



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Annual Financial Report

# Mohave County

Fiscal Year Ended June 30, 2015

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**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Mohave County  
Annual Financial Report  
Year Ended June 30, 2015

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DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of  
Mohave County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Government-wide Statements</u>				
Governmental activities:				
Self-Insured Trust	0.17%	0.51%	1.26%	1.34%
Employee Benefits Trust	2.82%	1.09%	9.67%	7.82%
<u>Fund Statements</u>				
Aggregate remaining fund information-				
Internal Service Funds:				
Self-Insured Trust	0.66%	7.25%	0.50%	0.54%
Employee Benefits Trust	10.91%	15.43%	3.79%	3.15%

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

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, for the year ended June 30, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages i through xvi, Budgetary Comparison Schedules on pages 58 through 63, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 64, Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios—Agent Pension Plans on pages 65 and 66, Schedule of County Pension Contributions on pages 67 through 69, and Schedule of Agent OPEB Plans' Funding Progress on pages 70 and 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in

accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies*

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies 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, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

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

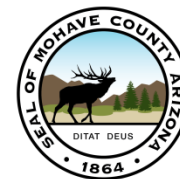
#### **Other Reporting Required by *Government Auditing Standards***

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

Jay Zsorey, CPA  
Financial Audit Director

May 6, 2016

# MOHAVE COUNTY FINANCIAL SERVICES



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CORAL LOYD  
Financial Services Director

700 West Beale Street, 3<sup>rd</sup> Floor  
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, 2015. Please read the following discussion in conjunction with the County's basic financial statements.

### Financial Highlights

- Total assets of the County exceeded its liabilities at the close of the fiscal year by \$260 million, a 25% decrease from the prior year's financials. See additional comments below.
- The County added its pension liability to the current year's financials. It is a new requirement by the Governmental Accounting Standards Board (GASB), #68, *Accounting and Financial Reporting for Pensions* as amended by GASB, #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. See note 2 and note 12 for details. The total effect of the retroactive adjustment was to decrease the prior year unrestricted net position by \$86.46 million. \$84.8 million governmental and \$1.66 million business type.
- The County's total net position in the current year decreased by \$1.6 million, from the restated balance of the prior year, on the Statement of Activities. That decrease reflects the net of a \$2.6 million decrease in governmental activities net position and an increase of \$1 million in business-type activities net position.
- Total liabilities increased by \$94 million in 2015 from what was reported the prior year, primarily due to GASB 68 requirements to add the pension liability to the financial statements.
- The fund balance for the Road Fund increased by \$1.2 million, as result of increased highway user revenue distributions and from the sale of heavy equipment that will be replaced in 2016.
- General Fund revenues were below budgeted revenues by \$5.6 million. The majority of the difference was reduced real property tax revenue collections. Expenditures were only 89.4% and 88.1% of the original adopted and final General Fund budgets, respectively.
- The Admin Building Debt Service Fund is no longer disclosed separately, as it no longer qualifies as a major fund for reporting purposes. It is now included in other governmental funds on the fund statements.
- The 2014 beginning net position was restated on the financial statements for the GASB 68 requirement to add the net pension liability. The 2014 amounts were not restated for the MD&A presentation to fully reflect the impact of the change.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

Financial information for the *blended component units* is combined with the financial information presented for the primary government itself. Please review the government-wide financial statements in 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*.

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

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and the major special revenue funds to demonstrate compliance with their budgets. These schedules are presented as required supplementary information of this report.

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

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

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

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

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

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

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the County's assets exceeded liabilities by \$260 million.

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

	2014	2015	Increase (Decrease)	% Change
Current assets and other assets	\$130,709,063	\$132,906,741	\$ 2,197,678	1.68%
Capital assets	267,254,293	264,701,874	(2,552,419)	-0.96%
Net pension asset	<u>556,890</u>	<u>556,890</u>	<u>556,890</u>	<u>100.00%</u>
Total assets	<u>397,963,356</u>	<u>398,165,505</u>	<u>202,149</u>	<u>0.05%</u>
Deferred outflows related to pensions	<u>18,450,942</u>	<u>18,450,942</u>	<u>18,450,942</u>	<u>100.00%</u>
Long-term liabilities outstanding	43,189,182	137,979,841	94,790,659	219.48%
Other liabilities	<u>6,795,263</u>	<u>6,080,109</u>	<u>(715,154)</u>	<u>-10.52%</u>
Total liabilities	<u>49,984,445</u>	<u>144,059,950</u>	<u>94,075,505</u>	<u>188.21%</u>
Deferred inflows related to pensions	<u>12,601,600</u>	<u>12,601,600</u>	<u>12,601,600</u>	<u>100.00%</u>
Net position:				
Net investment in capital assets	240,859,203	242,072,694	1,213,491	0.50%
Restricted	74,027,894	75,233,021	1,205,127	1.63%
Unrestricted	<u>33,091,814</u>	<u>(57,350,818)</u>	<u>(90,442,632)</u>	<u>-273.31%</u>
Total net position	<u>\$347,978,911</u>	<u>\$259,954,897</u>	<u>\$(88,024,014)</u>	<u>-25.30%</u>

By far the largest portion of Mohave County's net position (93%) reflects its **investment in capital assets** (e.g., land, buildings, infrastructure, machinery, and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. Mohave County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Mohave County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining 7% of the net position is divided into **restricted and unrestricted net position**. Restricted net position represent resources subject to external restrictions on how they may be used. The net pension liability that is being reported was applied entirely against the unrestricted net position, resulting in a negative balance. In substance the entire decrease in the unrestricted net position can be attributed to the adjustment for the net pension liability. The largest change in the net position occurred in the governmental activities. The changes are discussed separately under the following sections: Governmental activities—net position highlights, Business-type activities—net position highlights, and Capital Assets and Debt Administration.

The 2014 net position classifications were restated for the financial statements, but not for the MD&A. The restricted net position increased \$1.2 million from the prior year. The increased net investment in capital assets of \$1.2 million reflected the difference between a decrease in the offsetting debt, and a decrease in total capital assets. The difference between the amount of capital assets and the net investment in capital assets is the reduction of related outstanding debt. For more detail on capital asset additions and deletions, please see Note 6.

**Governmental activities—net position highlights:** The details of the decrease in capital assets are discussed later in this report under the Capital Assets and Debt Administration heading. The net pension asset reflects the County’s CORP pension plan, which has a pension asset, rather than a liability. Total liabilities increased \$92.6 million from last year. The large increases were all due to the addition of the pension information, effective in fiscal year 2015. That also includes the 100% increase in deferred inflows and outflows related to pensions and the decrease in the unrestricted net position. The largest net decrease to the liabilities (which offset the pension liability) was to the Beneficial interest certificates payable (BIC’s). Principal payments of \$3.8 million were made on the jail BIC’s. The decrease in other liabilities is spread between all the current liabilities. The largest decrease was in the unearned revenue related to grants. Most of the changes in current liabilities reflects timing differences in year-end payments of normal operating expenditures and receipt of grant revenues. No new debt was issued in this fiscal year.

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

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets and other assets	\$110,989,992	\$113,365,292	\$ 2,375,300	2.14%
Capital assets	253,474,299	249,789,518	(3,684,781)	-1.45%
Net pension asset	<u>556,890</u>	<u>556,890</u>	<u>556,890</u>	<u>100.00%</u>
Total assets	<u>364,464,291</u>	<u>363,711,700</u>	<u>(752,591)</u>	<u>-0.21%</u>
Deferred outflows related to pensions	<u>18,261,262</u>	<u>18,261,262</u>	<u>18,261,262</u>	<u>100.00%</u>
Long-term liabilities outstanding	35,209,173	128,561,617	93,352,444	265.14%
Other liabilities	<u>6,472,126</u>	<u>5,681,752</u>	<u>(790,374)</u>	<u>12.21%</u>
Total liabilities	<u>41,681,299</u>	<u>134,243,369</u>	<u>92,562,070</u>	<u>222.07%</u>
Deferred inflows related to pensions	<u>12,325,385</u>	<u>12,325,385</u>	<u>12,325,385</u>	<u>100.00%</u>
Net position:				
Net investment in capital assets	227,079,209	227,160,338	81,129	0.04%
Restricted	67,158,574	67,276,104	117,530	0.18%
Unrestricted	<u>28,545,209</u>	<u>(59,032,234)</u>	<u>(87,577,443)</u>	<u>-306.80%</u>
Total net position	<u>\$322,782,992</u>	<u>\$235,404,208</u>	<u>\$(87,378,784)</u>	<u>-27.07%</u>

**Governmental activities—comparative statement of activities highlights:** The current year governmental activities financial statements reflect an increase in total program revenues. The increase was due to new grants received. The decrease in general revenues was due to lower property tax revenues resulting from reduced assessed values. Other taxes increased from increases in various in-lieu taxes. The decrease in other revenues reflects reduced investment income from lower cash and investment balances.

Expenses increased less than 2% from the prior year. The County managed to maintain moderate growth in controllable expenses through increased efficiency and by offsetting increased costs with vacancy savings.

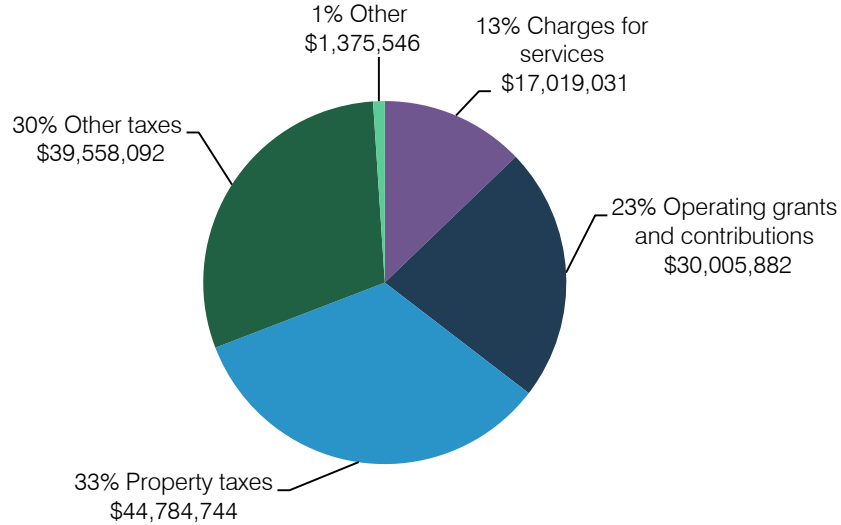
The large increase in General government expenses on this schedule reflect adjustments from the fund basis (discussed later) to government-wide. The biggest impact was from the addition of pension costs. The Library Fund's expenses were reduced from elimination entries between funds. Interest on long-term debt was reduced due to paying off the Admin building debt the prior year. The Transfer out in the prior year reflected one-time transfers to the Business-type activities. The decrease in Sanitation expense relates to one large project in the nuisance abatement fund in 2014.

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

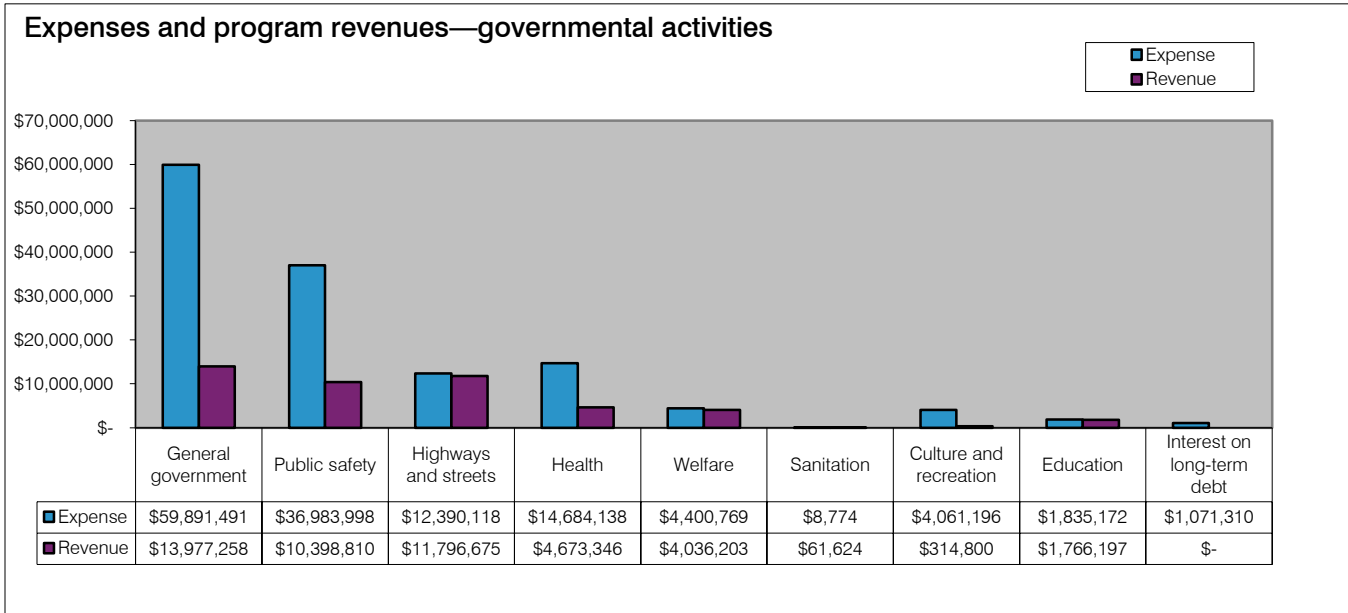
	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 17,045,288	\$ 17,019,031	\$ (26,257)	-0.15%
Operating grants and contributions	<u>26,700,761</u>	<u>30,005,882</u>	<u>3,305,121</u>	<u>12.38%</u>
Total program revenues	<u>43,746,049</u>	<u>47,024,913</u>	<u>3,278,864</u>	<u>7.50%</u>
General revenues				
Property taxes	49,634,812	44,784,744	(4,850,068)	-9.77%
Other taxes	39,038,676	39,558,092	519,416	1.33%
Other revenues	<u>1,721,502</u>	<u>1,375,546</u>	<u>(345,956)</u>	<u>-20.10%</u>
Total general revenues	<u>90,394,990</u>	<u>85,718,382</u>	<u>(4,676,608)</u>	<u>-5.17%</u>
 Total revenues	 <u>134,141,039</u>	 <u>132,743,295</u>	 <u>(1,397,744)</u>	 <u>-1.04%</u>
<b>Expenses:</b>				
General government	56,948,666	59,891,491	2,942,825	5.17%
Public safety	37,490,771	36,983,998	(506,773)	-1.35%
Highways and streets	11,112,103	12,390,118	1,278,015	11.50%
Health	14,365,125	14,684,138	319,013	2.22%
Welfare	4,563,980	4,400,769	(163,211)	-3.58%
Sanitation	38,624	8,774	(29,850)	-77.28%
Culture and recreation	4,871,808	4,061,196	(810,612)	-16.64%
Education	1,813,501	1,835,172	21,671	1.19%
Interest on long-term debt	<u>1,698,723</u>	<u>1,071,310</u>	<u>(627,413)</u>	<u>-36.93%</u>
Total expenses	<u>132,903,301</u>	<u>135,326,966</u>	<u>2,423,665</u>	<u>1.82%</u>
Increase (decrease) in net position before transfers	1,237,738	(2,583,671)	(3,821,409)	-308.74%
Transfers	<u>(89,000)</u>	<u>                    </u>	<u>89,000</u>	<u>-100.00%</u>
Increase (decrease) in net position after transfers	<u>1,148,738</u>	<u>(2,583,671)</u>	<u>(3,732,409)</u>	<u>-324.91%</u>
 Net position beginning of year, as restated	 <u>321,634,254</u>	 <u>237,987,879</u>	 <u>(83,646,375)</u>	 <u>-26.01%</u>
Net position end of year	<u>\$322,782,992</u>	<u>\$235,404,208</u>	<u>\$(87,378,784)</u>	<u>-27.07%</u>

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

**Revenues by source—Governmental activities**



The following graph represents the expenses and program revenues for governmental activities as reported in the Statement of Activities. Program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities. Total revenues generated by governmental activities (program revenues and general revenues) were \$132.7 million. General revenues of \$85.7 million are not included in this graph, though they represent 65% of total revenues reported for governmental activities. This graph indicates expenses significantly exceeded program revenues and this year, even with the addition of general revenues, there was a decrease to net position of \$2.6 million as indicated on the Statement of Activities. The decrease was a result of adding a net pension expense of \$7.9 million to the governmental activities.



