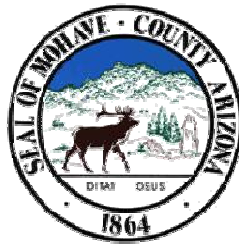


MOHAVE COUNTY
Annual Financial Report
Fiscal Year Ended June 30, 2009



MOHAVE COUNTY
Annual Financial Report
Year Ended June 30, 2009

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Independent Auditors' Report

The Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 3 through 14, the Budgetary Comparison Schedules on pages 54 through 59, and the Schedule of Agent Retirement Plans' Funding Progress on pages 59 through 61 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

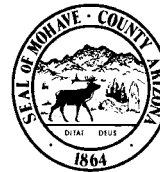
In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Fester & Chapman P.C.

March 22, 2010

Mohave County Financial Services



JOHN TIMKO
Financial Services Director

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Management's Discussion and Analysis

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2009. Please read it in conjunction with the County's basic financial statements, which begin on page 16.

Financial Highlights

- Total assets of the County exceeded its liabilities at the close of the fiscal year by \$283 million, an increase of 6.2% from the prior year. Of this amount, \$77.8 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- Property tax revenue increased by \$8.26 million. This increase is due to a 5.2% increase in the tax levy for the primary government, arising from a 2-year lag in recording new construction. The amount of increase for primary property taxes is limited to 2% for existing taxpayers.
- The tax increase for secondary taxes of 29% was created by higher assessed values. The secondary taxes are not currently limited by statute for increase. The secondary taxes are collected predominantly for special districts such as the library and flood control districts.
- The County's total net assets as reported in the Statement of Activities increased by \$16.5 million. Of this amount, \$15.7 million (95.2%) is attributable to governmental activities and \$.8 million (4.8%) is attributable to business-type activities.
- As reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances, the County's governmental funds reported combined fund balances of \$140.6 million, a decrease of \$5.1 million. This decrease resulted from payments made for debt service and capital projects from funds collected in previous years.
- The unreserved fund balance for the General Fund decreased by \$75 thousand (.6%), General Fund revenues were below budgeted revenues by \$3.6 million, and expenditures were only 81% of both the original adopted and final General Fund budget.

Overview of the Financial Statements

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

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

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

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

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

welfare, education, and culture and recreation. The business-type activities of Mohave County include water companies, recreation, and landfill operations.

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

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

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

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

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Mohave County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Mohave County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The governmental funds financial statements can be found on pages 18-21 of this report.

Mohave County maintains 180 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Flood Control Fund, Scenic Debt Service Fund, and the County Capital Improvement Fund, all of which are major funds. Data from the other 175 governmental funds are combined into a single, aggregated presentation, under the heading Other Governmental Funds.

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and the major special revenue funds to demonstrate compliance with their budgets. These schedules are presented on pages 54 to 59.

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

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among Mohave County's various functions. Mohave County uses internal service funds to account for its fleet of vehicles, employee

benefit health insurance trust, self-insurance trust, janitorial services, communication services, and for its management information systems. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

Fiduciary funds - Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Mohave County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds financial statements can be found on pages 25-26 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 27-53 of this report.

Other information - In addition to the basic financial statements and accompanying notes, pages 54-61 present *required supplementary information* including budgetary comparison schedules and Mohave County's progress in funding its obligation to provide pension benefits to some of its employees.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mohave County, assets exceeded liabilities by \$283 million at the close of the most recent fiscal year.

By far the largest portion of Mohave County's net assets (58%) 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.

15% of Mohave County's net assets represent resources subject to external restrictions on how they may be used. The remaining \$78 million (27%) of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors. The largest changes in the net assets occurred in the governmental funds. The changes are discussed separately under the following sections; Governmental activities – net assets highlights, Business-type activities – net assets highlights, and Capital Asset and Debt Administration.

