u>\$ 1,646,624</u>	<u>\$ 1,394,275</u>	<u>\$ 6,433,823</u>

That portion of property taxes receivable, not collected within 60 days after June 30, 2010, 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, 2010**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 26,177,607	\$ 86,210	\$ -	\$ 26,263,817
Construction in progress	26,924,209	54,925,798	(487,569)	81,362,438
Total capital assets not being depreciated	<u>53,101,816</u>	<u>55,012,008</u>	<u>(487,569)</u>	<u>107,626,255</u>
<b>Capital assets being depreciated:</b>				
Buildings	63,036,430	990,091	-	64,026,521
Infrastructure & improvements other than buildings	108,916,666	-	-	108,916,666
Intangibles	-	54,578	-	54,578
Equipment	42,361,617	3,102,150	(3,793,257)	41,670,510
Total	<u>214,314,713</u>	<u>4,146,819</u>	<u>(3,793,257)</u>	<u>214,668,275</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(14,109,458)	(1,286,998)	-	(15,396,456)
Infrastructure & improvements other than buildings	(66,273,280)	(2,875,270)	-	(69,148,550)
Equipment	(23,479,228)	(3,193,189)	2,219,195	(24,453,222)
Total	<u>(103,861,966)</u>	<u>(7,355,457)</u>	<u>2,219,195</u>	<u>(108,998,228)</u>
Total capital assets being depreciated, net	<u>110,452,747</u>	<u>(3,208,638)</u>	<u>(1,574,062)</u>	<u>105,670,047</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 163,554,563</u>	<u>\$ 51,803,370</u>	<u>\$ (2,061,631)</u>	<u>\$ 213,296,302</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,630,859	\$ -	\$ -	\$ 1,630,859
Construction in progress	-	83,428	-	83,428
Total capital assets not being depreciated	<u>1,630,859</u>	<u>83,428</u>	<u>-</u>	<u>1,714,287</u>
<b>Capital assets being depreciated:</b>				
Buildings	2,275,149	-	(220,872)	2,054,277
Utility systems	20,817,314	193,635	-	21,010,949
Equipment	1,219,778	51,687	(25,073)	1,246,392
Total	<u>24,312,241</u>	<u>245,322</u>	<u>(245,945)</u>	<u>24,311,618</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(804,587)	(48,692)	133,802	(719,477)
Utility systems	(8,503,429)	(635,245)	-	(9,138,674)
Equipment	(728,459)	(103,293)	22,565	(809,187)
Total	<u>(10,036,475)</u>	<u>(787,230)</u>	<u>156,367</u>	<u>(10,667,338)</u>
Total capital assets being depreciated, net	<u>14,275,766</u>	<u>(541,908)</u>	<u>(89,578)</u>	<u>13,644,280</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 15,906,625</u>	<u>\$ (458,480)</u>	<u>\$ (89,578)</u>	<u>\$ 15,358,567</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 5 – Capital Assets (concl'd)**

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 1,372,051
Public safety	790,296
Highways and streets	3,854,275
Health	10,579
Welfare	81,243
Culture and recreation	208,197
Education	14,327
Internal service funds	1,024,489
<b>Total governmental activities depreciation expense</b>	<b><u><u>\$ 7,355,457</u></u></b>
<b>Business-type activities:</b>	
Landfill	\$ 52,785
Recreation	101,172
Water companies	633,273
<b>Total business-type activities depreciation expense</b>	<b><u><u>\$ 787,230</u></u></b>

**Note 6 – Construction and Other Significant Commitments**

The County had 3 major contractual commitments at June 30, 2010, as follows:

<u>Contractual Commitments</u>	<u>Funding Source</u>	<u>Expenditure to Date</u>	<u>Total Project Cost</u>	<u>Remaining Commitments</u>
Correctional facility	¼ cent sales tax	\$ 67,881,149	\$ 72,979,013	\$ 5,097,864
Prison health care contract – 11/17/09 through 11/16/10	Tax revenues	1,023,281	1,754,195	730,914
Bullhead City library addition – Architectural services	Secondary tax revenues	<u>372,291</u>	<u>757,269</u>	<u>384,978</u>
<b>Total</b>		<b><u><u>\$ 69,276,721</u></u></b>	<b><u><u>\$ 75,490,477</u></u></b>	<b><u><u>\$ 6,213,756</u></u></b>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 7 – Restricted Assets**