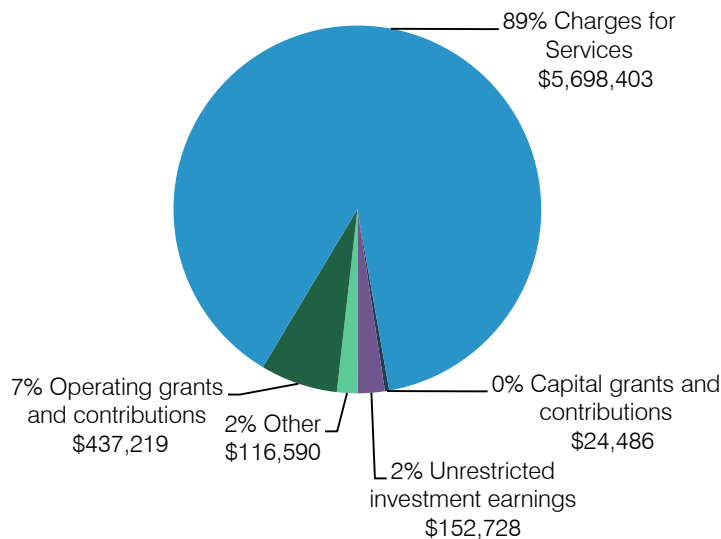
**Business-type activities—net position highlights:** The majority of the increase to capital assets was in the Other Enterprise Funds as the I-40 water corridor completed water storage tank and well site improvements. Long-term liabilities increased due the addition of pension liabilities to the financial statements pursuant to GASB 68 requirements; this change of presentation also decreased the unrestricted net position. Other liabilities increased due to a prepaid remittance of revenue to the I-40 water corridor. The decrease in unrestricted net position was also a result of the addition of the pension liability.

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

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets and other assets	\$19,719,071	\$19,541,449	\$ (177,622)	-0.90%
Capital assets	13,779,994	14,912,356	1,132,362	8.22%
Total assets	<u>33,499,065</u>	<u>34,453,805</u>	<u>954,740</u>	<u>2.85%</u>
Deferred outflows related to pensions	<u>                    </u>	<u>189,680</u>	<u>189,680</u>	<u>100.00%</u>
Long-term liabilities outstanding	7,980,009	9,418,224	1,438,215	18.02%
Other liabilities	<u>323,137</u>	<u>398,357</u>	<u>75,220</u>	<u>23.28%</u>
Total liabilities	<u>8,303,146</u>	<u>9,816,581</u>	<u>1,513,435</u>	<u>18.23%</u>
Deferred inflows related to pensions	<u>                    </u>	<u>276,215</u>	<u>276,215</u>	<u>100.00%</u>
Net position:				
Net investment in capital assets	13,779,994	14,912,356	1,132,362	8.22%
Restricted	6,869,320	7,956,917	1,087,597	15.83%
Unrestricted	<u>4,546,605</u>	<u>1,681,416</u>	<u>(2,865,189)</u>	<u>-63.02%</u>
Total net position	<u>\$25,195,919</u>	<u>\$24,550,689</u>	<u>\$ (645,230)</u>	<u>-2.56%</u>

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

**Revenues by source—business-type activities**



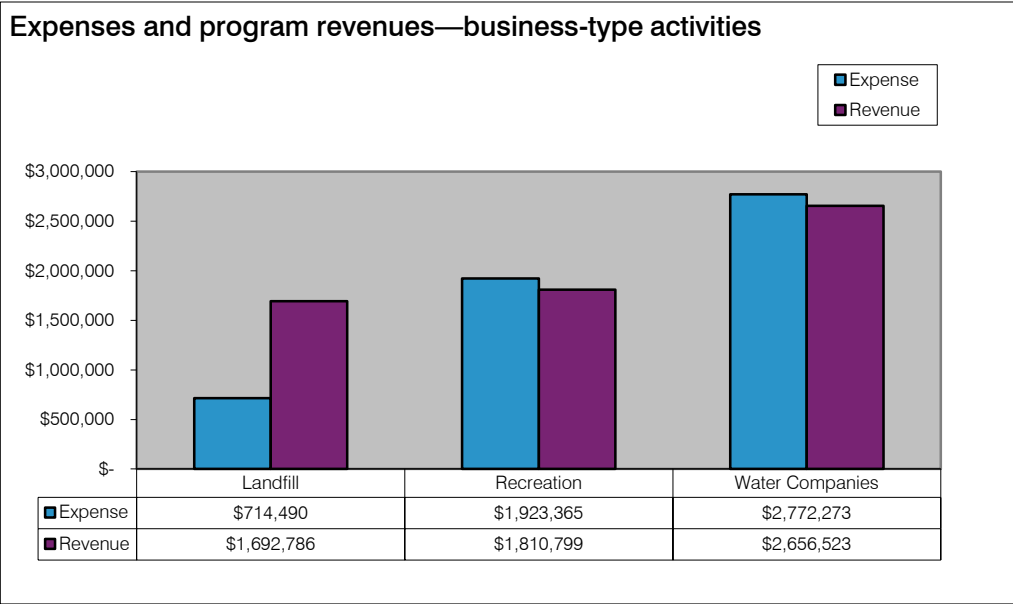
**Business-type activities—comparative statement of activities highlights:**

**Analysis of revenue and expense changes**—The Business-type activities comparative statement of activities schedule below shows an overall increase to total revenues for the year. Charges for services increased in Other Enterprise Funds due to additional cost share contributions by Griffith Energy for the major improvement projects to the I-40 water corridor infrastructure which also increased the water company expenses for the year. In addition, there were increases for entry fees in both Davis Camp and Hualapai Mountain parks. The parks director believes the increases are directly related to improvement projects to both parks. Capital grants and contributions decreased due to a one time grant issued last year for improvements to the Hualapai Mountain RV Park. Other revenues decreased due to an unrealized investment loss recorded in the current year. Expenses in the landfill decreased as a result of a significant increase in the prior year to the closure and post closure cost estimates; in the current year these estimates were not as large. Transfers decreased because of contributions from the General Fund to Other Enterprise Funds for rodeo grounds improvements last year that were not provided in the current year.

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

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 4,326,852	\$ 5,698,403	\$ 1,371,551	31.70%
Operating grants and contributions	440,934	437,219	(3,715)	-0.84%
Capital grants and contributions	<u>569,850</u>	<u>24,486</u>	<u>(545,364)</u>	<u>-95.70%</u>
Total program revenues	<u>5,337,636</u>	<u>6,160,108</u>	<u>822,472</u>	<u>15.41%</u>
General revenues				
Other taxes	100,000	100,000	-	0.00%
Other revenues	<u>264,747</u>	<u>169,318</u>	<u>(95,429)</u>	<u>-36.05%</u>
Total general revenues	<u>364,747</u>	<u>269,318</u>	<u>(95,429)</u>	<u>-26.16%</u>
Total revenues	<u>5,702,383</u>	<u>6,429,426</u>	<u>727,043</u>	<u>12.75%</u>
<b>Expenses</b>				
Landfill	1,862,114	714,490	(1,147,624)	-61.63%
Recreation	1,630,329	1,923,365	293,036	17.97%
Water companies	<u>2,435,308</u>	<u>2,772,273</u>	<u>336,965</u>	<u>13.84%</u>
Total expenses	<u>5,927,751</u>	<u>5,410,128</u>	<u>(517,623)</u>	<u>-8.73%</u>
Increase in net position before transfers	(225,368)	1,019,298	1,244,666	-552.28%
Transfers	<u>89,000</u>	<u>                    </u>	<u>(89,000)</u>	<u>-100.00%</u>
Decrease in net position after transfers	<u>(136,368)</u>	<u>1,019,298</u>	<u>1,155,666</u>	<u>-847.46%</u>
Net position beginning of year, as restated	<u>25,332,287</u>	<u>23,531,391</u>	<u>(1,800,896)</u>	<u>-7.11%</u>
Net position end of year	<u>\$25,195,919</u>	<u>\$24,550,689</u>	<u>\$ (645,230)</u>	<u>-2.56%</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

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

	General Fund	Road Fund	Flood Control Fund	Library Fund	Jail Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>2014</b>							
Assets	\$20,209,276	\$15,844,548	\$6,134,705	\$10,169,800	\$16,115,869	\$21,254,411	\$89,728,609
Liabilities	3,076,182	915,016	262,553	358,231		2,220,478	6,832,460
Deferred inflows	4,362,534		1,244,813	844,717		331,355	6,783,419
Fund balance, as restated	12,770,560	14,929,532	4,627,339	8,966,852	16,115,869	18,702,578	76,112,730
<b>2015</b>							
Assets	18,096,401	17,242,143	6,144,881	10,350,513	15,712,187	21,780,551	89,326,676
Liabilities	2,750,042	1,151,282	231,661	219,307		1,622,097	5,974,389
Deferred inflows	3,107,126		1,203,301	651,615		260,502	5,222,544
Fund balance	12,239,233	16,090,861	4,709,919	9,479,591	15,712,187	19,897,952	78,129,743
<b>Increase (decrease)</b>							
Assets	(2,112,875)	1,397,595	10,176	180,713	(403,682)	526,140	(401,933)
Liabilities	(326,140)	236,266	(30,892)	(138,924)		(598,381)	(858,071)
Deferred inflows	(1,255,408)		(41,512)	(193,102)		(70,853)	(1,560,875)
Fund balance	\$ (531,327)	\$ 1,161,329	\$ 82,580	\$ 512,739	\$ (403,682)	\$ 1,195,374	\$ 2,017,013
<b>% change</b>							
Assets	-10.45%	8.82%	0.17%	1.78%	-2.50%	2.48%	-0.45%
Liabilities	-10.60%	25.82%	-11.77%	-38.78%	0.00%	-26.95%	-12.56%
Deferred inflows	-28.78%	0.00%	-3.33%	-22.86%	0.00%	-21.38%	-23.01%
Fund balance	-4.16%	7.78%	1.78%	5.72%	-2.50%	6.39%	2.65%

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

**Governmental funds**—The focus of Mohave County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable sources. Such information is useful in assessing Mohave



County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, Mohave County's governmental funds reported combined ending fund balances of \$78.1 million, an increase of \$2 million from the prior year. Fund balances for the Road, Flood Control, Jail Debt Service, Library, and the Other Governmental Funds are nonspendable, restricted, or committed and can only be used for specific purposes.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12.2 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund unassigned fund balance equals 17% of total General Fund expenditures. The reduction in Assets was in cash and property taxes receivable. These decreases arose from reduced assessed values resulting in reduced current year property tax revenue. The deferred inflows represent deferred property tax collections. The deferred inflows reduction resulted from the collection of a significant portion of the prior year receivable.

The Road Fund had a total fund balance of \$16.1 million, of which \$216,000 is reserved for inventories and \$15.9 million is restricted and will be used for road maintenance and other approved projects for highway user funds. The current year Road Fund revenues exceeded the current year Road Fund expenditures, due to a reduced number of road projects. This reflects a corresponding increase in cash (assets) and fund balances.

The Flood Control Fund had a total fund balance of \$4.7 million, which was an increase of \$83 thousand. The increase in fund balance and assets, corresponds with the excess revenue over expenditures discussed in the next section.

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

	<u>General Fund</u>	<u>Road Fund</u>	<u>Flood Control Fund</u>	<u>Library Fund</u>	<u>Jail Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>2014</b>							
Revenues	\$73,327,282	\$13,678,671	\$ 7,755,835	\$5,926,227	\$ 12,644	\$ 29,282,539	\$129,983,198
Expenditures	72,358,919	12,707,828	11,225,127	5,407,051	4,871,562	35,981,507	142,551,994
Other financing sources (uses)	(1,269,641)	_____	(545,581)	(350,912)	4,869,000	(2,445,049)	257,817
Net change in fund balance	(301,278)	970,843	(4,014,873)	168,264	10,082	(9,144,017)	(12,310,979)
<b>2015</b>							
Revenues	72,410,954	14,634,209	8,241,812	5,865,738	4,186	29,257,245	130,414,144
Expenditures	72,226,448	13,888,920	7,642,682	4,985,737	4,871,313	25,259,295	128,874,395
Other financing sources (uses)	(715,833)	437,943	(516,550)	(367,262)	4,463,445	(2,802,576)	499,167
Net change in fund balance	(531,327)	1,183,232	82,580	512,739	(403,682)	1,195,374	2,038,916
<b>Increase (decrease)</b>							
Revenues	(916,328)	955,538	485,977	(60,489)	(8,458)	(25,294)	430,946
Expenditures	(132,471)	1,181,092	(3,582,445)	(421,314)	(249)	(10,722,212)	(13,677,599)
Other financing sources (uses)	553,808	437,943	29,031	(16,350)	(405,555)	(357,527)	241,350
<b>% change</b>							
Revenues	-1.25%	6.99%	6.27%	-1.02%	-66.89%	-0.09%	0.33%
Expenditures	-0.18%	9.29%	-31.91%	-7.79%	-0.01%	-29.80%	-9.59%
Other financing sources (uses)	-43.62%	100.00%	-5.32%	4.66%	-8.33%	14.62%	93.61%

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

**County-wide expenditures:** The County did not provide a cost of living adjustment (COLA) to employees during the year.

**The Flood Control Fund** had a total fund balance of \$4.7 million, which was a slight increase from the prior year. Expenditures decreased \$3.6 million. The design phase of the Mockingbird wash and Tierra Del Rio wash projects were completed the prior year. One time catch-up contributions to the city governments for flood control projects were also completed the prior year. That accounted for the decrease in expenditures. Revenue was up just slightly due to increased grants. Funds are restricted for ongoing County flood control projects.

The **Jail Debt Service Fund** balance decreased slightly to \$15.7 million at year end. This was due to a timing difference in making the transfer to the trustee for the July payment. The sole purpose of the fund is to collect resources for the repayment of the Jail BIC's.

**The Other Governmental Funds** had a combined fund balance of \$19.9 million at year-end. This was a net increase of \$1.2 million from the prior year. Most of the increase came from reduced capital expenditures in the County capital improvement sales tax fund and Capital projects fund. The expenditures for maintaining the administration building were absorbed into the General Fund in the current year. The expenditures for the division 7 court and Kingman animal shelter were also completed in the prior year. Overall, most Other Governmental funds had revenue exceeding expenditures allowing for the increase.

### ***Proprietary funds***

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

**Statement of Net Position-Business-type Activities**—Net position for the enterprise funds, in total, increased from the prior year. After recording depreciation expense, which does not affect available cash, the G.V.I.D. Fund reflected a net loss.