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

	2008	2009	Increase (Decrease)	% Change
Current assets and other assets	\$ 187,002,666	\$ 183,807,661	\$ (3,195,005)	-1.71%
Capital assets	163,063,496	179,461,188	16,397,692	10.06%
Total assets	350,066,162	363,268,849	13,202,687	3.77%
Long-term liabilities outstanding	77,354,822	73,166,384	(4,188,438)	-5.41%
Other liabilities	5,850,965	6,769,895	918,930	15.71%
Total liabilities	83,205,787	79,936,279	(3,269,508)	-3.93%
Net assets:				
Invested in capital assets, net of related debt	145,237,151	163,310,188	18,073,037	12.44%
Restricted	52,295,029	42,253,846	(10,041,183)	-19.20%
Unrestricted	69,328,195	77,768,536	8,440,341	12.17%
Total net assets	\$ 266,860,375	\$ 283,332,570	\$ 16,472,195	6.17%

Governmental activities - net assets highlights: The net assets *invested in capital assets, net of related debt* had a net increase of \$17.6 million. The details of the increase in capital assets are discussed later in this report under the Capital Asset and Debt Administration heading. Total liabilities decreased \$3.7 million from last year. The decrease was due to principal payments made on the County's Beneficial Interest Certificates (BIC's) and special assessment bonds payable, without incurring any new long-term debt.

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

	2008	2009	Increase (Decrease)	% Change
Current assets and other assets	\$ 170,372,431	\$ 166,419,607	\$ (3,952,824)	-2.32%
Capital assets	147,618,188	163,554,563	15,936,375	10.80%
Total assets	317,990,619	329,974,170	11,983,551	3.77%
Long-term liabilities outstanding	73,256,888	68,581,024	(4,675,864)	-6.38%
Other liabilities	5,525,496	6,511,158	985,662	17.84%
Total liabilities	78,782,384	75,092,182	(3,690,202)	-4.68%
Net assets:				
Invested in capital assets, net of related debt	129,792,188	147,403,563	17,611,375	13.57%
Restricted	43,106,732	33,014,116	(10,092,616)	-23.41%
Unrestricted	66,309,315	74,464,309	8,154,994	12.30%
Total net assets	\$ 239,208,235	\$ 254,881,988	\$ 15,673,753	6.55%

The **restricted** net assets reflected a net decrease of \$10 million from the prior year, mostly due to spending resources on capital projects.

Unrestricted net assets increased by \$8 million from the prior year, primarily due to unspent tax revenue in flood control, library, and the T.V. districts' funds. These resources are intended to be used for major capital projects in the next couple of years.

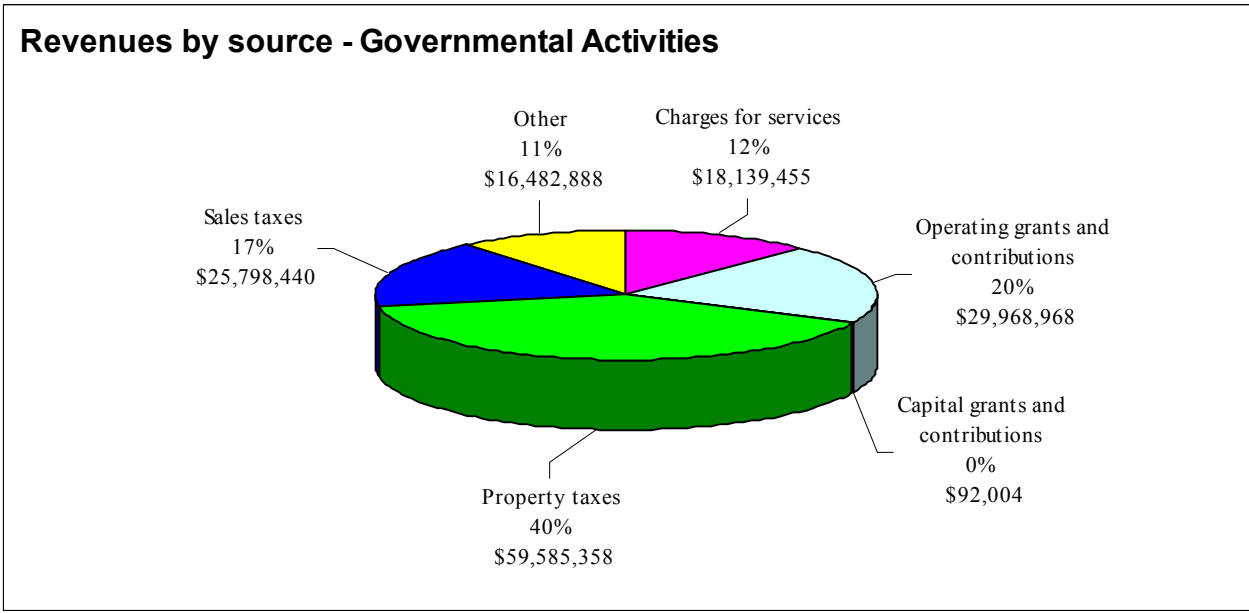
Governmental activities – comparative statement of activities highlights: The current year governmental activities financial statements reflect an increase of \$1.4 million in total revenues due to several factors. Mohave County continues to have steady population growth while the economy continues to decline. While the downturn in the housing market reduced the number of homes built during the year, there is up to a 2-year lag time in getting new construction on the rolls. Higher assessed values on all property, along with new construction, resulted in increased property tax revenues. Most of the increase is due to secondary property taxes, as the primary property tax amount is limited to a 2% increase per year. It rose because of an increase in the tax levies of anywhere from 2% to 25%, depending on the tax authority. Property tax revenue was the only revenue that increased. There was a decrease in other taxes, including sales tax, auto-lieu tax, and capital projects sales tax. These decreases were due to the downturn in all sales, reflecting the current decline in the economy. Investment earnings decreased \$2.9 million from the prior year due to a decrease in the return on investments and an increase in the amount of unrealized loss recorded in the current year. Even fines, fees and other miscellaneous income were affected by the downturn.