As of June 30, 2010, the County had restricted assets as follows:

**Governmental activities assets:**

Cash	<u>\$ 9,764,360</u>	Cash held by trustees restricted by agreements for construction, debt payments, insurance trusts, loans, or major maintenance.
------	---------------------	--

**Business-type activities assets:**

Cash	\$ 500,785	I-40 collections restricted for future repairs of infrastructure by agreement with customers.
Cash	<u>536,390</u>	G.V.I.D. water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities assets	<u>\$ 1,037,175</u>	

**Note 8 – Long-Term Liabilities**

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>1 Year</u>
<b><u>Governmental activities:</u></b>					
Special assessment bonds payable	\$ 1,891,000	\$ -	\$ (450,000)	\$ 1,441,000	\$ 541,000
Beneficial interest certificates payable	57,610,000	-	(4,390,000)	53,220,000	4,540,000
Beneficial interest certificates premium-unamortized	397,755	-	(39,776)	357,979	39,775
Compensated absences payable	7,005,443	6,780,556	(6,456,720)	7,329,279	6,460,000
Claims and judgments payable	<u>1,676,826</u>	<u>9,926,496</u>	<u>(10,384,305)</u>	<u>1,219,017</u>	<u>1,150,000</u>
Total governmental activities long-term liabilities	<u>\$68,581,024</u>	<u>\$16,707,052</u>	<u>(\$21,270,801)</u>	<u>\$ 63,567,275</u>	<u>\$12,730,775</u>
<b><u>Business-type activities:</u></b>					
Landfill closure and postclosure care costs payable	\$ 4,404,673	\$ 362,996	\$ -	\$ 4,767,669	\$ -
Compensated absences payable	<u>180,687</u>	<u>146,696</u>	<u>( 159,602)</u>	<u>167,781</u>	<u>159,000</u>
Total business-type activities long-term liabilities	<u>\$ 4,585,360</u>	<u>\$ 509,692</u>	<u>(\$ 159,602)</u>	<u>\$ 4,935,450</u>	<u>\$ 159,000</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 8 – Long-Term Liabilities (cont'd)**

**Bonds** - The County's bonded debt consists of special assessment bonds that are ten-year bonds, payable in installments and 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. Annual principal and interest on the bonds are expected to use 100% of the net revenues. 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 principal and interest paid in 2010 was \$549,225 (56% of available net revenue collected in the current and prior years.) The original amount of special assessment bonds issued in prior years was \$4,591,000.

Bonds outstanding at June 30, 2010, were as follows:

<u>District</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2010</u>
Scenic road and bridge project improvement	\$ 4,500,000	1/10-1/13	6.30%	\$1,350,000
Mohave County improvement district	<u>91,000</u>	in arrears	5.50%	<u>91,000</u>
Total	<u>\$ 4,591,000</u>			<u>\$ 1,441,000</u>

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2010.

Year Ending <u>June 30,</u>	<u>Governmental activities Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 541,000	\$ 205,496
2012	450,000	42,525
2013	<u>450,000</u>	<u>14,175</u>
Total	<u>\$ 1,441,000</u>	<u>\$ 262,196</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 8 – Long-Term Liabilities (cont'd)**

**Beneficial Interest Certificates (BIC)** - The County has issued 15 and 12 year beneficial interest certificates to purchase or construct capital facilities that are generally noncallable, with principal payable in annual installments and interest payable semiannually. The BICs are secured by pledges of the ¼ percent sales tax revenue, up to the amount of the annual debt payments. The 2010 debt service requirement of \$6,703,652 was 118% of the current year tax revenue. This amount exceeded revenue by approximately \$1.5 million, which was paid from prior years reserves. The original amount of certificates issued in prior years was \$65,320,000.