**Statement of Net Position-Governmental Activities-Internal Service Funds**—Net position for the internal service funds increased over the prior year. The largest portion of the net position for the internal service funds is the unrestricted net position. Most of these funds carry a sizable reserve for a combination of future fixed asset purchases or as a hedge against unexpected and planned future expenses. The Employee Benefit Trust Fund (EBT) is required by the actuary to carry a large reserve and the Vehicle Replacement Fund was designed to collect funds for future vehicle purchases, to replace an aging fleet systematically based on a combination of usage and age. The balance in this fund represents approximately 6 years of vehicle purchases, by design. These two funds represent more than 70% of the unrestricted fund balance in the eight internal service funds.

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

**Statement of Revenues, Expenses, and Changes in Fund Net Position-Governmental Activities Internal Service Funds**—The income (loss) before transfers increased from the prior year by \$2.4 million. Total operating revenues decreased by \$329 thousand and operating expenses decreased by approximately \$2.8 million in total for all the internal service funds. The majority of the decrease in expenses came from a decrease in insurance claims and judgments of \$3.7 million in the EBT fund. Of the \$3.7 million decrease, \$1.5 million was a reclassification of administration costs from insurance claims to professional services. The remaining difference was a result of having fewer major claims that went to the County's excess insurance carrier.

## General Fund Budgetary Highlights

### **Variances between Original Budget and Final Budget**

**Revenues:** There was only one adjustment to final budgeted revenues, a contribution of \$26,000 was added to record the fair value of a vehicle contributed to the Sheriff's office.

**Expenditures:** Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments. The total budgeted expenditures between the original and final budgets for 2015 increased by \$1.2 million with the majority of that increase in the General administration fund due to the reclassification of the liability insurance payment from a general fund transfer to an expenditure line item. Original Budgeted expenditures increased \$4.6 million over 2014. That increase reflected a \$4 million increase in contingency (carryover funds budgeted to cover unplanned expenditures) and an increase of \$.6 million over all other expenditures. Total actual expenditures were below budgeted expenditures by \$9.7 million, \$1.7 million of that amount was public safety expenditures, \$4.5 million contingency, and the remaining \$3.5 million was spread throughout the rest of the general government.

## **Variance between Final Budget and Actual Revenues or Expenditures**

Variance 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.

**Revenues:** The General Fund revenue was less than the total amount budgeted by \$5.6 million (7%). The largest difference was in property tax revenue. The budget for property tax was decreased slightly by 2% from the prior year. Property tax revenue collected was 11% short of the decreased budget amount. This was due to slow collections and court approved tax settlement adjustments of approximately \$1 million. Miscellaneous revenue was budgeted at \$618,435 and was only realized at \$135,612, a shortfall of \$482,763 (78%).

**Expenditures:** Actual expenditures for the General fund were within \$132 thousand of the prior year. They were less than budgeted expenditures by \$9.7 million, including unspent contingency of \$4.5 million. This accounted for a majority of the remaining unspent budget. The County contingency expenditure budget was \$5 million in 2015, in comparison with \$950,000 the prior year. During fiscal year 2015, the County transferred \$500,000 of the original budget for contingency expenditures to other General Fund departments. The balance of available budget is scattered throughout the other departments. Most departments were able to maintain operating expenses at the prior year level or reduce them. Vacancy savings and reducing staff by attrition was also employed as a cost reduction method.

**Other financing sources (uses):** Transfers out to other funds decreased \$1.3 million from the prior year. That amount reflects a decrease in Transfers out to capital project funds. There were sufficient carryover balances to fund the current year budgeted projects. A repayment to the records fund was also not needed along with other reductions in transfers out. These reductions were offset by not having any new capital leases in the current year. In 2014 there was a new 5 year copier lease for \$0.5 million reflected as a source. Transfers in also declined slightly.

## **Capital Assets and Debt Administration**

**Capital assets**—Mohave County's investment in capital assets for its governmental and business-type activities as of June 30, 2015, is \$265 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. In Governmental activities there was a 27% decrease in capital assets not being depreciated. The primary cause of the change was three large flood control projects completed during the year. The value of these completed projects was moved to capital assets being depreciated. The \$7.9 million increase in the governmental assets being depreciated (net of accumulated depreciation) is the net of transfers in from construction in progress and current year depreciation expense. The 8.2% increase in the business-type activities was due to major well and water storage tank improvements to the I-40 water system.

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

	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated	\$ 42,484,323	\$ 30,866,448	\$(11,617,875)	-27.35%
Capital assets, being depreciated	<u>210,989,976</u>	<u>218,923,070</u>	<u>7,933,094</u>	<u>3.76%</u>
Total governmental capital assets	<u>253,474,299</u>	<u>249,789,518</u>	<u>(3,684,781)</u>	<u>-1.45%</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated	1,960,709	1,960,709		0.00%
Capital assets, being depreciated	<u>11,819,285</u>	<u>12,951,647</u>	<u>1,132,362</u>	<u>9.58%</u>
Total business-type capital assets	<u>13,779,994</u>	<u>14,912,356</u>	<u>1,132,362</u>	<u>8.22%</u>
<b>Total governmental and business-type activities</b>				
Capital assets, not being depreciated	44,445,032	32,827,157	(11,617,875)	-26.14%
Capital assets, being depreciated	<u>222,809,261</u>	<u>231,874,717</u>	<u>9,065,456</u>	<u>4.07%</u>
Total capital assets	<u>\$267,254,293</u>	<u>\$264,701,874</u>	<u>\$ (2,552,419)</u>	<u>-0.96%</u>

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

- The County retired 38 aging vehicles and 6 pieces of heavy road equipment from the fleet and purchased 42 new vehicles and 9 pieces of heavy equipment at a total cost of \$2.7 million. Various sources funded these purchases; 22 from the Vehicle Replacement fund, 14 vehicles and 9 pieces of heavy equipment from the Road Fund, 2 from business-type activities, and 4 from Other Governmental Funds.
- Three flood control projects were completed and removed from the construction in progress assets for a total of \$11.1 million.
- Improvements to the I-40 water system wells and storage tanks.
- Improvements to the Bullhead City judicial facility.

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

**Long-term liabilities**—At the current fiscal year end, Mohave County had total long-term liabilities outstanding of \$138 million. The County implemented the provisions of GASB No. 68 which required adding net pension liabilities of \$99.3 million to the statement of net position. In addition, \$21.6 million is related to completed construction projects which is backed as follows: \$15 million of funds set aside for early repayment of debt and \$6.6 million backed by government buildings used as collateral for BICs issued. The remainder of Mohave County's long-term liabilities are comprised of claims and judgments payable, landfill closure and post closure care costs payable, capital leases payable, and compensated absences payable, which are all incurred during normal operations.

State statutes limit the amount of general obligation debt a government entity may issue to 6% of its total secondary assessed valuation, without taxpayer approval, and up to 15% with the approval of a majority of taxpayers. The debt limit for Mohave County for fiscal year 2015 was \$105.42 million (6% of \$1.757 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt.

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

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

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

The average unemployment rate for Mohave County in 2015 was 8.1%, a decrease of .4% from the prior year. The unemployment rate in Mohave County is higher than the State's 2015 average unemployment rate of 6.1% and also higher than the national average rate 5.3%.

All of these factors were considered in preparing and developing Mohave County's budget for the 2016 fiscal year.

## Requests for Information

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

Mohave County Finance  
P.O. Box 7000  
Kingman, AZ 86402-7000

## Basic Financial Statements

Mohave County  
Statement of Net Position  
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 83,598,084	\$ 17,397,707	\$ 100,995,791
Receivables (net of allowances for uncollectibles):			
Property taxes	5,675,292	11	5,675,303
Accounts	964,348	237,280	1,201,628
Accrued interest	31,648	6,631	38,279
Due from other governments	5,613,715	149,803	5,763,518
Inventories	268,393	220,914	489,307
Prepaid items	219,736	1,253	220,989
Cash and investments held by trustee	16,213,068		16,213,068
Restricted cash		995,847	995,847
Internal balances	(532,003)	532,003	
Restricted assets-HUD properties	1,313,011		1,313,011
Capital assets, not being depreciated	30,866,448	1,960,709	32,827,157
Capital assets, being depreciated, net	218,923,070	12,951,647	231,874,717
Net Pension asset	556,890		556,890
Total assets	<u>363,711,700</u>	<u>34,453,805</u>	<u>398,165,505</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	18,261,262	189,680	18,450,942
Total deferred outflows of resources	<u>18,261,262</u>	<u>189,680</u>	<u>18,450,942</u>
<b>Liabilities</b>			
Accounts payable	2,177,357	142,754	2,320,111
Accrued payroll and employee benefits	3,239,812	68,438	3,308,250
Due to other governments	76,727	(362)	76,365
Deposits held for others	187,774	77,175	264,949
Unearned revenue	82	110,352	110,434
Noncurrent liabilities			
Due within 1 year	12,195,687	131,885	12,327,572
Due in more than 1 year	116,365,930	9,286,339	125,652,269
Total liabilities	<u>134,243,369</u>	<u>9,816,581</u>	<u>144,059,950</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	12,325,385	276,215	12,601,600
Total deferred inflows of resources	<u>12,325,385</u>	<u>276,215</u>	<u>12,601,600</u>
<b>Net Position</b>			
Net investment in capital assets	227,160,338	14,912,356	242,072,694
Restricted for:			
General government	11,117,247		11,117,247
Public safety	10,079,757		10,079,757
Highways and streets	15,875,146		15,875,146
Health	1,448,764		1,448,764
Welfare	909,381		909,381
Sanitation		6,961,070	6,961,070
Culture and recreation	10,123,746		10,123,746
Education	308,764		308,764
Debt service	14,693,243		14,693,243
Capital projects	918,916	995,847	1,914,763
Other purposes	1,801,140		1,801,140
Unrestricted (deficit)	(59,032,234)	1,681,416	(57,350,818)
Total net position	<u>\$ 235,404,208</u>	<u>\$ 24,550,689</u>	<u>\$ 259,954,897</u>

See accompanying notes to the financial statements.



Mohave County  
Statement of Activities  
Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 59,891,491	\$ 10,632,587	\$ 3,344,671		\$ (45,914,233)		\$ (45,914,233)
Public safety	36,983,998	3,832,446	6,566,364		(26,585,188)		(26,585,188)
Highways and streets	12,390,118	222,675	11,574,000		(593,443)		(593,443)
Health	14,684,138	1,596,979	3,076,367		(10,010,792)		(10,010,792)
Welfare	4,400,769	484,964	3,551,239		(364,566)		(364,566)
Sanitation	8,774	61,624			52,850		52,850
Culture and recreation	4,061,196	104,182	210,618		(3,746,396)		(3,746,396)
Education	1,835,172	83,574	1,682,623		(68,975)		(68,975)
Interest on long-term debt	1,071,310				(1,071,310)		(1,071,310)
Total governmental activities	<u>135,326,966</u>	<u>17,019,031</u>	<u>30,005,882</u>		<u>(88,302,053)</u>		<u>(88,302,053)</u>
Business-type activities:							
Landfill	714,490	1,255,567	437,219			978,296	978,296
Recreation	1,923,365	1,786,313		24,486		(112,566)	(112,566)
Water companies	<u>2,772,273</u>	<u>2,656,523</u>				<u>(115,750)</u>	<u>(115,750)</u>
Total business-type activities	<u>5,410,128</u>	<u>5,698,403</u>	<u>437,219</u>	<u>24,486</u>		<u>749,980</u>	<u>749,980</u>
Total primary government	<u>\$ 140,737,094</u>	<u>\$ 22,717,434</u>	<u>\$ 30,443,101</u>	<u>\$ 24,486</u>	<u>\$ (88,302,053)</u>	<u>\$ 749,980</u>	<u>\$ (87,552,073)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					37,380,624		37,380,624
Property taxes, levied for flood control					7,306,757		7,306,757
Property taxes, levied for special assessments					97,363		97,363
Share of state sales taxes					20,529,706		20,529,706
Special county sales tax for capital projects					6,337,207		6,337,207
Auto-lieu tax					8,989,711		8,989,711
Federal in-lieu tax					3,163,649	100,000	3,263,649
Local in-lieu tax					17,652		17,652
Utilities franchise tax					520,167		520,167
County equalization revenue					131,802		131,802
Investment earnings					605,926	152,728	758,654
Miscellaneous					175,559	14,590	190,149
Rent					147,355	2,000	149,355
Gain (loss) on disposal of capital assets					<u>314,904</u>		<u>314,904</u>
Total general revenues					<u>85,718,382</u>	<u>269,318</u>	<u>85,987,700</u>
Change in net position					(2,583,671)	1,019,298	(1,564,373)
Net position, as restated, July 1, 2014					<u>237,987,879</u>	<u>23,531,391</u>	<u>261,519,270</u>
Net position, June 30, 2015					<u>\$ 235,404,208</u>	<u>\$ 24,550,689</u>	<u>\$ 259,954,897</u>

See accompanying notes to the financial statements.

Mohave County  
Balance Sheet  
Governmental Funds  
June 30, 2015

	General Fund	Road Fund	Flood Control Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 12,220,908	\$ 15,814,782	\$ 4,579,591	\$ 1,018,721	\$ 9,540,736	\$ 17,988,695	\$ 61,163,433
Cash and investments held by trustee				14,693,243		918,916	15,612,159
Receivables (net of allowances for uncollectibles):							
Property taxes	3,605,298		1,113,095		763,631	193,268	5,675,292
Accounts	503,288	1,628	100		32,119	302,632	839,767
Accrued interest	4,500	6,163	2,840	223	3,530	6,942	24,198
Due from:							
Other funds	22,069	6,262			2,837	98,912	130,080
Other governments	1,720,722	1,197,593	443,327		200	2,247,589	5,609,431
Inventories		215,715					215,715
Prepaid items	19,616		5,928		7,460	23,597	56,601
Total assets	<u>\$ 18,096,401</u>	<u>\$ 17,242,143</u>	<u>\$ 6,144,881</u>	<u>\$ 15,712,187</u>	<u>\$ 10,350,513</u>	<u>\$ 21,780,551</u>	<u>\$ 89,326,676</u>
<b>Liabilities</b>							
Accounts payable	575,490	855,597	174,997		81,480	238,269	1,925,833
Accrued payroll and employee benefits	2,055,876	295,685	56,474		134,990	570,963	3,113,988
Due to:							
Other funds	42,682		190		2,837	83,679	129,388
Other governments						76,727	76,727
Deposits held for others	75,994					111,780	187,774
Advances payable - Landfill						540,679	540,679
Total liabilities	<u>2,750,042</u>	<u>1,151,282</u>	<u>231,661</u>		<u>219,307</u>	<u>1,622,097</u>	<u>5,974,389</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue—property taxes	3,107,126		945,463		651,615	170,693	4,874,897
Unavailable revenue—intergovernmental			257,838			89,809	347,647
Total deferred inflows of resources	<u>3,107,126</u>		<u>1,203,301</u>		<u>651,615</u>	<u>260,502</u>	<u>5,222,544</u>
<b>Fund Balances</b>							
Nonspendable	19,616	215,715	5,928		7,460	23,597	272,316
Restricted		15,875,146	4,703,991	14,693,243	9,472,131	15,507,909	60,252,420
Committed				1,018,944		4,825,643	5,844,587
Unassigned	12,219,617					(459,197)	11,760,420
Total fund balances	<u>12,239,233</u>	<u>16,090,861</u>	<u>4,709,919</u>	<u>15,712,187</u>	<u>9,479,591</u>	<u>19,897,952</u>	<u>78,129,743</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,096,401</u>	<u>\$ 17,242,143</u>	<u>\$ 6,144,881</u>	<u>\$ 15,712,187</u>	<u>\$ 10,350,513</u>	<u>\$ 21,780,551</u>	<u>\$ 89,326,676</u>

See accompanying notes to the financial statements.