The expenses stayed unchanged, in total, from the prior year. The County has managed to maintain moderate growth in controllable expenses, due to increased efficiency, and offsetting increased costs with vacancy savings and suspending step increases. The non-controllable expenses such as court costs from increased caseloads and indigent support continue to rise. Interest on long-term debt increased due to payments made on the jail BICs issued in prior years.

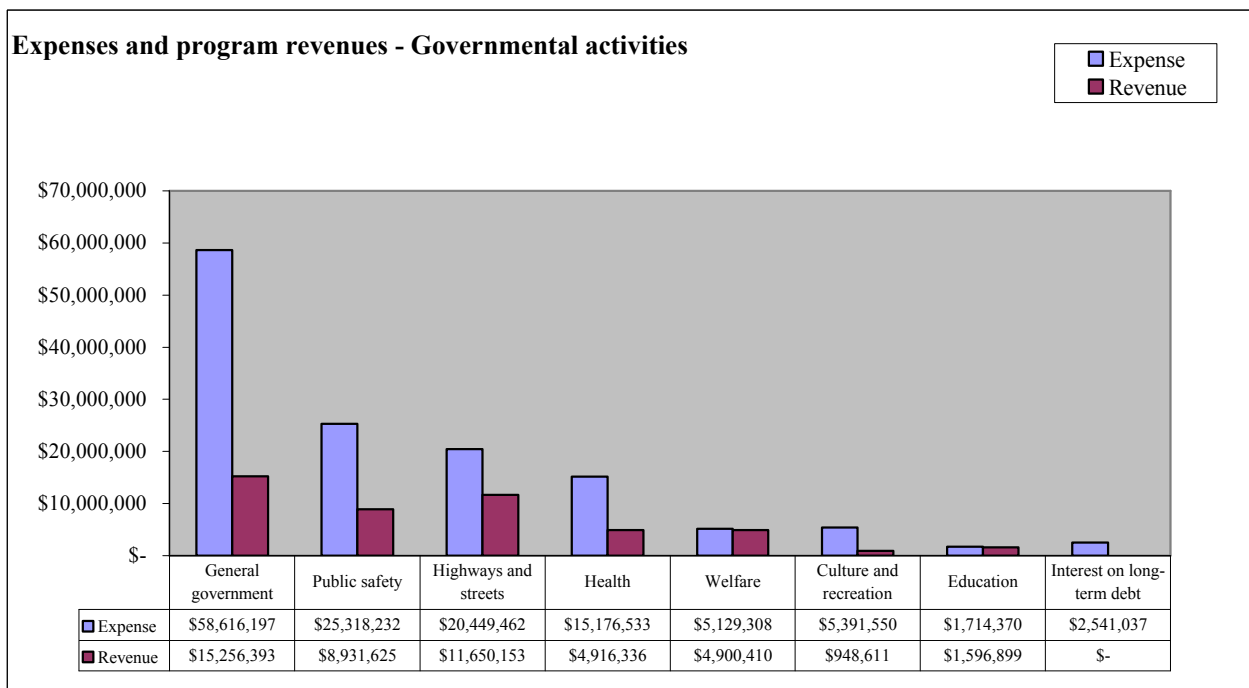
**Governmental Activities
Comparative Statement of Activities
Year Ended June 30,**