Beneficial interest certificates outstanding at June 30, 2010, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2010</u>
Beneficial interest certificates Series 2004	\$ 19,320,000	7/2010-7/2019	2.0%-5.25%	\$ 13,695,000
Beneficial interest certificates Series 2008	<u>46,000,000</u>	10/2010-4/2020	3.0%-4.25%	<u>39,525,000</u>
Total	<u>\$ 65,320,000</u>			<u>\$ 53,220,000</u>

The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2010:

Year Ending June 30,	<u>Governmental activities</u> <u>Beneficial Interest Certificates</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 4,540,000	\$ 2,167,496
2012	4,700,000	2,007,119
2013	4,875,000	1,832,181
2014	6,693,000	1,657,903
2015	5,255,000	1,368,913
2016-20	<u>27,157,000</u>	<u>3,874,419</u>
Total	<u>\$ 53,220,000</u>	<u>\$ 12,908,031</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 8 - 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 \$4,767,669 reported as landfill closure and postclosure care liability at June 30, 2010 represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 88% and 79%, 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 \$801,180 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 2010. The County expects to close the landfills in the years 2011 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 ensure 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 four 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 program. Settled claims have not exceeded available self-insurance funds or the purchased commercial insurance in any of the past four fiscal years.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 8 - Long-Term Liabilities (concl'd)**

The insurance claims payable liability of the Self-Insurance Fund and Health Insurance Fund totaling \$1,219,017, included in the balance below at June 30, 2010, 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, 2010) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences).

Changes in the funds' claims payable for the years ended June 30, 2009 and 2010, were as follows:

	<u>2009</u>	<u>2010</u>
Claims payable - beginning of year	\$ 1,776,526	\$ 1,676,826
Add: Claims incurred and changes in estimates	12,111,371	9,926,496
Deduct: Claims paid	<u>(12,211,071)</u>	<u>(10,384,305)</u>
Claims payable - end of year	<u>\$ 1,676,826</u>	<u>\$ 1,219,017</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 2010, the County paid for compensated absences as follows: 59 percent from the General Fund, 14 percent from other major funds, and 27 percent from Other Governmental Funds. The County paid for claims and judgments as follows: 94 percent from the Health Insurance Fund and 6 percent from the Self-Insurance Fund. The claims paid from the Health Insurance Fund were medical claims funded through payroll deductions and contributions from County funds. The Self-Insurance Fund was funded \$469,416 (56%) by the General Fund and \$369,240 (44%) by various Public Works Funds this past year to cover insurance expense and possible settlements. Occasionally it is also reimbursed by other funds.

**Note 9 – 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 \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 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, 2010**

**Note 9 – 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 every 5 years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

**Note 10 – Operating Leases**

The County leases buildings, copiers, computers, and land 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 \$998,534 for the year ended June 30, 2010. The operating leases have remaining noncancellable lease terms from one to eighty-six years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2010, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2011	\$ 990,542	\$ 1,952
2012	808,184	1,952
2013	555,665	1,952
2014	276,330	651
2015	6,559	-
2016-2020	12,000	-
2021-2025	9,605	-
2026-2096	<u>71</u>	<u>-</u>
Total minimum lease payments	<u>\$ 2,658,961</u>	<u>\$ 6,507</u>

**Note 11 – Pensions and Other Postemployment Benefits**

**Plan Descriptions** - The County contributes to four plans, three of which are described below. The Elected Officials Retirement Plan (EORP) is not described, due to its relative insignificance to the County's financial statements. Benefits are established by state statute and the plans generally provide retirement, long-term disability and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 11- Pensions and Other Postemployment Benefits (cont'd)**

and a cost-sharing, multiple-employer defined benefit long-term disability 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.