Mohave County  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Government-wide Statement of Net Position  
 June 30, 2015

Fund balances—total governmental funds		\$ 78,129,743
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and restricted assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		246,701,956
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Property taxes receivable	4,874,897	
Grant receivables	347,647	5,222,544
Net pension assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds		556,890
Long-term liabilities, such as net pension liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as a liability in the funds		(94,568,064)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		6,107,775
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, and telecommunications to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		21,580,786
Some liabilities, including beneficial interest certificates payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Beneficial interest certificates	(21,570,000)	
Capital leases payable	(410,764)	
Compensated absences	(6,346,658)	(28,327,422)
Net position of governmental activities		\$ 235,404,208

See accompanying notes to the financial statements.

Mohave County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2015

	General Fund	Road Fund	Flood Control Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 33,015,606		\$ 7,306,757		\$ 5,495,885	\$ 7,674,180	\$ 53,492,428
Special assessments						97,364	97,364
Licenses and permits	668,415	\$ 30,500	6,050			668,735	1,373,700
Intergovernmental	30,776,229	14,220,940	760,117		27,575	14,853,292	60,638,153
Charges for services	6,250,108	191,052	98,988		44,445	4,538,205	11,122,798
Fines and forfeits	1,472,586	1,123	500		59,737	949,596	2,483,542
Investment earnings	65,953	105,340	64,453	\$ 4,186	51,940	181,238	473,110
Rents		75,563				126,792	202,355
Contributions	26,385				185,618	154,365	366,368
Miscellaneous	135,672	9,691	4,947		538	13,478	164,326
Total revenues	<u>72,410,954</u>	<u>14,634,209</u>	<u>8,241,812</u>	<u>4,186</u>	<u>5,865,738</u>	<u>29,257,245</u>	<u>130,414,144</u>
<b>Expenditures:</b>							
Current:							
General government	36,989,785					4,543,938	41,533,723
Public safety	25,085,017		7,642,682			6,669,546	39,397,245
Highways and streets		13,888,920					13,888,920
Sanitation						8,774	8,774
Health	9,642,469					5,962,174	15,604,643
Welfare						4,504,665	4,504,665
Culture and recreation					4,941,599		4,941,599
Education	400,442					1,822,598	2,223,040
Capital outlay						1,733,279	1,733,279
Debt service:							
Principal retirement	101,968			3,820,000	42,354	14,143	3,978,465
Interest and fiscal charges	6,767			1,051,313	1,784	178	1,060,042
Total expenditures	<u>72,226,448</u>	<u>13,888,920</u>	<u>7,642,682</u>	<u>4,871,313</u>	<u>4,985,737</u>	<u>25,259,295</u>	<u>128,874,395</u>
Excess (deficiency) of revenues over expenditures	<u>184,506</u>	<u>745,289</u>	<u>599,130</u>	<u>(4,867,127)</u>	<u>880,001</u>	<u>3,997,950</u>	<u>1,539,749</u>
<b>Other financing sources (uses):</b>							
Transfers in	1,177,798			4,463,445		3,220,456	8,861,699
Transfers out	(1,893,631)		(516,550)		(367,262)	(6,023,032)	(8,800,475)
Sale of Capital assets		437,943					437,943
Total other financing sources (uses)	<u>(715,833)</u>	<u>437,943</u>	<u>(516,550)</u>	<u>4,463,445</u>	<u>(367,262)</u>	<u>(2,802,576)</u>	<u>499,167</u>
Net change in fund balances	(531,327)	1,183,232	82,580	(403,682)	512,739	1,195,374	2,038,916
Fund balances, July 1, 2014	12,770,560	14,929,532	4,627,339	16,115,869	8,966,852	18,702,578	76,112,730
Changes in nonspendable resources:							
Increase (decrease) in inventories		(21,903)					(21,903)
Fund balances, June 30, 2015	<u>\$ 12,239,233</u>	<u>\$ 16,090,861</u>	<u>\$ 4,709,919</u>	<u>\$ 15,712,187</u>	<u>\$ 9,479,591</u>	<u>\$ 19,897,952</u>	<u>\$ 78,129,743</u>

See accompanying notes to the financial statements.

Mohave County  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
 Changes in Fund Balances to the Government-wide Statement of Activities  
 Year Ended June 30, 2015

Net change in fund balances—total governmental funds \$ 2,038,916

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	6,535,487	
Depreciation expense	<u>(10,052,832)</u>	(3,517,345)

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.

(307,252)

County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for charges in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

County pension contributions	5,958,231	
Pension expense	<u>(13,915,061)</u>	(7,956,830)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the Statement of Activities.

Capital lease principal repaid	158,465	
Beneficial interest certificates principal repaid	<u>3,820,000</u>	3,978,465

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		429,878
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(18,793)

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

Decrease in supply inventory		(21,903)
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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.

2,791,193

Change in net position of governmental activities \$ (2,583,671)

See accompanying notes to the financial statements.

Mohave County  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-Type Activities—Enterprise Funds			Total	Governmental Activities— Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 13,950,145	\$ 1,173,880	\$ 2,273,682	\$ 17,397,707	\$ 22,434,651
Cash and investments held by trustee					600,909
Receivables (net of allowances for uncollectibles):					
Property taxes		11		11	
Accounts	138,753	51,144	47,383	237,280	124,581
Accrued interest	4,992	634	1,005	6,631	7,450
Due from:					
Other Funds			92	92	7,984
Other governments	107,047		42,756	149,803	4,284
Inventories		129,132	91,782	220,914	52,678
Prepaid items	895		358	1,253	163,135
Total current assets	<u>14,201,832</u>	<u>1,354,801</u>	<u>2,457,058</u>	<u>18,013,691</u>	<u>23,395,672</u>
Noncurrent assets:					
Restricted cash		560,207	435,640	995,847	
Advance to other funds	540,679			540,679	
Capital assets, net of accumulated depreciation, where applicable:					
Land	438,549	40,388	1,481,772	1,960,709	
Infrastructure, net	794,699	5,064,883	5,372,657	11,232,239	
Buildings, net		42,386	1,207,018	1,249,404	
Equipment, net	4,205	95,320	370,479	470,004	4,400,573
Total noncurrent assets	<u>1,778,132</u>	<u>5,803,184</u>	<u>8,867,566</u>	<u>16,448,882</u>	<u>4,400,573</u>
Total assets	<u>15,979,964</u>	<u>7,157,985</u>	<u>11,324,624</u>	<u>34,462,573</u>	<u>27,796,245</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflow related to pensions	<u>20,865</u>	<u>30,348</u>	<u>138,467</u>	<u>189,680</u>	<u>376,783</u>
Total deferred outflows of resources	<u>20,865</u>	<u>30,348</u>	<u>138,467</u>	<u>189,680</u>	<u>376,783</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	65,234	5,854	71,666	142,754	251,524
Accrued payroll and employee benefits	10,152	9,911	48,375	68,438	125,824
Due to:					
Other funds	170		8,598	8,768	
Other governments		4,010	(4,372)	(362)	
Deposits held for others		52,175	25,000	77,175	
Unearned revenues		18,397	91,955	110,352	82
Current portion of:					
Capital leases payable					319,085
Compensated absences payable	25,656	12,604	93,625	131,885	252,550
Claims and judgments payable					1,564,364
Total current liabilities	<u>101,212</u>	<u>102,951</u>	<u>334,847</u>	<u>539,010</u>	<u>2,513,429</u>

See accompanying notes to the financial statements.

Mohave County  
Statement of Net Position  
Proprietary Funds  
June 30, 2015  
(Concluded)

	<b>Business-Type Activities—Enterprise Funds</b>				<b>Governmental Activities— Internal Service Funds</b>
	<b>Landfill Fund</b>	<b>G.V.I.D. Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
Noncurrent liabilities:					
Capital leases payable					\$ 329,331
Landfill closure and postclosure care costs payable	\$ 7,673,815			\$ 7,673,815	
Compensated absences payable	6,414	\$ 3,151	\$ 23,406	32,971	63,137
Net Pension Liability	<u>173,751</u>	<u>252,728</u>	<u>1,153,074</u>	<u>1,579,553</u>	<u>3,137,664</u>
Total noncurrent liabilities	<u>7,853,980</u>	<u>255,879</u>	<u>1,176,480</u>	<u>9,286,339</u>	<u>3,530,132</u>
Total liabilities	<u>7,955,192</u>	<u>358,830</u>	<u>1,511,327</u>	<u>9,825,349</u>	<u>6,043,561</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflow related to pensions	<u>30,384</u>	<u>44,194</u>	<u>201,637</u>	<u>276,215</u>	<u>548,681</u>
Total deferred inflows of resources	<u>30,384</u>	<u>44,194</u>	<u>201,637</u>	<u>276,215</u>	<u>548,681</u>
<b>Net Position</b>					
Net investment in capital assets	1,237,453	5,242,977	8,431,926	14,912,356	3,752,157
Restricted for:					
Capital projects		560,207	435,640	995,847	
Sanitation	6,961,070			6,961,070	
Unrestricted	<u>(183,270)</u>	<u>982,125</u>	<u>882,561</u>	<u>1,681,416</u>	<u>17,828,629</u>
Total net position	<u>\$ 8,015,253</u>	<u>\$ 6,785,309</u>	<u>\$ 9,750,127</u>	<u>\$ 24,550,689</u>	<u>\$ 21,580,786</u>

See accompanying notes to the financial statements.

Mohave County  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended June 30, 2015

	<u>Business-Type Activities—Enterprise Funds</u>				<u>Governmental Activities— Internal Service Funds</u>
	<u>Landfill Fund</u>	<u>G.V.I.D. Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Operating revenues:					
Charges for services	\$ 1,255,567	\$ 598,047	\$ 3,844,789	\$ 5,698,403	\$ 21,669,824
Miscellaneous		6,565	8,025	14,590	11,233
Total operating revenues	<u>1,255,567</u>	<u>604,612</u>	<u>3,852,814</u>	<u>5,712,993</u>	<u>21,681,057</u>
Operating expenses:					
Personnel services	265,531	204,716	1,090,305	1,560,552	2,794,533
Supplies	4,859	91,346	163,772	259,977	461,785
Professional services	429,499	137,964	189,111	756,574	2,073,873
Communications	2,470	20,859	26,836	50,165	660,997
Insurance		13,478	100,130	113,608	823,736
Landfill closure and postclosure care costs	(176,017)			(176,017)	
Insurance claims					8,813,148
Lawsuit judgments					53,510
Repairs and maintenance	619	64,717	218,762	284,098	68,557
Public utility service	43,485	97,357	808,058	948,900	
Rents and leases	3,274	13,440	20,827	37,541	715,343
Depreciation	53,594	331,399	776,709	1,161,702	1,466,761
Other	<u>87,176</u>	<u>37,932</u>	<u>287,920</u>	<u>413,028</u>	<u>1,050,167</u>
Total operating expenses	<u>714,490</u>	<u>1,013,208</u>	<u>3,682,430</u>	<u>5,410,128</u>	<u>18,982,410</u>
Operating income (loss)	<u>541,077</u>	<u>(408,596)</u>	<u>170,384</u>	<u>302,865</u>	<u>2,698,647</u>
Nonoperating revenues (expenses):					
Investment earnings	111,985	13,799	26,944	152,728	132,816
Rent income		2,000		2,000	
Interest expense					(11,268)
Grants	437,219		124,486	561,705	
Gain (Loss) on disposal of capital assets					<u>32,222</u>
Total nonoperating revenues	<u>549,204</u>	<u>15,799</u>	<u>151,430</u>	<u>716,433</u>	<u>153,770</u>
Income (loss) before contributions, gains, losses, and transfers	1,090,281	(392,797)	321,814	1,019,298	2,852,417
Capital contributions					
Transfers in					31,386
Transfers out					<u>(92,610)</u>
Increase (decrease) in net position	1,090,281	(392,797)	321,814	1,019,298	2,791,193
Net position, as restated, July 1, 2014	<u>6,924,972</u>	<u>7,178,106</u>	<u>9,428,313</u>	<u>23,531,391</u>	<u>18,789,593</u>
Net position, June 30, 2015	<u>\$ 8,015,253</u>	<u>\$ 6,785,309</u>	<u>\$ 9,750,127</u>	<u>\$ 24,550,689</u>	<u>\$ 21,580,786</u>

See accompanying notes to the financial statements.



Mohave County  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015

	<u>Business-Type Activities- Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Landfill Fund</u>	<u>G.V.I.D. Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,239,114	\$ 590,562	\$ 3,973,262	\$ 5,802,938	\$ 920,081
Receipts from interfund services provided					21,081,278
Payments to suppliers	(501,193)	(360,580)	(1,526,831)	(2,388,604)	(14,594,412)
Payments for employee wages and benefits	(252,658)	(201,254)	(1,062,266)	(1,516,178)	(2,770,762)
Payments for interfund services used	<u>(37,979)</u>	<u>(98,312)</u>	<u>(161,709)</u>	<u>(298,000)</u>	<u>(344,470)</u>
Net cash provided by (used for) operating activities	<u>447,284</u>	<u>(69,584)</u>	<u>1,222,456</u>	<u>1,600,156</u>	<u>4,291,715</u>
Cash flows from noncapital financing activities:					
Payment on advance to other fund	98,285			98,285	
Transfers from other funds					31,386
Transfers to other funds					(92,610)
Rent income		2,000		2,000	
Subsidy from noncapital grant	<u>434,797</u>		<u>100,000</u>	<u>534,797</u>	
Net cash provided by (used for) noncapital financing activities	<u>533,082</u>	<u>2,000</u>	<u>100,000</u>	<u>635,082</u>	<u>(61,224)</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(29,658)	(19,850)	(2,244,556)	(2,294,064)	(1,083,235)
Principal paid on capital debt					(404,199)
Proceeds from sales of capital assets					128,927
Interest paid on capital debt					(11,268)
Net cash (used for) capital and related financing activities	<u>(29,658)</u>	<u>(19,850)</u>	<u>(2,244,556)</u>	<u>(2,294,064)</u>	<u>(1,369,775)</u>
Cash flows from investing activities:					
Decrease in fair value of investments	(9,626)	(2,322)	(7,824)	(19,772)	(8,483)
Interest and dividends received	<u>122,556</u>	<u>16,382</u>	<u>35,346</u>	<u>174,284</u>	<u>141,781</u>
Net cash provided by investing activities	<u>112,930</u>	<u>14,060</u>	<u>27,522</u>	<u>154,512</u>	<u>133,298</u>
Net increase (decrease) in cash and cash equivalents	1,063,638	(73,374)	(894,578)	95,686	2,994,014
Cash and cash equivalents, July 1, 2014	<u>12,886,507</u>	<u>1,807,461</u>	<u>3,603,900</u>	<u>18,297,868</u>	<u>20,041,546</u>
Cash and cash equivalents, June 30, 2015	<u>\$ 13,950,145</u>	<u>\$ 1,734,087</u>	<u>\$ 2,709,322</u>	<u>\$ 18,393,554</u>	<u>\$ 23,035,560</u>

See accompanying notes to the financial statements.