	2008	2009	Increase (Decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 19,059,248	\$ 18,139,455	\$ (919,793)	-4.83%
Operating grants & contributions	32,256,844	29,968,968	(2,287,876)	-7.09%
Capital grants & contributions	553,940	92,004	(461,936)	-83.39%
Total program revenues	<u>51,870,032</u>	<u>48,200,427</u>	<u>(3,669,605)</u>	<u>-7.07%</u>
General revenues				
Property taxes	51,324,812	59,585,358	8,260,546	16.09%
Other taxes	40,180,676	39,416,103	(764,573)	-1.90%
Other revenues	5,251,614	2,865,225	(2,386,389)	-45.44%
Total general revenues	<u>96,757,102</u>	<u>101,866,686</u>	<u>5,109,584</u>	<u>5.28%</u>
Total revenues	<u>148,627,134</u>	<u>150,067,113</u>	<u>1,439,979</u>	<u>0.97%</u>
Expenses:				
General government	58,984,470	58,616,197	(368,273)	-0.62%
Public safety	24,363,170	25,318,232	955,062	3.92%
Highways and streets	23,413,885	20,449,462	(2,964,423)	-12.66%
Health	14,927,310	15,176,533	249,223	1.67%
Welfare	5,194,166	5,129,308	(64,858)	-1.25%
Culture and recreation	4,687,004	5,391,550	704,546	15.03%
Education	1,493,095	1,714,370	221,275	14.82%
Interest on long-term debt	978,783	2,541,037	1,562,254	159.61%
Total expenses	<u>134,041,883</u>	<u>134,336,689</u>	<u>294,806</u>	<u>0.22%</u>
Increase in net assets before transfers	14,585,251	15,730,424	1,145,173	7.85%
Transfers	(3,763)	(56,671)	(52,908)	1406.01%
Increase in net assets	<u>14,581,488</u>	<u>15,673,753</u>	<u>1,092,265</u>	<u>7.49%</u>
Net assets beginning of year	<u>224,626,747</u>	<u>239,208,235</u>	<u>14,581,488</u>	<u>6.49%</u>
Net assets end of year	<u>\$ 239,208,235</u>	<u>\$ 254,881,988</u>	<u>\$ 15,673,753</u>	<u>6.55%</u>

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



The following graph represents the expenses and program revenues for governmental activities as reported in the Statement of Activities. Program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities. Total revenues generated by governmental activities (program revenues and general revenues) were \$150.1 million. \$101.8 million of general revenues, which are not included in this graph, represents 68% of total revenues reported for governmental activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues produced an increase to net assets of \$15.7 million for the fiscal year as indicated on the Statement of Activities.