The *Public Safety Personnel Retirement System (PSPRS)* administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona and 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)* administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. 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 North Central Avenue  
 P. O. Box 33910  
 Phoenix, AZ 85067-3910  
 (602) 240-2000 or (800) 621-3778

**PSPRS and CORP**  
 3010 East 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 for ASRS, PSPRS, and CORP.

*Cost-sharing plans* - For the year ended June 30, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.4 percent (9.0 percent for retirement and 0.4 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 9.4 percent (8.34 percent for retirement, .66 percent for health insurance premium, and 0.4 percent for long-term disability) of the members' annual covered payroll.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

<u>Year ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2010	\$3,205,300	\$253,657	\$153,731
2009	3,153,381	378,879	197,333
2008	3,276,129	427,321	203,487

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 11- Pensions and Other Postemployment Benefits (cont'd)**

*Agent plans* - For the year ended June 30, 2010, 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 17.86 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 1.25 percent of covered payroll. Active CORP members were required by statute to contribute 8.41 percent of the members' annual covered payroll. In addition, the County was required to contribute 5.00 percent. The aggregate of the members' and the County's contributions is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at .78 percent of covered payroll. Probation officers participating in CORP-AOC contributed the statutorily determined amount of 8.41 percent and the County contributed 6.00 percent of their annual covered payroll, respectively. The health insurance premium portion of the contribution was actuarially set at .12 percent of covered payroll.

Actuarial methods and assumptions - Except for the contribution requirements for probation officers participating in the CORP-AOC which were established by state statute, the contribution requirements for the year ended June 30, 2010, were established by the June 30, 2008 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on 1) the plans as understood by the County and the plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2010 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50%-8.50% for PSPRS and CORP
includes inflation at	5.50% for PSPRS and CORP

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 11- Pensions and Other Postemployment Benefits (cont'd)**

**Annual Pension/OPEB Costs** - The County's pension/OPEB cost for the three agent plans for the year ended June 30, 2010, and related information follows.

	<u>PSPRS</u>		<u>CORP</u>		<u>CORP-AOC</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/ OPEB cost	\$824,041	\$62,014	\$123,404	\$22,809	\$159,518	\$3,255
Contributions made	824,041	62,014	123,404	22,809	159,518	3,255

**Trend Information** – Annual pension cost and OPEB cost information for the current and 2 preceding years follows for each of the agent plans.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/OPEB Obligation</u>
<u>PSPRS</u>				
Pension	2010	\$824,041	100%	\$ -
Health insurance	2010	62,014	100%	-
Pension	2009	909,388	100%	-
Health insurance	2009	66,193	100%	-
Pension	2008	644,564	100%	-
Health insurance	2008	49,548	100%	-
<u>CORP</u>				
Pension	2010	123,404	100%	-
Health insurance	2010	22,809	100%	-
Pension	2009	123,595	100%	-
Health insurance	2009	20,422	100%	-
Pension	2008	114,391	100%	-
Health insurance	2008	28,188	100%	-
<u>CORP-AOC</u>				
Pension	2010	159,518	100%	-
Health insurance	2010	3,255	100%	-
Pension	2009	212,804	100%	-
Health insurance	2009	60,606	100%	-
Pension	2008	249,682	100%	-
Health insurance	2008	10,403	100%	-

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 11- Pensions and Other Postemployment Benefits (concl'd)**

**Funded Status** – Except for the CORP-AOC, the funded status of the plans as of the most recent valuation date, June 30, 2010, along with the actuarial assumptions and methods used in those valuations follow.

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Actuarial accrued liability (a)	\$25,568,864	\$ 760,418	\$ 3,636,215	\$ 171,518
Actuarial value of assets (b)	18,729,245	-	5,200,975	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	6,839,619	760,418	(1,564,760)	171,518
Funded ratio (b) / (a)	73.3%	0.0%	143.0%	0.0%
Covered payroll (c)	\$ 4,782,717	\$ 4,782,717	\$ 2,947,082	\$ 2,947,082
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) – (b))/(c)	143.0%	15.9%	(0.0%)	5.82%

The actuarial methods and assumptions used are the same for all plans and related benefits, and for the most recent valuation date, are as follows:

Actuarial valuation date	June 30, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	26 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-Year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases includes inflation at	5.50%-8.50% for PSPRS and CORP 5.50% for PSPRS and CORP

The CORP-AOC's actuarial valuation is prepared on a statewide basis; accordingly, actuarial information for the County, as a participating government, is not available.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 12 – Interfund Balances and Activity**