Mohave County  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015  
(Concluded)

	<u>Business-Type Activities- Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Landfill Fund</u>	<u>G.V.I.D. Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 541,077	\$ (408,596)	\$ 170,384	\$ 302,865	\$ 2,698,647
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	53,594	331,399	776,709	1,161,702	1,466,761
Landfill closure and postclosure care costs	(176,017)			(176,017)	
Changes in assets deferred outflow of resources, liabilities, and deferred inflow of resources:					
Receivables, (increase) decrease	(16,453)	1,032	32,938	17,517	330,800
Due from other funds, (increase)			(92)	(92)	(7,984)
Due from other governments, (increase) decrease			718	718	(2,596)
Inventories, (increase) decrease		44,053	130,436	174,489	(998)
Prepaid items, (increase) decrease	(895)		(358)	(1,253)	5,490
Deferred outflows of resources related to pensions, (increase)	(9,539)	(13,875)	(63,302)	(86,716)	(172,253)
Accounts payable, increase (decrease)	32,935	(25,752)	(11,708)	(4,525)	(54,047)
Due to other funds, increase (decrease)	170		8,598	8,768	(265)
Due to other governments, (decrease)		(879)	(5,163)	(6,042)	
Accrued payroll and employee benefits, increase	2,047	442	5,646	8,135	10,221
Compensated absences payable, increase	10,654	2,771	21,254	34,679	10,450
Unearned revenues, increase		3,617	91,955	95,572	82
Deposits held for others, (decrease)		(17,920)		(17,920)	
Claims and judgments payable (decrease)					(167,946)
Net pension liability, (decrease)	(20,673)	(30,070)	(137,196)	(187,939)	(373,328)
Deferred inflows of resources related to pensions, increase	30,384	44,194	201,637	276,215	548,681
Total adjustments	(93,793)	339,012	1,052,072	1,297,291	1,593,068
Net cash provided by (used by) operating activities	<u>\$ 447,284</u>	<u>\$ (69,584)</u>	<u>\$ 1,222,456</u>	<u>\$ 1,600,156</u>	<u>\$ 4,291,715</u>
Cash at June 30, 2015, comprises of the following:					
Cash and investments	\$ 13,950,145	\$ 1,173,880	\$ 2,273,682	\$ 17,397,707	\$ 22,434,651
Restricted cash		560,207	435,640	995,847	600,909
Total	<u>\$ 13,950,145</u>	<u>\$ 1,734,087</u>	<u>\$ 2,709,322</u>	<u>\$ 18,393,554</u>	<u>\$ 23,035,560</u>

Noncash investing, capital, and noncapital financing activities:

The Internal Service Funds obtained computer equipment financed by a capital lease in the amount of \$616,754.

See accompanying notes to the financial statements.

Mohave County  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	<u>Investment Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and investments	<u>\$ 37,072,079</u>	<u>\$ 138,613</u>
Total assets	<u>37,072,079</u>	<u>138,613</u>
<b>Liabilities</b>		
Deposits held for others	<u>                    </u>	<u>138,613</u>
Total liabilities	<u>                    </u>	<u>\$ 138,613</u>
<b>Net Position</b>		
Held in trust for investment trust participants	<u>\$ 37,072,079</u>	

See accompanying notes to the financial statements.

Mohave County  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2015

	<u>Investment Trust Funds</u>
Additions:	
Contributions from participants	\$ 280,018,819
Investment earnings:	
Interest and dividend income	409,296
Net decrease in fair value of investments	<u>(57,793)</u>
Net investment earnings	<u>351,503</u>
Total additions	<u>280,370,322</u>
Deductions:	
Distributions to participants	<u>(281,980,963)</u>
Total deductions	<u>(281,980,963)</u>
Change in net position	(1,610,641)
Net position, July 1, 2014	<u>38,682,720</u>
Net position, June 30, 2015	<u><u>\$ 37,072,079</u></u>

See accompanying notes to the financial statements.

Mohave County  
Notes to Financial Statements  
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

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

For the year ended June 30, 2015, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures related to pension benefits provided through the defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

A. Reporting Entity

Mohave County is a general purpose local government that is governed by a separately elected board of 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 so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The County has no discretely presented component units. Each blended component unit discussed in the table has a June 30 year-end.

The following table describes the County's component units:

<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; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available
Mohave County Library District	A tax-levying district that provides and maintains library services for county residents; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available

Mohave County  
Notes to Financial Statements  
June 30, 2015

<b>Component Unit</b>	<b>Description; Criteria for Inclusion</b>	<b>Reporting Method</b>	<b>For Separate Financial Statements</b>
Mohave County Television District	A tax-levying district that provides and maintains communication equipment resources to provide television signals to residents; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available
Mohave County Holiday Lighting District	A tax-levying district that provides street lighting for the Holiday Shores area of Bullhead City in Mohave County; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available
Mohave County Special Assessment Districts	Constructs or improves roads, bridges, and water distribution systems; the County Board of Supervisors serves as the board of directors for the districts and has operational responsibility for the districts.	Blended	Not available
Mohave Administration Building—Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County administration building; management of Mohave County serves as the board of directors of the corporation and has operational responsibility for the corporation.	Blended	Not available
Mohave Jail—Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County jail facility; management of Mohave County serves as the board of directors of the corporation and has operational responsibility for the corporation.	Blended	Not available

Related Organization

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

Mohave County  
Notes to Financial Statements  
June 30, 2015

## B. Basis of Presentation

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

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

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

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

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges and insurance premiums, in which each party receives and gives up essentially equal values are operating revenues. Other

Mohave County  
Notes to Financial Statements  
June 30, 2015

revenues, such as noncapital grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major enterprise funds:

The *Landfill Fund* accounts for the operations of two landfills located in Mohave County.

The *Golden Valley Improvement District Fund (GVID)* accounts for the operations of a water company located in Golden Valley.

The County also reports the following fund types:

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

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

The *agency funds* account for assets the County holds as an agent for the Public Fiduciary clients.



Mohave County  
Notes to Financial Statements  
June 30, 2015

### C. Basis of Accounting

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

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

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

### D. Cash and Investments

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

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All (other) investments are stated at fair value.

Mohave County  
Notes to Financial Statements  
June 30, 2015

### E. Inventories and Prepaid Items

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

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

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

### F. Property Tax Calendar

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

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

### G. Capital Assets

Capital assets are reported at actual cost, (or estimated historical cost if historical records are not available). Certain infrastructure costs were estimated by calculating the current replacement cost of a similar asset and deflating this cost through the use of price-level indexes. Donated assets are reported at 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.

Mohave County  
Notes to Financial Statements  
June 30, 2015

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

**Capitalization Threshold**

	All	<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. Deferred Outflows and Inflows of Resources

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

#### I. Pensions

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

#### J. Fund Balance Classifications

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

Mohave County  
Notes to Financial Statements  
June 30, 2015

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

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances.

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

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

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

#### K. Investment Earnings

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

#### L. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. The County uses 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 1-year probationary period. All other employees have a 6-month probationary period.

Employees may accumulate up to 900 hours of PTO, but they forfeit any unused hours in excess of the maximum at the end of each calendar year. Upon terminating 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.

Mohave County  
Notes to Financial Statements  
June 30, 2015

Note 2 - Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities	Business-type Activities	Landfill Fund	GVID Fund	Other Enterprise Funds	Internal Service Funds
Net Position as previously reported at June 30, 2014	\$322,782,992	\$25,195,919	\$7,108,070	\$7,444,431	\$10,643,418	\$22,096,055
Prior period adjustments- Implementation of GASB 68:						
Net pension asset (measurement date as of June 30, 2013)	413,286					
Net pension liability (measurement date as of June 30, 2013)	(91,301,031)	(1,767,493)	(194,424)	(282,799)	(1,290,270)	(3,510,993)
Deferred outflows- county contributions made during fiscal year 2014	<u>6,092,632</u>	<u>102,965</u>	<u>11,326</u>	<u>16,474</u>	<u>75,165</u>	<u>204,531</u>
Total prior period adjustments	<u>(84,795,113)</u>	<u>(1,664,528)</u>	<u>(183,098)</u>	<u>(266,325)</u>	<u>(1,215,105)</u>	<u>(3,306,462)</u>
Net position as restated, July 1 2014	<u>\$237,987,879</u>	<u>\$23,531,391</u>	<u>\$6,924,972</u>	<u>\$7,178,106</u>	<u>\$ 9,428,313</u>	<u>\$18,789,593</u>

Note 3 - Stewardship, Compliance, and Accountability

**Deficit fund balances**—At June 30, 2015, the following nonmajor funds reported deficit fund balances:

Fund	Deficit
<b>Governmental Funds:</b>	
Kingman 2100 CFD	\$ 3,139
Golden Valley Improvement District construction in progress	<u>456,058</u>
Total	<u>\$459,197</u>

The Golden Valley Improvement District (GVID) construction in progress fund borrowed funds from the Landfill fund to cover expenditures of an improvement district instead of issuing bonds. These funds are reflected as a liability, rather than revenue, resulting in a negative fund balance. The liability is to be paid back to the Landfill fund through collections from the property owners. The Kingman 2100 Community Facilities District (C.F.D.) fund has property taxes receivable to cover the deficit fund balance; however, the C.F.D. has been dissolved and future collections are uncertain.

Mohave County  
Notes to Financial Statements  
June 30, 2015

Note 4 - Deposits and Investments

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

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

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

Custodial credit risk—Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

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. The maximum maturity for investments in repurchase agreements is 180 days.

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

**Deposits**—At June 30, 2015, the carrying amount of the County's deposits was \$38,926,697 and the bank balance was \$42,311,114. There was cash on hand of \$14,340. It is the County's policy to collateralize all deposits not covered by depository insurance.

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**Investments**—The County’s investments at June 30, 2015, were as follows:

<b>Investment Type</b>	<b>Amount</b>
U.S. agency securities	\$ 98,677,723
Corporate bonds	569,500
Registered warrants	190,497
State Treasurer’s Investment Pools 7 & 57	1,055,566
U.S. Treasury and agency money market funds	<u>15,981,075</u>
Total investments	<u>\$116,474,361</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 & Poor’s or Moody’s rating services. All purchases must have prior approval of the investment oversight committee. At June 30, 2015, credit risk for the County’s investment was as follows:

<b>Investment Type</b>	<b>Rating</b>	<b>Rating Agency</b>	<b>Amount</b>
U.S. agency securities	AAA/Unrated	Moody’s	\$ 98,677,723
Corporate bonds	Unrated	Not applicable	569,500
Registered warrants	Unrated	Not applicable	190,497
U.S. Treasury and agency money market funds	Unrated	Not applicable	15,981,075
State Treasurer’s Investment Pools 7 & 57	Unrated	Not applicable	<u>1,055,566</u>
			<u>\$116,474,361</u>

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

**Concentration of credit risk**—The County’s formal investment policy requires at least 10 percent of the overall portfolio to be invested in highly liquid accounts such as local government pools, money market funds, or overnight repurchase agreements to ensure the ability to meet ongoing obligations. It also limits the total amount of corporate securities to 20 percent of the total portfolio, with not more than 5 percent invested in any single corporation. Corporate bonds

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represented less than 1 percent of the total portfolio at June 30, 2015. All other securities are structured with varying maturity dates, not to exceed 5 years, and in various types of investments described under credit risk. The County had investments at June 30, 2015, of 5 percent or more in Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loan Bank. These investments were 14.6 percent, 18.86 percent, 7.47 percent, and 39.32 percent, respectively, of the County's total investments.

**Interest rate risk**—The County's formal policy with respect to interest rate risk minimizes the risk by structuring the portfolio into two accounts to meet cash needs. The return on investment is secondary to safety and liquidity. One account consists of highly liquid securities with maturities of 120 days or less. The second account has maturities of greater than 120 days. Both accounts will have active secondary markets. At June 30, 2015, the County had the following investments in debt securities:

Investment Type	Amount	Investment Maturities	
		Less than 1 Year	1 to 5 Years
State Treasurer's Investment Pools 7 & 57	\$ 1,055,566	\$ 1,055,566	
U.S. agency securities	98,677,723	22,085,048	\$76,592,675
Registered warrants	190,497		190,497
Corporate bonds	569,500	569,500	
U.S. Treasury and agency money market funds	<u>15,981,075</u>	<u>15,981,075</u>	
Total	<u>\$116,474,361</u>	<u>\$39,691,189</u>	<u>\$76,783,172</u>

At June 30, 2015, no investments in U.S. agency securities were considered to be highly sensitive to interest rate changes.

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

Cash, deposits, and investments:

	Amount
Cash on hand	\$ 14,340
Amount of deposits	38,926,697
Amount of investments	<u>116,474,361</u>
Total	<u>\$155,415,398</u>

Statements of Net Position:

	Governmental Activities	Business-Type Activities	Investment Trust Funds	Agency Fund	Total
Cash and investments	\$83,598,084	\$17,397,707	\$37,072,079	\$138,613	\$138,206,483
Cash held by trustee	16,213,068				16,213,068
Restricted cash		995,847			995,847
Total	<u>\$99,811,152</u>	<u>\$18,393,554</u>	<u>\$37,072,079</u>	<u>\$138,613</u>	<u>\$155,415,398</u>



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Note 5 - Property Taxes Receivable

Property taxes receivable consists of uncollected real and personal property taxes as determined from the records of the County Treasurer's Office, and at June 30, 2015, were as follows:

	<b>General Fund</b>	<b>Flood Control Fund</b>	<b>Library Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Fiscal year 2015	\$ 2,526,377	\$ 662,639	\$ 459,622	\$ 99,820	\$ 3,748,458
Fiscal year 2014	1,358,503	342,216	245,027	65,690	2,011,436
Prior	1,566,138	557,007	387,228	108,002	2,618,375
Total receivable	5,451,018	1,561,862	1,091,877	273,512	8,378,269
Less: uncollectible	<u>(1,845,720)</u>	<u>(448,767)</u>	<u>(328,246)</u>	<u>(80,244)</u>	<u>(2,702,977)</u>
Net collective	<u>\$ 3,605,298</u>	<u>\$ 1,113,095</u>	<u>\$ 763,631</u>	<u>\$ 193,268</u>	<u>\$ 5,675,292</u>

The portion of property taxes receivable, not collected within 60 days after June 30, 2015, has been deferred and, consequently, is not included in current-year revenues on the fund statements. For the government-wide statements, the entire receivable balance has been recognized as revenue.

The receivable amount reflected above is net of a \$2.7 million write-off due to a Chapter 11 bankruptcy settlement with Mineral Park, Inc. The settlement is discussed in more detail in Note 16 – Subsequent Events.