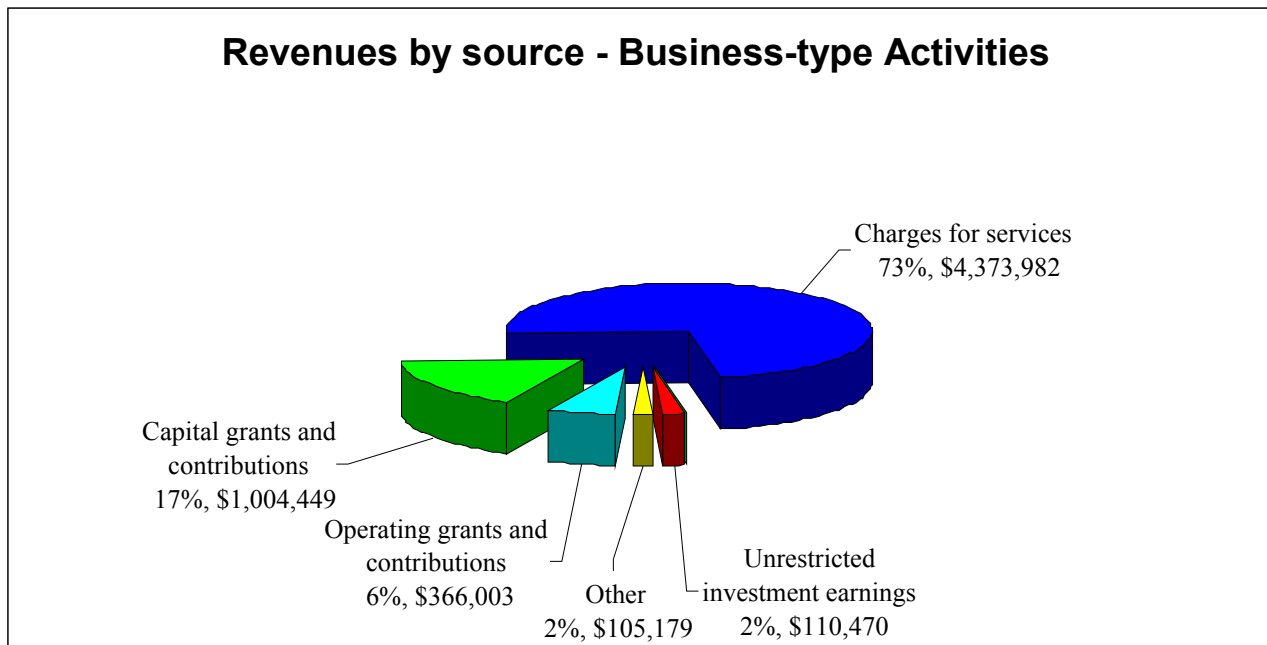


Business-type activities - net assets highlights: Net assets increased by \$.8 million. The 3% increase to invested in capital assets, net of related debt was due to Golden Valley Improvement District (G.V.I.D.) adding an arsenic removal system. The 9.4% increase to unrestricted net assets was due to a one-time capital contribution to G.V.I.D. from the construction reserve fund of \$1 million, offset by operating losses in all the funds, excluding the landfill.

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

	2008	2009	Increase (Decrease)	% Change
Current assets and other assets	\$ 16,630,235	\$ 17,388,054	\$ 757,819	4.56%
Capital assets	15,445,308	15,906,625	461,317	2.99%
Total assets	32,075,543	33,294,679	1,219,136	3.80%
Long-term liabilities outstanding	4,097,934	4,585,360	487,426	11.89%
Other liabilities	325,469	258,737	(66,732)	-20.50%
Total liabilities	4,423,403	4,844,097	420,694	9.51%
Net assets:				
Invested in capital assets, net of related debt	15,444,963	15,906,625	461,662	2.99%
Restricted	9,188,297	9,239,730	51,433	0.56%
Unrestricted	3,018,880	3,304,227	285,347	9.45%
Total net assets	\$ 27,652,140	\$ 28,450,582	\$ 798,442	2.89%

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



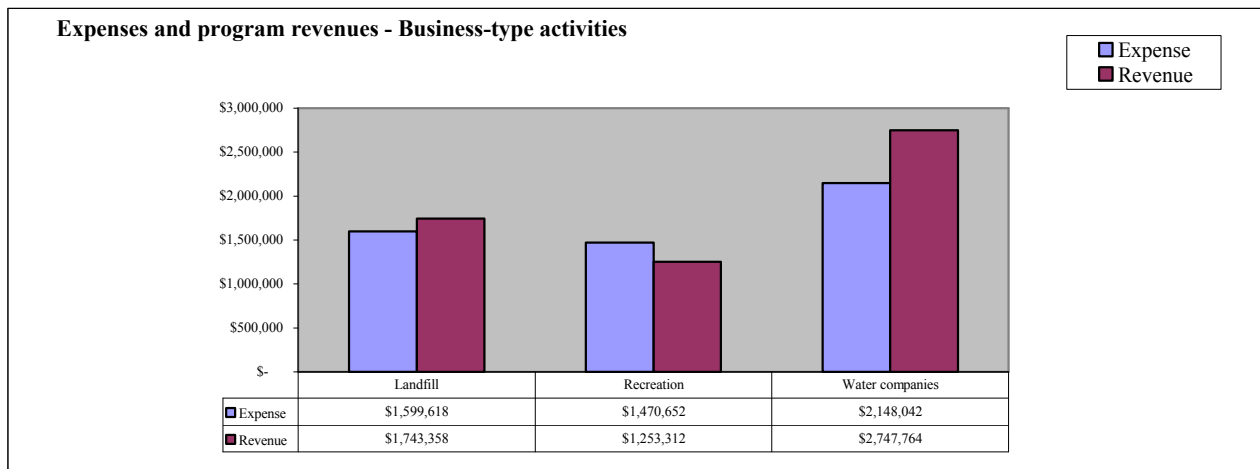
Analysis of revenue changes - The Business-type Activities Comparative Statement of Activities schedule on the following page shows the increases and decreases in revenue with an overall .5% decrease to total revenues. The I-40 water corridor saw the biggest decrease due to not receiving any “one-time” fees in 2009 for new customer hook-ups or water rights. In addition, there was an 80% decrease in other revenues due to reduced returns on interest income, and increased investment losses, which affected all funds. The \$945,272 increase in capital grants and contributions was due to a one-time transfer from the capital reserve fund to G.V.I.D. for the purchase of the arsenic removal equipment.