**Interfund Receivables and Payables** - Interfund balances at June 30, 2010, were as follows:

	Payable to						Total
	General Fund	Road Fund	Nonmajor Governmental Funds	G.V.I.D. Fund	Internal Service Funds	Landfill Fund	
<b>Payable From</b>							
General Fund	\$ -	\$ -	\$ 35,612	\$ -	\$ 63,803	\$ -	\$ 99,415
Flood Control Fund	-	39,283	-	-	-	-	39,283
Nonmajor Governmental Funds	636,780	-	120,567	74	-	900,000	1,657,421
I-40 Water Corridor Fund	-	-	-	17	-	-	17
Landfill Fund	-	-	-	2	-	-	2
Internal Service Funds	427	-	-	-	69,266	-	69,693
<b>Total</b>	<u>\$ 637,207</u>	<u>\$ 39,283</u>	<u>\$ 156,179</u>	<u>\$ 93</u>	<u>\$133,069</u>	<u>\$900,000</u>	<u>\$ 1,865,831</u>

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.

The balance of \$900,000 due to the Landfill Fund from the nonmajor governmental funds is an advance from the landfill to cover special assessment engineering fees. This expense is to be reimbursed over the next 10 years, from property owners, through collections assessed on tax bills.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2010**

**Note 12 – Interfund Balances and Activity (concl'd)**

**Interfund Transfers** –Interfund transfers for the year ended June 30, 2010, were as follows:

	Transfers out to Other Funds						Total
	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Nonmajor Governmental Funds	Landfill Fund	
<b>Transfers in from Other Funds</b>							
General Fund	\$ -	\$ -	\$ 506,472	\$ 541	\$ 1,058,521	\$ 86,000	\$ 1,651,534
Nonmajor Governmental Funds	4,182,237	524,222	179,613	6,696,104	3,920,405	69,000	15,571,581
G. V. I. D Fund	-	-	-	14,333	-	-	14,333
Other Enterprise Funds	-	-	-	-	1,960	-	1,960
<b>Total</b>	<u>\$ 4,182,237</u>	<u>\$ 524,222</u>	<u>\$ 686,085</u>	<u>\$ 6,710,978</u>	<u>\$ 4,980,886</u>	<u>\$ 155,000</u>	<u>\$ 17,239,408</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 13 – County Treasurer’s Investment Pool**

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

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



## **Required Supplementary Information**

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 34,717,000	\$ 34,717,000	\$ 34,620,400	\$ (96,600)
Licenses and permits	788,500	788,500	610,403	(178,097)
Intergovernmental	29,698,131	29,698,131	27,004,279	(2,693,852)
Charges for services	6,069,195	6,239,645	6,229,579	(10,066)
Fines and forfeits	1,730,724	1,730,724	1,953,239	222,515
Investment earnings	400,000	400,000	325,337	(74,663)
Contributions	1,000	25,320	24,340	(980)
Miscellaneous	106,070	106,070	78,492	(27,578)
Total revenues	<u>73,510,620</u>	<u>73,705,390</u>	<u>70,846,069</u>	<u>(2,859,321)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Assessor	3,719,612	3,719,612	3,652,577	67,035
County attorney	4,010,388	4,010,388	3,780,620	229,768
Risk management	290,295	290,295	274,505	15,790
Board of supervisors	988,005	988,005	926,727	61,278
Clerk of board	222,622	222,622	200,944	21,678
Housing community development	361,133	361,133	344,317	16,816
General administration	1,975,631	2,015,631	1,870,548	145,083
Clerk of superior court	1,906,761	1,906,761	1,826,099	80,662
Constables	369,114	369,200	359,933	9,267
Contingency	11,636,971	10,828,565		10,828,565
Elections	405,229	491,579	437,303	54,276
Finance	1,054,822	1,054,822	1,029,972	24,850
Building & grounds maintenance	2,118,641	2,118,641	1,885,274	233,367
Justice courts	3,116,506	3,116,506	2,931,590	184,916
Juvenile detention	1,405,856	1,405,856	1,242,399	163,457
Personnel	577,389	577,389	553,062	24,327
Development services	2,273,586	2,273,586	1,693,552	580,034
Public fiduciary	523,763	523,763	489,561	34,202
Public defender	4,341,974	5,081,238	5,033,636	47,602
Public legal defender	901,961	901,961	854,056	47,905
Building inspector	1,179,407	1,179,407	782,646	396,761
Public works	274,428	274,428	268,826	5,602
Procurement	400,687	400,687	381,916	18,771
Recorder	686,771	686,771	648,183	38,588
Superior courts	3,075,588	3,104,644	3,049,565	55,079
Treasurer	1,671,261	1,671,261	1,443,005	228,256
Voter registration	316,546	340,646	281,340	59,306
Supervisory districts	368,493	368,493	304,924	63,569
Total general government	<u>\$ 50,173,440</u>	<u>\$ 50,283,890</u>	<u>\$ 36,547,080</u>	<u>\$ 13,736,810</u>