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	<b>Balance July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2015</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 28,045,507	\$ 61,769		\$ 28,107,276
Construction in progress	<u>14,438,816</u>	<u>1,876,989</u>	<u>13,556,633</u>	<u>2,759,172</u>
Total capital assets not being depreciated	<u>42,484,323</u>	<u>1,938,758</u>	<u>13,556,633</u>	<u>30,866,448</u>
Capital assets being depreciated:				
Buildings	160,564,550	1,039,086		161,603,636
Infrastructure and improvements other than buildings	151,360,605	14,794,910		166,155,515
Intangibles	64,501			64,501
Equipment	<u>48,335,400</u>	<u>4,022,645</u>	<u>3,458,232</u>	<u>48,899,813</u>
Total	<u>360,325,056</u>	<u>19,856,641</u>	<u>3,458,232</u>	<u>376,723,465</u>

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	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Less accumulated depreciation for:				
Buildings	\$ 31,399,234	\$ 4,701,147		\$ 36,100,381
Infrastructure and improvements other than buildings	87,879,240	3,335,335		91,214,575
Intangibles	35,321	9,215		44,536
Equipment	<u>30,021,285</u>	<u>3,473,893</u>	<u>\$ 3,054,275</u>	<u>30,440,903</u>
Total	<u>149,335,080</u>	<u>11,519,590</u>	<u>3,054,275</u>	<u>157,800,395</u>
Total capital assets being depreciated, net	<u>210,989,976</u>	<u>8,337,051</u>	<u>403,957</u>	<u>218,923,070</u>
Governmental activities capital assets, net	<u>\$253,474,299</u>	<u>\$10,275,809</u>	<u>\$13,960,590</u>	<u>\$249,789,518</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,960,709			\$ 1,960,709
Construction in progress				
Total capital assets not being depreciated	<u>1,960,709</u>			<u>1,960,709</u>
Capital assets being depreciated:				
Buildings	2,224,071	16,203		2,240,274
Utility systems	22,055,711	2,171,990		24,227,701
Equipment	<u>1,335,498</u>	<u>105,871</u>		<u>1,441,369</u>
Total	<u>25,615,280</u>	<u>2,294,064</u>		<u>27,909,344</u>
Less accumulated depreciation for:				
Buildings	935,166	55,704		990,870
Utility systems	11,952,438	1,043,024		12,995,462
Equipment	<u>908,391</u>	<u>62,974</u>		<u>971,365</u>
Total	<u>13,795,995</u>	<u>1,161,702</u>		<u>14,957,697</u>
Total capital assets being depreciated, net	<u>11,819,285</u>	<u>1,132,362</u>		<u>12,951,647</u>
Business-type activities capital assets, net	<u>\$ 13,779,994</u>	<u>\$ 1,132,362</u>	<u>\$ -</u>	<u>\$ 14,912,356</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,593,878
Public safety	3,986,665
Highways and streets	4,033,179
Health	31,810
Welfare	70,972
Culture and recreation	336,325
Internal service funds	<u>1,466,761</u>
Total governmental activities depreciation expense	<u>\$11,519,590</u>
Business-type activities:	
Landfill	\$ 53,594
Recreation	126,207
Water companies	<u>981,901</u>
Total business-type activities depreciation expense	<u>\$ 1,161,702</u>

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Note 7 - Construction and Other Significant Commitments

The County had three major contractual commitments at June 30, 2015, as follows:

Contractual Commitments	Funding Source	Expenditures to Date	Total Contractual Commitments	Remaining Commitments
Prison food services 11/04/14 through 11/03/15	Tax revenues	\$427,409	\$ 770,000	\$ 342,591
Prison health care contract 07/01/15 through 06/30/16	Tax revenues		2,490,928	2,490,928
I-40 Well improvements	Tax revenues	<u>          </u>	<u>820,000</u>	<u>820,000</u>
Total		<u>\$427,409</u>	<u>\$4,080,928</u>	<u>\$3,653,519</u>

Note 8 - Restricted Assets

As of June 30, 2015, the County had restricted assets as follows:

**Governmental activities assets:**

Cash and investments held by trustee	\$15,612,159	Cash held by trustees restricted by agreements for construction, debt payments, loans, or major maintenance.
HUD properties	<u>1,313,011</u>	U.S. Housing and Urban Development (HUD) rehabilitated homes restricted for sale to qualified buyers.
Total governmental activities	<u>\$16,925,170</u>	

**Business-type activities assets:**

Restricted cash	\$435,640	I-40 collections restricted for future repairs of infrastructure by agreement with customers.
Restricted cash	<u>560,207</u>	GVID water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities	<u>\$995,847</u>	

Note 9 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2015:

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	Balance July 1, 2014, as restated	Additions	Reductions	Balance June 30, 2015	Due Within 1 Year
<b>Governmental activities:</b>					
Beneficial interest					
certificates payable	\$ 25,390,000		\$ (3,820,000)	\$ 21,570,000	\$ 3,975,000
Net pension liabilities	91,301,031	\$13,101,003	(6,696,306)	97,705,728	
Capital leases payable	1,005,090	616,754	(562,664)	1,059,180	456,323
Compensated absences payable	7,081,773	5,790,125	(6,209,553)	6,662,345	6,200,000
Claims and judgments payable	<u>1,732,310</u>	<u>8,826,555</u>	<u>(8,994,501)</u>	<u>1,564,364</u>	<u>1,564,364</u>
Total governmental activities long-term liabilities	<u>\$126,510,204</u>	<u>\$28,334,437</u>	<u>\$(26,283,024)</u>	<u>\$128,561,617</u>	<u>\$12,195,687</u>
<b>Business-type activities:</b>					
Landfill closure and postclosure care costs payable	\$ 7,849,832		\$ (176,017)	\$ 7,673,815	
Pension liability	1,767,493		(187,940)	1,579,553	
Compensated absences payable	<u>130,177</u>	<u>157,292</u>	<u>(122,613)</u>	<u>164,856</u>	\$ 131,885
Total business-type activities long-term liabilities	<u>\$ 9,747,502</u>	<u>\$ 157,292</u>	<u>\$ (486,570)</u>	<u>\$ 9,418,224</u>	<u>\$ 131,885</u>

**Beneficial Interest Certificates**—The County has one remaining issuance of 12-year Series 2008 Beneficial Interest Certificates (BIC) that are callable at specific future dates. The principal is payable in annual installments and interest is payable semiannually. The proceeds were used to construct jail facilities. The BICs are secured, for the life of the certificates, by the ¼ percent sales tax revenue, up to the amount of the annual debt payments. Current year debt payments were \$4.9 million and were made from current year sales tax revenue and comprised approximately 77% of current year revenue.

The remaining debt secured by the ¼ percent sales tax revenue is for the Series 2008 BICs, with annual debt service payments of approximately \$4.9 million. The County projects sales tax revenues of approximately \$6 million per year to cover future debt payments.

Beneficial interest certificates outstanding at June 30, 2015, were as follows:

Description	Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal June 30, 2015
Beneficial interest certificates				
Series 2008	<u>\$46,000,000</u>	10/2015-4/2020	4.00%-4.25%	<u>\$21,570,000</u>
Total	<u>\$46,000,000</u>			<u>\$21,570,000</u>

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The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2015:

Year Ending June 30,	<b>Governmental Activities</b>	
	<b>Beneficial Interest Certificates</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 3,975,000	\$ 896,012
2017	4,135,000	737,013
2018	4,305,000	566,444
2019	4,485,000	383,481
2020	<u>4,670,000</u>	<u>198,475</u>
Total	<u>\$21,570,000</u>	<u>\$2,781,425</u>

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

The following assets were acquired through capital leases:

	<b>Governmental</b>
	<b>Activities</b>
Machinery & Equipment-copiers	\$ 522,471
Machinery & Equipment-computers	<u>1,987,637</u>
Total capital assets	2,510,108
Less: accumulated depreciation	<u>(1,476,275)</u>
Carrying value	<u>\$ 1,033,833</u>

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2015.

	<b>Governmental</b>
	<b>Activities</b>
Year ending June 30	
2016	\$ 470,454
2017	326,882
2018	231,755
2019	<u>54,367</u>
Total minimum lease payments	\$1,083,458
Less amount representing interest	<u>(24,278)</u>
Present value of net minimum lease payments	<u>\$1,059,180</u>

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**Landfill Closure and Postclosure Care Costs**—The County owns two landfill sites. Cerbat is 160-acres and Mohave Valley is 320 acres. Both are operated by independent contractors under contract with the County and began operations in January 1989. The County operates its landfills on a cell basis. The County owns additional unused parcels of land adjacent to the existing landfill sites that will (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 \$7,673,815 reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills. The calculation is based on the use of 90.2% and 91.3% of the estimated capacity of the open cells of the landfills, respectively. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$838,377 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 2015 for existing open cells. The actual costs may be higher because of inflation, changes in technology, or changes in regulations. The County expanded the Cerbat Cell #5 in FY15 and expects the existing, open cells at the Cerbat landfill to reach capacity sometime after 2017. The existing open cells at the Mohave landfill are expected to reach capacity by mid-2017. The County expects to reach capacity of the landfill's unopened cells in the years 2065 and 2066, respectively. The landfills are expected to have in excess of 50 years remaining, considering unopened cells. According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure that the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

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

The SIR Fund accounts for the risk financing of certain benefits and losses through combinations of cost-reimbursement, self-insurance for losses up to certain limits, participation in public entity risk pools, and the purchase of insurance for losses above the limits. Settled claims have not exceeded risk pool coverage or the purchased commercial insurance in any of

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

**Compensated Absences and Insurance Claims**—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Insurance claims are paid from the internal service funds. During fiscal year 2015, the County’s liability for compensated absences is allocated as follows: 60 percent to the General fund, 16 percent to other major funds, and 24 percent to other nonmajor funds.

The County paid for health insurance claims through the EBT Fund. The claims paid from the EBT Fund were medical claims funded through payroll deductions and contributions from county funds. In prior years the administration cost for processing claims was included with the claims expense. This was separated out for fiscal year 2015. The claims paid for fiscal year 2014 was restated to reflect the change, in the table below. The Self-Insured Trust Fund was funded \$1,134,334 (68%) by the General Fund, \$357,066 (21%) by the Road Fund, \$34,481 (2%) by the Flood Control Fund, \$61,246 (4%) by the Library Fund, \$23,533 (1%) by Internal Service Funds, \$45,891 (3%) by Enterprise Funds, and \$16,132 (1%) by Other Governmental Funds this past year to cover insurance expense and possible settlements.

The insurance claims payable liability of the SIR and EBT Funds totaling \$1,564,364, included in the balance below at June 30, 2015, 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, 2015) 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, 2014, and 2015, were as follows:

	<b>2014 (restated)</b>	<b>2015</b>
Claims payable, beginning of year	\$ 1,560,602	\$ 1,732,310
Claims incurred and changes in estimates	11,660,074	8,826,555
Claims paid	<u>(11,488,366)</u>	<u>(8,994,501)</u>
Claims payable, end of year	<u>\$ 1,732,310</u>	<u>\$ 1,564,364</u>

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Note 10 - Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2015, were as follows:

	General Fund	Road Fund	Flood Control Fund	Library Fund	Jail Debt Service Fund	Other Governmental Funds	Total
<b>Fund balances:</b>							
<b>Nonspendable</b>							
Inventories		\$ 215,715					\$ 215,715
Prepaid items	\$ 19,616		\$ 5,928	\$ 7,460		\$ 23,597	56,601
Total nonspendable	<u>19,616</u>	<u>215,715</u>	<u>5,928</u>	<u>7,460</u>		<u>23,597</u>	<u>272,316</u>
<b>Restricted for:</b>							
Government services						7,839,428	7,839,428
Public safety			4,703,991			4,172,465	8,876,456
Highways and streets		15,875,146					15,875,146
Health						1,448,764	1,448,764
Welfare						909,381	909,381
Education						218,955	218,955
Culture and recreation				9,472,131			9,472,131
Debt service					\$14,693,243		14,693,243
Capital projects						918,916	918,916
Total restricted		<u>15,875,146</u>	<u>4,703,991</u>	<u>9,472,131</u>	<u>14,693,243</u>	<u>15,507,909</u>	<u>60,252,420</u>
<b>Committed to:</b>							
Sanitation						151,366	151,366
Capital projects						4,544,927	4,544,927
Debt service					1,018,944	129,350	1,148,294
Total committed					<u>1,018,944</u>	<u>4,825,643</u>	<u>5,844,587</u>
<b>Unassigned</b>	<u>12,219,617</u>					<u>(459,197)</u>	<u>11,760,420</u>
Total fund balances	<u>\$12,239,233</u>	<u>\$16,090,861</u>	<u>\$4,709,919</u>	<u>\$9,479,591</u>	<u>\$15,712,187</u>	<u>\$19,897,952</u>	<u>\$78,129,743</u>

Note 11 - Risk Management

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

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible ranging from \$5,000 to \$500,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15



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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.

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 law requires, and risk management services. The County is responsible for paying a premium, based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

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

## Note 12 - Pensions and Other Postemployment Benefits

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

At June 30, 2015, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

<b>Statement of Net Position and Statement of Activities</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net pension assets	\$ 556,890		\$ 556,890
Net pension liabilities	97,705,728	\$1,579,553	99,285,281
Deferred outflows of resources	18,261,262	189,680	18,450,942
Deferred inflows of resources	12,325,385	276,215	12,601,600
Pension expense	14,125,761	106,070	14,231,831

The County's accrued payroll and employee benefits includes \$548,069 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the County reported \$5,958,231 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

### Arizona State Retirement System

**Plan Description**—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-

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employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at [www.azasrs.gov](http://www.azasrs.gov).

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

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

\* with actuarially reduced benefits

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

**Contributions**—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 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 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for

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health insurance premium benefit and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the ASRS. The County's contributions to the pension plan for the year ended June 30, 2015, were \$3,828,189. The County's contribution for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	Health Benefit Supplement Fund	Long-Term Disability Fund
Year Ended June 30		
2015	\$207,404	\$42,184
2014	212,176	84,870
2013	224,748	82,984

During fiscal year 2015, the County paid for ASRS pension and OPEB contributions as follows: 52.5 percent from the general fund, 20.8 percent from other major funds, and 26.7 percent from all other funds.

**Pension liability**—At June 30, 2015, the County reported a liability of \$57,859,101 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The County's proportion, measured as of June 30, 2014, was 0.39 percent, which was an increase of .002 percent from its proportion measured as of June 30, 2013.

**Pension expense and deferred outflows/inflows of resources**—For the year ended June 30, 2015, the County recognized pension expense for ASRS of \$3,885,347. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,940,569	
Net difference between projected and actual earnings on pension plan investments		\$10,117,770
Changes in proportion and differences between county contributions and proportionate share of contributions	179,207	
County contributions subsequent to the measurement date	<u>3,828,189</u>	
Total	<u>\$6,947,965</u>	<u>\$10,117,770</u>

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The \$3,828,189 reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	\$(1,173,019)
2017	(1,173,019)
2018	(2,122,515)
2019	(2,529,441)

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

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

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

<b>ASRS Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	<u>4%</u>	4.50%
Total	<u>100%</u>	

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

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

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's proportionate share of the net pension liability	\$73,130,937	\$57,859,101	\$49,573,364

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

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

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

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

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The PSPRS and CORP issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at [www.psprs.com](http://www.psprs.com).

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

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

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

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

**Employees covered by benefit terms**—At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms

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

**Contributions and annual OPEB cost**—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year,

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with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>	<b>CORP AOC</b>
Active members pension	11.05%	8.41%	8.41%
County Pension	28.60%	6.76%	14.88%
Health insurance premium benefit	1.62%	.85%	1.24%

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium for the year ended June 30, 2015, were:

	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>
<b>Pension</b>		
Contributions made	\$1,232,773	\$264,368
<b>Health Insurance Premium Benefit</b>		
Annual OPEB cost contributions made	64,432	33,536

Contributions to the CORP AOC pension plan for the year ended June 30, 2015, were \$ 438,052. The County's contributions for the current and 2 preceding years for the CORP OAC OPEB, all of which were equal to the required contributions, were as follows:

<b>CORP AOC Year ended June 30</b>	<b>Health Insurance Fund</b>
2015	\$39,823
2014	35,520
2013	43,805

During fiscal year 2015, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 84.4 percent from the General Fund, and 15.6 percent from other funds.