Business-type activities - comparative statement of activities highlights: The increase in net assets for the enterprise funds decreased by \$1.1 million (59%) from the prior year. This decrease was due to increases in expenditures described in the following discussion. Landfill expenses increased by 136% for two reasons. The waste-tire removal services were performed during the year. This service has a two-year rotating schedule, so fiscal year 2009 saw a marked increase in spending of \$473,000. In addition, the closure/postclosure costs increased by \$471,000, while all other expenses decreased by \$21,000. Recreation expenses increased 38% or \$405,000. In the prior year, some personnel costs associated with a capital improvement grant were absorbed by the grant, reducing total costs. This year, approximately \$200,000 of those costs was reflected in personnel expenses. In 2009, a new special events program at Davis Camp was started, which increased costs by \$150,000. In addition, an increase of \$55,000 in all other expenses occurred.

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

	2008	2009	Increase (Decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 4,853,971	\$ 4,373,982	\$ (479,989)	-9.89%
Operating grants & contributions	403,198	366,003	(37,195)	-9.22%
Capital grants & contributions	59,177	1,004,449	945,272	1597.36%
Total program revenues	<u>5,316,346</u>	<u>5,744,434</u>	<u>428,088</u>	<u>8.05%</u>
General revenues				
Property taxes	119	-	(119)	-100.00%
Other taxes	100,000	100,000	-	0.00%
Other revenues	576,182	115,649	(460,533)	-79.93%
Total general revenues	<u>676,301</u>	<u>215,649</u>	<u>(460,652)</u>	<u>-68.11%</u>
Total revenues	<u>5,992,647</u>	<u>5,960,083</u>	<u>(32,564)</u>	<u>-0.54%</u>
Expenses:				
Landfill	676,358	1,599,618	923,260	136.50%
Recreation	1,065,797	1,470,652	404,855	37.99%
Water companies	2,321,962	2,148,042	(173,920)	-7.49%
Total expenses	<u>4,064,117</u>	<u>5,218,312</u>	<u>1,154,195</u>	<u>28.40%</u>
Increase in net assets before transfers	1,928,530	741,771	(1,186,759)	-61.54%
Transfers	3,763	56,671	52,908	1406.01%
Increase in net assets	<u>1,932,293</u>	<u>798,442</u>	<u>(1,133,851)</u>	<u>-58.68%</u>
Net assets beginning of year	<u>25,719,847</u>	<u>27,652,140</u>	<u>1,932,293</u>	<u>7.51%</u>
Net assets end of year	<u>\$ 27,652,140</u>	<u>\$ 28,450,582</u>	<u>\$ 798,442</u>	<u>2.89%</u>

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



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Mohave County's governmental funds reported combined ending fund balances of \$140.6 million, a decrease of \$5.1 million in comparison with the prior year. The reserved fund balances consist of \$7.8 million reserved for debt service and \$288,650 invested in inventory.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$11.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The General Fund unreserved fund balance equals 17% of total General Fund expenditures, unchanged from the prior year.

During the current fiscal year, the fund balance of Mohave County's General Fund decreased by \$75 thousand. This represents a .6% decrease from the fiscal year 2008 ending balance. Revenues increased by \$1.8 million (3%), while expenditures stayed unchanged from the previous year. Total expenditures as a percentage of the total original budget were only 80.6% in fiscal year 2009. The increases in revenue were from property tax revenue, as a result of increased assessed values and new construction. The County addressed personnel requirements to provide services to a growing Mohave County population by giving a ½-step increase of 2.5%. These increases, netted against a reduction in personnel from a hiring freeze, resulted in a less than 1% decrease in personnel costs. Other costs had similar minor differences.