(Continued)

See accompanying notes to budgetary comparison schedule

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2010**  
**(Concluded)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
<b>Public safety:</b>				
Animal control	\$ 693,897	\$ 693,897	\$ 678,663	\$ 15,234
Jail	9,349,910	9,349,910	9,034,893	315,017
Medical examiner	437,000	437,000	422,000	15,000
Probation	1,806,922	1,812,922	1,683,646	129,276
Sheriff	10,201,662	10,177,382	9,910,370	267,012
<b>Total public safety</b>	<u>22,489,391</u>	<u>22,471,111</u>	<u>21,729,572</u>	<u>741,539</u>
<b>Health</b>				
A.H.C.C.C.S.	<u>9,098,000</u>	<u>9,098,000</u>	<u>5,095,078</u>	<u>4,002,922</u>
<b>Education</b>				
School superintendent	<u>402,821</u>	<u>462,821</u>	<u>406,987</u>	<u>55,834</u>
<b>Total expenditures</b>	<u>82,163,652</u>	<u>82,315,822</u>	<u>63,778,717</u>	<u>18,537,105</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(8,653,032)</u>	<u>(8,610,432)</u>	<u>7,067,352</u>	<u>15,677,784</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,605,416	1,605,866	1,651,534	45,668
Transfers out	<u>(4,586,825)</u>	<u>(4,584,171)</u>	<u>(4,182,237)</u>	<u>401,934</u>
<b>Total other financing sources (uses)</b>	<u>(2,981,409)</u>	<u>(2,978,305)</u>	<u>(2,530,703)</u>	<u>447,602</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	(11,634,441)	(11,588,737)	4,536,649	16,125,386
<b>Fund balances, July 1, 2009</b>	<u>11,634,441</u>	<u>11,588,737</u>	<u>11,562,064</u>	<u>(26,673)</u>
<b>Fund balances, June 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,098,713</u>	<u>\$ 16,098,713</u>

See accompanying notes to budgetary comparison schedule

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 16,500	\$ (8,500)
Intergovernmental	14,512,516	15,012,516	13,153,999	(1,858,517)
Charges for services	695,063	695,063	495,076	(199,987)
Investment earnings	200,000	200,000	220,972	20,972
Rents	145,861	145,861	121,358	(24,503)
Miscellaneous	176,732	176,732	25,717	(151,015)
Total revenues	<u>15,755,172</u>	<u>16,255,172</u>	<u>14,033,622</u>	<u>(2,221,550)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Highways and streets	17,710,922	18,093,394	11,974,481	6,118,913
Total expenditures	<u>17,710,922</u>	<u>18,093,394</u>	<u>11,974,481</u>	<u>6,118,913</u>
Excess (deficiency) of revenues over expenditures	<u>(1,955,750)</u>	<u>(1,838,222)</u>	<u>2,059,141</u>	<u>3,897,363</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	(117,528)	(524,222)	(406,694)
Total other financing sources (uses)	<u>-</u>	<u>(117,528)</u>	<u>(524,222)</u>	<u>(406,694)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(1,955,750)	(1,955,750)	1,534,919	3,490,669
Fund balances, July 1, 2009	1,955,750	1,955,750	10,179,129	8,223,379
Decrease in reserve for inventory	-	-	(1,507)	(1,507)
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,712,541</u>	<u>\$ 11,712,541</u>