**Pension liability (asset)**—At June 30, 2015, the County reported the following new pension liabilities (and asset):

	<b>Net Pension Liability (Asset)</b>
PSPRS Sheriff	\$18,380,912
CORP Detention	(556,890)
CORP AOC (County's proportionate share)	6,077,411



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The net pension liabilities (and asset) were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

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

**PSPRS and CORP-Pension**

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%-7.25% for CORP
Inflation	4%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

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

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<b>PSPRS and CORP Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

**Pension discount rates**—The following discount rates were used to measure the total person liabilities:

	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>	<b>CORP AOC</b>
Discount Rates	7.85%	7.85%	7.85%

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Changes in the Net Pension Liability  
PSPRS-Sheriff**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2014	<u>\$32,283,981</u>	<u>\$16,932,059</u>	<u>\$15,351,922</u>
Changes for the year:			
Service cost	841,853		841,853
Interest on the total pension liability	2,507,303		2,507,303
Changes of benefit terms	743,169		743,169
Differences between expected and actual experience in the measurement of the pension liability	(926,693)		(926,693)
Changes of assumptions or other inputs	3,668,599		3,668,599
Contributions—employer		1,174,898	(1,174,898)
Contributions—employee		485,480	(485,480)
Net investment income		2,343,758	(2,343,758)
Benefit payments, including refunds of employee contributions	(1,529,492)	(1,529,492)	
Administrative expense		(18,876)	18,876
Other changes		(180,019)	180,019
Net changes	<u>5,304,739</u>	<u>2,275,749</u>	<u>3,028,990</u>
Balances at June 30, 2015	<u>\$37,588,720</u>	<u>\$19,207,808</u>	<u>\$18,380,912</u>

**Changes in the Net Pension Liability (Asset)  
CORP-Detention**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2014	<u>\$5,045,425</u>	<u>\$5,458,711</u>	<u>\$(413,286)</u>
Changes for the year:			
Service cost	535,075		535,075
Interest on the total pension liability	404,294		404,294
Changes of benefit terms	52,115		52,115
Differences between expected and actual experience in the measurement of the pension liability	(44,513)		(44,513)
Changes of assumptions or other inputs	309,034		309,034
Contributions—employer		288,751	(288,751)
Contributions—employee		328,515	(328,515)
Net investment income		782,383	(782,383)
Benefit payments, including refunds of employee contributions	(325,442)	(325,442)	
Administrative expense		(6,151)	6,151
Other changes		6,111	(6,111)
Net changes	<u>930,563</u>	<u>1,074,167</u>	<u>(143,604)</u>
Balances at June 30, 2015	<u>\$5,975,988</u>	<u>\$6,532,878</u>	<u>\$(556,890)</u>

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The County's proportion of the CORP AOC net pension liability as of June 30, 2013 and 2014, was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014, was 2.71 percent.

**Sensitivity of the County's net pension liability (asset) to changes in the discount rate—**

The following table presents the County's net pension liabilities (assets) calculated using the discount rates noted above, as well as what the County's net pension liabilities (assets) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	6.85%	7.85%	8.85%
Net pension liability (asset)	\$22,707,897	\$18,380,912	\$14,761,867
CORP Detention			
Rate	6.85%	7.85%	8.85%
Net pension liability (asset)	\$237,647	\$(556,890)	\$(1,208,884)
CORP AOC			
Rate	6.85%	7.85%	8.85%
County's proportionate share of the net pension liability	\$8,025,080	\$6,077,411	\$4,459,159

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

**Pension expense**—For the year ended June 30, 2015, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	\$2,772,732
CORP Detention	188,968
CORP AOC (County's proportionate share)	813,232

**Pension deferred outflows/inflows of resources**—At June 30, 2015, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<b>PSPRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		\$ 747,895
Changes of assumptions or other inputs	\$2,960,772	
Net difference between projected and actual earnings on pension plan investments		781,721
County contributions subsequent to the measurement date	<u>1,232,773</u>	
Total	<u>\$4,193,545</u>	<u>\$1,529,616</u>
<b>CORP-Detention</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		\$ 36,334
Changes of assumptions or other inputs	\$252,251	
Net difference between projected and actual earnings on pension plan investments		259,738
County contributions subsequent to the measurement date	<u>264,368</u>	
Total	<u>\$516,619</u>	<u>\$296,072</u>
<b>CORP-AOC</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 288,478	
Changes of assumptions or other inputs	892,869	
Net difference between projected and actual earnings on pension plan investments		\$336,445
County contributions subsequent to the measurement date	<u>438,052</u>	
Total	<u>\$1,619,399</u>	<u>\$336,445</u>

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending June 30	<b>PSPRS Sheriff</b>	<b>CORP Detention</b>	<b>CORP AOC</b>
2016	\$333,599	\$(16,330)	\$173,847
2017	333,599	(16,330)	173,847
2018	333,599	(16,330)	173,847
2019	333,599	(16,330)	173,847
2020	96,761	(21,500)	149,513

**Agent plan OPEB actuarial assumptions**—The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on (1) the plans as the County and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

**PSPRS and CORP—OPEB Contribution Requirements**

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%-8.5% for PSPRS and 4.5%-7.75% for CORP
Wage growth	4.5% for PSPRS and CORP

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2015	\$64,432	100%	\$0
2014	67,620	100%	0
2013	74,680	100%	0
CORP Detention			
2015	\$33,536	100%	\$0
2014	33,216	100%	0
2013	40,052	100%	0

**Agent plan OPEB funded status**—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2015, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	\$1,300,696	\$596,823
Actuarial accrued liability (b)	782,355	259,587
Unfunded actuarial accrued liability (funding excess)		
(b) – (a)	(518,341)	(337,236)
Funded ratio (a)/(b)	166.25%	229.9%
Annual covered payroll (c)	\$3,902,844	\$3,991,615
Unfunded actuarial accrued liability (funding excess)		
as a percentage of covered payroll (b) – (a) / (c)	(13.3%)	(8.5%)

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

**PSPRS and CORP—OPEB Funded Status**

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability and 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

Mohave County  
Notes to Financial Statements  
June 30, 2015

C. Elected Officials Retirement Plan

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

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

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

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.



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June 30, 2015

**Contributions**—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2015, active EORP members were required by statute to contribute 13 percent of the members' annual covered payroll, and the County was required to contribute 23.5 percent of active EORP members' annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2015, were \$506,959. No OPEB contributions were required or made for the year ended June 30, 2015. The contributions required for the health insurance fund the current and 2 preceding years, which were equal to the required contributions, were as follows:

EORP Year ended June 30	Health Insurance Fund
2015	\$ 0
2014	36,919
2013	57,425

During fiscal year 2015, the County paid for EORP pension contributions as follows: 94.5 percent from the General Fund, and 5.5 percent from other funds.

**Pension liability**—At June 30, 2015, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$16,967,857
State's proportionate share of the EORP net pension liability associated with the County	<u>5,202,503</u>
Total	<u>\$22,170,360</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, for the June 30, 2014, actuarial valuation, the plan changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

The County's proportion of the net pension liability as of June 30, 2013 and 2014, was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014, was 2.53 percent.

Mohave County  
Notes to Financial Statements  
June 30, 2015

**Pension expense and deferred outflows/inflows of resources**—for the year ended June 30, 2015, the County recognized pension expense for EORP of \$6,571,552 and revenue of \$1,542,082 for the County’s proportionate share of the State’s appropriation to EORP. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,557	
Changes of assumptions or other inputs	4,591,898	
Net difference between projected and actual earnings on pension plan investments		\$321,697
County contributions subsequent to the measurement date	<u>506,959</u>	
Total	<u>\$5,173,414</u>	<u>\$321,697</u>

The \$506,959 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	\$2,607,007
2017	1,898,600
2018	(80,424)
2019	(80,424)

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

<b>EORP</b>	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Mohave County  
Notes to Financial Statements  
June 30, 2015

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

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

EORP Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

**Discount rate**—At June 30, 2014, the discount rate used to measure the EORP total pension liability was 5.67 percent, which was a decrease of 2.18 from the discount rate used as of June 30, 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2030.

**Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate**—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

Mohave County  
Notes to Financial Statements  
June 30, 2015

<b>EORP</b>	<b>1% Decrease (4.67%)</b>	<b>Current Discount Rate (5.67%)</b>	<b>1% Increase (6.67%)</b>
County's proportionate share of the net pension liability	\$19,808,557	\$16,967,857	\$14,569,336

**Pension Plan Fiduciary Net Position**—Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

Note 13 - Interfund Balances and Activity

**Interfund receivables and payables**—Interfund balances as of June 30, 2015, were as follows:

	Payable to							Total
	General Fund	Road Fund	Library Fund	Nonmajor Governmental Funds	Landfill Fund	Other Enterprise Funds	Internal Service Funds	
<b>Payable from</b>								
General Fund				\$42,677			\$ 5	\$ 42,682
Flood Control Fund	\$ 190							190
Library Fund			\$2,837					2,837
Nonmajor Governmental Funds	21,709	\$5,735		56,235	\$540,679			624,358
Landfill Fund	170							170
Other Enterprise Funds		527				\$92	7,979	8,598
Total	<u>\$22,069</u>	<u>\$6,262</u>	<u>\$2,837</u>	<u>\$98,912</u>	<u>\$540,679</u>	<u>\$92</u>	<u>\$7,984</u>	<u>\$678,835</u>

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

The balance of \$540,679 due to the Landfill fund from nonmajor governmental funds is an advance from the landfill to cover special assessment engineering fees. This expense is to be reimbursed over the next 7 years, from property owners, through collections assessed on tax bills.

**Interfund Transfers**—Interfund transfers for the year ended June 30, 2015, were as follows:

	Transfer to				Total
	General Fund	Jail Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds	
<b>Transfer from</b>					
General Fund			\$1,862,245	\$31,386	\$1,893,631
Flood Control Fund	\$ 367,262		149,288		516,550
Library Fund	367,262				367,262
Nonmajor Governmental Funds	443,274	\$4,463,445	1,116,313		6,023,032
Internal Service Funds			92,610		92,610
Total	<u>\$1,177,798</u>	<u>\$4,463,445</u>	<u>\$3,220,456</u>	<u>\$31,386</u>	<u>\$8,893,085</u>

Mohave County  
Notes to Financial Statements  
June 30, 2015

The General Fund transfers monies to other funds to provide support for such items as matching funds for grants or to make up the shortfall of grant-funded programs that the County feels are important. The County Capital Improvement Sales Tax Fund transfers monies to the Jail Debt Service Fund for payments on the Jail BICs (see Note 9 for more information on issued BICs). Other funds also transfer monies to reimburse for shared expenses and to cover matching grants.

Note 14 - County Treasurer's Investment Pool

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

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

The deposits and investments held by the County are included in the County Treasurer's investment pool, except for \$2,969,743 of deposits held by other county departments and \$16,213,068 held by trustees in the County's name. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 4 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rate(s)	Maturities	Amount
U.S. agency securities	\$ 98,669,127	0.250-1.62%	10/15-03/18	\$ 98,677,723
Corporate bonds	3,254,733	N/A	N/A	569,500
Registered warrants	190,497	2.00%	N/A	190,497
Money market fund	368,917	None stated	N/A	368,917
State Treasurer's Investment Pool	<u>1,039,339</u>	None stated	N/A	<u>1,055,566</u>
	<u>\$103,522,613</u>			<u>\$100,862,203</u>

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

Mohave County  
Notes to Financial Statements  
June 30, 2015

**Statement of Net Position**

Assets	\$ 136,258,098
Net position	<u>\$ 136,258,098</u>
Net position held in trust for:	
Internal participants	\$ 101,348,695
External participants	<u>34,909,403</u>
Total net position held in trust	<u>\$ 136,258,098</u>

**Statement of Changes in Net Position**

Total additions	\$ 406,192,370
Total deductions	<u>(404,421,892)</u>
Net decrease	1,770,478
Net position held in trust:	
July 1, 2014	<u>134,487,620</u>
June 30, 2015	<u>\$136,258,098</u>

**Note 15 - Loss Contingency**

The County is currently in tax litigation with a major taxpayer that may create a liability for all the taxing districts in Mohave County. Legal counsel has advised that if the prior tax years' assessed valuations are lowered by a tax court, there is a probability that between \$4 million and \$6 million may be owed back to the taxpayers. Mohave County and its blended component units' share of the liability would be between \$900,000 and \$1.5 million of the total.

**Note 16 - Subsequent Event**

Subsequent to June 30, 2015, there was a tax settlement for the Mineral Park Mine. Of the \$15 million owed for current and back taxes, \$3.4 million was received. The amount distributed to county funds was \$.9 million. An allowance was subtracted from the property taxes receivable amount shown in the financial statements to reflect the amount that will not be received from the mine.

**Note 17 - Credit Card Payments by Governmental Entities**

A.R.S. §35-391 requires the annual financial report to disclose the amount of any reward, discount, incentive, or other financial consideration received resulting from the use of credit card payments by governmental entities. During fiscal year 2015, \$64,780 in rebates were received from the use of credit card payments by the County.

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## Required Supplementary Information



Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 36,948,468	\$ 36,948,468	\$ 33,015,606	\$ (3,932,862)
Licenses and permits	791,400	791,400	668,415	(122,985)
Intergovernmental	30,941,148	30,941,148	30,776,229	(164,919)
Charges for services	7,112,008	7,112,008	6,250,108	(861,900)
Fines and forfeits	1,510,269	1,510,269	1,472,586	(37,683)
Investment earnings	70,000	70,000	65,953	(4,047)
Contributions		26,000	26,385	385
Miscellaneous	618,435	618,435	135,672	(482,763)
Total revenues	<u>77,991,728</u>	<u>78,017,728</u>	<u>72,410,954</u>	<u>(5,606,774)</u>
Expenditures:				
General government				
Assessor	3,458,758	3,458,758	3,339,096	119,662
County attorney	3,818,671	3,818,671	3,661,849	156,822
Board of Supervisors	583,937	603,937	603,869	68
Clerk of board	246,256	246,256	195,362	50,894
Housing community development	425,592	425,592	421,149	4,443
General administration	1,337,701	2,855,035	2,170,029	685,006
Clerk of superior court	2,151,057	2,151,057	2,040,348	110,709
Constables	400,122	410,550	379,388	31,162
Contingency	5,000,000	4,476,247		4,476,247
Elections	871,687	871,687	768,154	103,533
Finance	1,058,385	1,058,385	966,682	91,703
Building and grounds maintenance	2,631,262	2,636,262	2,498,213	138,049
Justice courts	3,000,894	3,000,894	2,860,952	139,942
Juvenile detention	1,338,048	1,338,048	1,255,360	82,688
Personnel	498,414	502,089	403,756	98,333
Development services	2,261,757	2,261,757	1,657,272	604,485
Public fiduciary	482,490	482,490	464,265	18,225
Public defender	5,090,020	5,090,020	4,718,080	371,940
Public legal defender	1,044,638	1,044,638	974,291	70,347
Building inspector	1,107,518	1,107,518	951,749	155,769
Procurement	410,172	410,172	389,752	20,420
Recorder	774,396	774,396	678,977	95,419
Superior courts	2,930,893	2,993,893	2,956,233	37,660
Treasurer	1,404,968	1,404,968	1,291,964	113,004
Voter registration	372,035	399,535	361,257	38,278
Supervisory districts	1,193,330	1,193,330	981,738	211,592
Total general government	<u>43,893,001</u>	<u>45,016,185</u>	<u>36,989,785</u>	<u>8,026,400</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2015  
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Public safety:				
Animal control	\$ 579,664	\$ 579,664	\$ 555,292	\$ 24,372
Jail	11,921,669	11,921,669	11,184,208	737,461
Medical examiner	627,600	627,600	627,600	
Probation	1,767,867	1,767,867	1,611,912	155,955
Sheriff	11,877,085	11,914,235	11,106,005	808,230
Total public safety	<u>26,773,885</u>	<u>26,811,035</u>	<u>25,085,017</u>	<u>1,726,018</u>
Health				
AHCCCS	<u>9,637,400</u>	<u>9,637,400</u>	<u>9,642,469</u>	<u>(5,069)</u>
Education				
School superintendent	<u>476,773</u>	<u>476,773</u>	<u>400,442</u>	<u>76,331</u>
Capital outlay				
Debt service:				
Principal retirement			101,968	(101,968)
Interest and fiscal charges			6,767	(6,797)
Total debt service			<u>108,735</u>	<u>(108,735)</u>
Total expenditures	<u>80,781,059</u>	<u>81,941,393</u>	<u>72,226,448</u>	<u>9,714,945</u>
Excess (deficiency) of revenues over expenditures	<u>(2,789,331)</u>	<u>(3,923,665)</u>	<u>184,506</u>	<u>4,108,171</u>
Other financing sources (uses):				
Transfers in	1,170,726	1,170,726	1,177,798	7,072
Transfers out	<u>(4,942,727)</u>	<u>(3,808,393)</u>	<u>(1,893,631)</u>	<u>1,914,762</u>
Total other financing sources and uses	<u>(3,772,001)</u>	<u>(2,637,667)</u>	<u>(715,833)</u>	<u>1,921,834</u>
Net change in fund balances	(6,561,332)	(6,561,332)	(531,327)	6,030,005
Fund balances, July 1, 2014	<u>6,561,332</u>	<u>6,561,332</u>	<u>12,770,560</u>	<u>6,209,228</u>
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,239,233</u>	<u>\$ 12,239,233</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Road Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 30,500	\$ 500
Intergovernmental	12,903,176	12,907,176	14,220,940	1,313,764
Charges for services	129,300	129,300	191,052	61,752
Fines and forfeits	900	900	1,123	223
Investment earnings	50,000	50,000	105,340	55,340
Rents	70,108	70,108	75,563	5,455
Miscellaneous	<u>111,500</u>	<u>111,500</u>	<u>9,691</u>	<u>(101,809)</u>
Total revenues	<u>13,294,984</u>	<u>13,298,984</u>	<u>14,634,209</u>	<u>1,335,225</u>
Expenditures:				
Highways and streets	<u>20,146,137</u>	<u>20,150,137</u>	<u>13,888,920</u>	<u>6,261,217</u>
Total expenditures	<u>20,146,137</u>	<u>20,150,137</u>	<u>13,888,920</u>	<u>6,261,217</u>
Excess (deficiency) of revenues over expenditures	<u>(6,851,153)</u>	<u>(6,851,153)</u>	<u>745,289</u>	<u>7,596,442</u>
Other financing sources (uses):				
Proceeds of sale of County property	_____	_____	<u>437,943</u>	<u>437,943</u>
Total other financing sources and uses	_____	_____	<u>437,943</u>	<u>437,943</u>
Net change in fund balances	(6,851,153)	(6,851,153)	1,183,232	8,034,385
Fund balances, July 1, 2014	6,851,153	6,851,153	14,929,532	8,078,379
Increase in reserve for inventory	_____	_____	<u>(21,903)</u>	<u>(21,903)</u>
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,090,861</u>	<u>\$ 16,090,861</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Flood Control Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,680,914	\$ 7,680,914	\$ 7,306,757	\$ (374,157)
Licenses and permits	5,000	5,000	6,050	1,050
Intergovernmental	1,250,997	1,550,997	760,117	(790,880)
Charges for services		44,931	98,988	54,057
Investment earnings	30,000	30,000	64,453	34,453
Fines and forfeits			500	500
Miscellaneous	<u>300,000</u>	<u>300,000</u>	<u>4,947</u>	<u>(295,053)</u>
Total revenues	<u>9,266,911</u>	<u>9,611,842</u>	<u>8,241,812</u>	<u>(1,370,030)</u>
Expenditures:				
Public safety	<u>13,585,755</u>	<u>14,018,125</u>	<u>7,642,682</u>	<u>6,375,443</u>
Total expenditures	<u>13,585,755</u>	<u>14,018,125</u>	<u>7,642,682</u>	<u>6,375,443</u>
Excess (deficiency) of revenues over expenditures	<u>(4,318,844)</u>	<u>(4,406,283)</u>	<u>599,130</u>	<u>5,005,413</u>
Other financing sources (uses):				
Transfers in		94,439		(94,439)
Transfers out	<u>(512,296)</u>	<u>(519,296)</u>	<u>(516,550)</u>	<u>2,746</u>
Total other financing sources and uses	<u>(512,296)</u>	<u>(424,857)</u>	<u>(516,550)</u>	<u>(91,693)</u>
Net change in fund balances	(4,831,140)	(4,831,140)	82,580	4,913,720
Fund balances, July 1, 2014	<u>4,831,140</u>	<u>4,831,140</u>	<u>4,627,339</u>	<u>(203,801)</u>
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,709,919</u>	<u>\$ 4,709,919</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Library Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,585,700	\$ 5,585,700	\$ 5,495,885	\$ (89,815)
Intergovernmental	27,600	27,600	27,575	(25)
Charges for services	17,500	17,500	44,445	26,945
Fines and forfeits	42,700	42,700	59,737	17,037
Investment earnings	24,400	24,400	51,940	27,540
Contributions	7,614	86,346	185,618	99,272
Miscellaneous	100	100	538	438
Total revenues	<u>5,705,614</u>	<u>5,784,346</u>	<u>5,865,738</u>	<u>81,392</u>
Expenditures:				
Culture and recreation	<u>15,023,415</u>	<u>15,102,147</u>	<u>4,941,599</u>	<u>10,160,548</u>
Debt service:				
Principal retirement			42,354	(42,354)
Interest and fiscal charges			1,784	(1,784)
Total expenditures	<u>15,023,415</u>	<u>15,102,147</u>	<u>4,985,737</u>	<u>10,116,410</u>
Excess (deficiency) of revenues over expenditures	<u>(9,317,801)</u>	<u>(9,317,801)</u>	<u>880,001</u>	<u>10,197,802</u>
Other financing sources (uses):				
Transfers in	3,000,000	3,000,000		(3,000,000)
Transfers out	<u>(3,367,262)</u>	<u>(3,367,262)</u>	<u>(367,262)</u>	<u>3,000,000</u>
Total other financing sources and uses	<u>(367,262)</u>	<u>(367,262)</u>	<u>(367,262)</u>	
Net change in fund balances	(9,685,063)	(9,685,063)	512,739	10,197,802
Fund balances, July 1, 2014	<u>9,685,063</u>	<u>9,685,063</u>	<u>8,966,852</u>	<u>(718,211)</u>
Fund balances, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,479,591</u>	<u>\$ 9,479,591</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Notes to Budgetary Comparison Schedules  
June 30, 2015

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, 2015, there were no expenditures that exceeded final budget amounts at the department level (the legal level of budgetary control) in the General Fund or in any of the major special revenue funds presented.

Mohave County  
 Required Supplementary Information  
 Schedule of the County's Proportionate Share of the Net Pension Liability  
 Cost-Sharing Pension Plans  
 June 30, 2015

**Arizona State Retirement System**

	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
County's proportion of the net pension liability	.39%	Information not available
County's proportionate share of the net pension liability	\$57,859,101	
County's covered-employee payroll	\$35,362,673	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.62%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

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

	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
County's proportion of the net pension liability	2.71 %	Information not available
County's proportionate share of the net pension liability	\$6,077,411	
County's covered-employee payroll	\$2,914,858	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.24%	
Plan fiduciary net position as a percentage of the total pension liability	58.59%	

**Elected Officials Retirement Plan**

	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
County's proportion of the net pension liability	2.53 %	Information not available
County's proportionate share of the net pension liability	\$16,967,857	
State's proportionate share of the net pension liability associated with the County	<u>5,202,503</u>	
Total	<u>\$22,170,360</u>	
County's covered-employee payroll	\$2,366,603	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	712.91 %	
Plan fiduciary net position as a percentage of the total pension liability	31.91%	

See accompanying notes to pension plan schedules

Mohave County  
 Required Supplementary Information  
 Schedule of Changes in the County's  
 Net Pension Liability (Asset) and Related Ratios  
 Agent Pension Plans  
 June 30, 2015

PSPRS-Sheriff	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 Through 2006 Information Not available
Total pension liability		
Service cost	\$ 841,853	
Interest on the total pension liability	2,507,303	
Changes of benefits terms	743,169	
Difference between expected and actual experience in the measurement of the pension liability	(926,693)	
Changes of assumptions or other inputs	3,668,599	
Benefit payments, including refunds of employee contributions	<u>(1,529,492)</u>	
Net change in total pension liability	5,304,739	
Total pension liability-beginning	<u>32,283,981</u>	
Total pension liability-ending (a)	<u>\$37,588,720</u>	
 Plan fiduciary net position		
Contributions-employer	\$ 1,174,898	
Contributions-employee	485,480	
Net investment income	2,343,758	
Benefits payments, including refunds of employee contributions	(1,529,492)	
Administrative expense	(18,876)	
Other changes	<u>(180,019)</u>	
Net change in plan fiduciary net position	2,275,749	
Plan fiduciary net position-beginning	<u>16,932,059</u>	
Plan fiduciary net position-ending (b)	<u>19,207,808</u>	
 County's net pension liability – ending (a) – (b)	 <u>\$18,380,912</u>	
 Plan fiduciary net position as a percentage of the total pension liability	 51.1%	
Covered-employee payroll	\$ 4,486,194	
County's net pension liability as a percentage of covered- employee payroll	409.72%	

See accompanying notes to pension plan schedules.



Mohave County  
 Required Supplementary Information  
 Schedule of Changes in the County's  
 Net Pension Liability (Asset) and Related Ratios  
 Agent Pension Plans  
 June 30, 2015  
 (Continued)

<b>CORP-Detention</b>	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 Through 2006</b>
Total pension liability		Information
Service cost	\$ 535,075	Not available
Interest on the total pension liability	404,294	
Changes of benefits terms	52,115	
Difference between expected and actual experience in the measurement of the pension liability	(44,513)	
Changes of assumptions or other inputs	309,034	
Benefit payments, including refunds of employee contributions	<u>(325,442)</u>	
Net change in total pension liability	930,563	
Total pension liability-beginning	<u>5,045,425</u>	
Total pension liability-ending (a)	<u>\$5,975,988</u>	
Plan fiduciary net position		
Contributions-employer	\$ 288,751	
Contributions-employee	328,515	
Net investment income	782,383	
Benefits payments, including refunds of employee contributions	(325,442)	
Administrative expense	(6,151)	
Other changes	<u>6,111</u>	
Net change in plan fiduciary net position	1,074,167	
Plan fiduciary net position-beginning	<u>5,458,711</u>	
Plan fiduciary net position-ending (b)	<u>\$6,532,878</u>	
County's net pension liability (asset) – ending (a) – (b)	<u>\$ (556,890)</u>	
Plan fiduciary net position as a percentage of the total pension liability	109.32%	
Covered-employee payroll	\$4,107,411	
County's net pension liability (asset) as a percentage of covered- employee payroll	(13.56%)	

See accompanying notes to pension plan schedules.

Mohave County  
 Required Supplementary Information  
 Schedule of County Pension Contributions  
 June 30, 2015

**Arizona State Retirement System**

	<b>Reporting Fiscal Year</b>		
	<b>2015</b>	<b>2014</b>	<b>2013 through 2006</b>
Statutorily required contribution	\$ 3,828,189	\$ 3,771,598	Information not available
County's contributions in relation to the statutorily required contribution	<u>3,828,189</u>	<u>3,771,598</u>	
County's contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	
County's covered-employee payroll	\$35,153,250	\$35,362,373	
County's contributions as a percentage of covered-employee payroll	10.89%	10.67%	

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

	<b>Reporting Fiscal Year</b>		
	<b>2015</b>	<b>2014</b>	<b>2013 through 2006</b>
Statutorily required contribution	\$ 438,052	\$ 421,197	Information not available
County's contributions in relation to the statutorily required contribution	<u>438,052</u>	<u>421,197</u>	
County's contribution deficiency (excess)	<u>0</u>	<u>0</u>	
County's covered-employee payroll	\$2,943,898	\$2,914,858	
County's contributions as a percentage of covered-employee payroll	14.88%	14.45%	

**Elected Officials Retirement Plan**

	<b>Reporting Fiscal Year</b>		
	<b>2015</b>	<b>2014</b>	<b>2013 through 2006</b>
Statutorily required contribution	\$ 506,959	\$539,153	Information not available
County's contributions in relation to the statutorily required contribution	<u>506,959</u>	<u>539,153</u>	
County's contribution deficiency (excess)	<u>0</u>	<u>0</u>	
County's covered-employee payroll	\$2,157,272	\$2,366,603	
County's contributions as a percentage of covered-employee payroll	23.5%	22.78%	

See accompanying notes to pension plan schedules.

Mohave County  
 Required Supplementary Information  
 Schedule of County Pension Contributions  
 June 30, 2015  
 (Continued)

**PSPRS**

	<b>Reporting Fiscal Year</b>		
	<b>2015</b>	<b>2014</b>	<b>2013 through 2006</b>
Statutorily required contribution	\$1,232,773	\$1,174,898	Information not available
County's contributions in relation to the statutorily required contribution	<u>1,232,773</u>	<u>1,174,898</u>	
County's contribution deficiency (excess)	<u>0</u>	<u>0</u>	
County's covered-employee payroll	\$4,310,395	\$4,486,194	
County's contributions as a percentage of covered-employee payroll	28.6%	26.18%	

**CORP**

	<b>Reporting Fiscal Year</b>		
	<b>2015</b>	<b>2014</b>	<b>2013 through 2006</b>
Statutorily required contribution	\$ 264,368	\$ 288,751	Information not available
County's contributions in relation to the statutorily required contribution	<u>264,368</u>	<u>288,751</u>	
County's contribution deficiency (excess)	<u>0</u>	<u>0</u>	
County's covered-employee payroll	\$3,910,769	\$4,107,411	
County's contributions as a percentage of covered-employee payroll	6.76%	7.03%	

See accompanying notes to pension plan schedules.

Mohave County  
 Required Supplementary Information  
 Notes to Pension Plan Schedules  
 June 30, 2015

Note – Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Mohave County  
 Required Supplementary Information  
 Schedule of Agent OPEB Plans' Funding Progress  
 June 30, 2015

**Health Insurance Premium Benefit**

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b)-(a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b)-(a)/(c)
<b>PSPRS</b>						
<b>Sheriff</b>						
6/30/15	\$1,300,696	\$782,355	\$(518,341)	166.3%	\$3,902,844	(13.3%)
6/30/14	1,195,069	896,475	(298,594)	133.3%	4,440,966	(6.7%)
6/30/13		854,452	854,452	0.0%	4,346,341	19.7%
<b>CORP</b>						
<b>Detention</b>						
6/30/15	\$596,823	\$259,587	\$(337,236)	229.9%	\$3,991,615	(8.5%)
6/30/14	539,633	253,412	(286,221)	212.9%	3,830,354	(7.5%)
6/30/13		240,522	240,522	0.0%	3,715,361	6.47%

See accompanying notes to schedule of agent OPEB plans' funding progress.

Mohave County  
Required Supplementary Information  
Notes to Schedule of Agent OPEB Plans' Funding Progress  
June 30, 2015

Note 1 - Factors That Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS and CORP established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.