See accompanying notes to budgetary comparison schedule

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Flood Control Fund**  
**Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 13,926,747	\$ 13,926,747	\$ 13,523,543	\$ (403,204)
Licenses and permits	15,000	15,000	6,400	(8,600)
Intergovernmental	780	1,139,148	273,553	(865,595)
Charges for services	347,656	347,656	409,700	62,044
Investment earnings	362,429	362,429	516,022	153,593
Total revenues	<u>14,652,612</u>	<u>15,790,980</u>	<u>14,729,218</u>	<u>(1,061,762)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Highways and streets	<u>35,703,423</u>	<u>36,668,191</u>	<u>10,027,262</u>	<u>26,640,929</u>
Total expenditures	<u>35,703,423</u>	<u>36,668,191</u>	<u>10,027,262</u>	<u>26,640,929</u>
Excess (deficiency) of revenues over expenditures	<u>(21,050,811)</u>	<u>(20,877,211)</u>	<u>4,701,956</u>	<u>25,579,167</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(506,472)</u>	<u>(680,072)</u>	<u>(686,085)</u>	<u>(6,013)</u>
Total other financing sources (uses)	<u>(506,472)</u>	<u>(680,072)</u>	<u>(686,085)</u>	<u>(6,013)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(21,557,283)</u>	<u>(21,557,283)</u>	<u>4,015,871</u>	<u>25,573,154</u>
Fund balances, July 1, 2009	<u>21,557,283</u>	<u>21,557,283</u>	<u>18,413,399</u>	<u>(3,143,884)</u>
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,429,270</u>	<u>\$ 22,429,270</u>

See accompanying notes to budgetary comparison schedule

**Mohave County**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2010**

**Note 1 – Budgeting and Budgetary Control**

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

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

**Note 2 – Budgetary Basis of Accounting**

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

**Note 3 – Expenditures in Excess of Appropriations**

For the year ended June 30, 2010, 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, 2010**

**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)
Pension 06/30/2010	\$ 18,729,245	\$ 25,568,864	\$ (6,839,619)	73.3%	\$ 4,782,717	143.0%
Health Insurance 06/30/2010	-	760,418	(760,418)	0.0%	4,782,717	15.9%
Pension 06/30/2009	17,760,643	23,967,200	(6,206,557)	74.1%	5,044,784	123.0%
Health Insurance 06/30/2009	-	725,142	(725,142)	0.0%	5,044,784	14.4%
Pension 06/30/2008	16,132,055	22,877,000	(6,744,945)	70.5%	5,215,621	129.3%
Health Insurance 06/30/2008	-	668,103	(668,103)	0.0%	5,215,621	12.8%

**Corrections Officer Retirement Plan**

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)
Pension 06/30/2010	\$ 5,200,975	\$ 3,636,215	\$ 1,564,760	143.0%	\$ 2,947,082	0.0%
Health Insurance 06/30/2010	-	171,518	(171,518)	0.0%	2,947,082	5.8%
Pension 06/30/2009	4,882,221	3,270,671	1,611,550	149.3%	2,905,422	0.0%
Health Insurance 06/30/2009	-	144,938	(144,938)	0.0%	2,905,422	5.0%
Pension 06/30/2008	4,581,742	3,110,055	1,471,687	147.3%	2,876,277	0.0%
Health Insurance 06/30/2008	-	168,504	(168,504)	0.0%	2,876,277	5.9%

See accompanying Notes to Schedule of Agent Retirement Plans' Funding Progress

**Mohave County**  
**Required Supplementary Information**  
**Notes to Schedule of Agent Retirement Plans' Funding Progress**  
**June 30, 2010**

**Note 1 – Actuarial Information Available**

The CORP-AOC's actuarial valuation is prepared on a statewide basis; accordingly, actuarial information for the County, as a participating government, is not available.