The Road Fund had a total fund balance of \$10.2 million, of which \$288,650 is reserved for inventories and \$9.9 million is unreserved and will be used for road maintenance. The net increase in unrestricted fund balance during the current year in the Road Fund was \$.9 million. The increase results from fewer road projects completed in this fiscal year than the amount of funds collected. The balance reflects funds available for ongoing road projects of the County.

The Flood Control Fund - fund balance increased by \$4.9 million. The majority of revenue for this fund comes from secondary taxes, which increased due to the rise in assessed values, as previously discussed. Also, an intergovernmental agreement with the City of Kingman brought in \$.4 million. The expenses remained unchanged from the prior year.

The Scenic Debt Service Fund had an ending fund balance of \$1.1 million. This balance is comprised of early payments from special assessments. The fund balance decreased by \$107,745.

The County Capital Improvement Fund had an ending fund balance of \$66 million. This was a decrease of \$17 million from the prior year. The majority of the decrease results from construction costs totaling \$20.3 million related to various projects including the County Jail, the Development Services building, and various other building projects, along with transfers out for debt service payments of \$6.8 million. These were offset by tax revenue of \$6.4 million, investment earnings of \$1.8 million and transfers in from other governmental funds of \$1.8 million.

The Other Governmental Funds had a combined fund balance of \$32.9 million at year-end. This was a net increase of \$6.3 million from the prior year. The increase is primarily from transfers in exceeding transfers out by \$10.2 million, net of excess expenditures over revenue of \$3.9 million. Comparing the prior year to the current year, the increase in revenues was a result of a \$2.9 million increase in property tax revenues net of a decrease in grant revenues. This, coupled with a \$5.5 million increase in expenditures from the prior year, resulted in net excess of expenditures over revenues of almost \$4 million, versus net revenue over expenditures of \$.3 million in 2008. In the prior year, there was a net transfer in of \$3.7 million. This year the net transfer in was \$10.2 million. The difference was a new transfer in from the County Capital Improvement Fund for the jail debt service payment of \$5 million. There was also a reduction of transfers out for a one-time transfer to the capital projects fund of \$1 million from the Probation Fee Fund for a building remodel and \$.5 million from court automation in 2008.

Proprietary funds

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

Statement of Net Assets-Business-type Activities - Net assets for all enterprise funds increased \$.8 million. At the end of the year, the unrestricted net assets of the water companies and other enterprise funds, which includes park services, was \$3.3 million. The increase of \$.3 million in unrestricted net assets and \$.5 million in invested in capital assets, was due to a capital contribution from a Governmental Reserve Fund to the G.V.I.D. Fund of \$1 million. All the funds except the Landfill Fund showed a net loss before contributions and transfers. The Landfill Fund's net assets increased by \$.23 million. The increase was smaller than usual due to increased expenses for waste tire disposal and closure/postclosure costs, due to expanded capacity. The accumulated net assets are restricted and will be used for future expansion, as well as closure and postclosure costs.

Governmental Activities-Internal Service Funds - Net assets for the internal service funds decreased by \$.3 million. The decrease was from an Employee Benefit Trust Fund (EBT) loss of \$1 million, offset by small increases in the other funds. The investment in capital assets, net of related debt decreased due to depreciation expense exceeding purchases in the current year, primarily in the Motor Pool Fund.

Statement of Revenues, Expenses, and Changes in Fund Net Assets-Business-type Activities - The only difference between this statement and the Statement of Activities-Business type discussed previously on page 10, is the presentation. The expenses are broken out in more detail on this report and the revenues are shown as either operating or non-operating. As previously discussed, the majority of the increase in net assets was due to capital contributions in the G.V.I.D. Fund.

Statement of Revenues, Expenses, and Changes in Fund Net Assets-Governmental Activities Internal Service Funds - Total Internal Service Funds operating expenses decreased \$1.2 million or 5% from last year, while revenues decreased \$2 million or 9.5%. Investment income decreased in all funds, by approximately \$.5 million. However, the largest decrease in revenue was in the EBT Fund. This decrease was due to claims experience and expenses exceeding revenue during the year. Rates have not increased in the trust fund for two years. In the prior year, the EBT received \$2 million in excess charges reimbursement from its insurance carrier. No significant claims reimbursements were received this year. The other internal service funds reflected small increases in net assets.

General Fund Budgetary Highlights

Revenues: The General Fund revenue was below the total amount budgeted by \$ 3.6 million (4.8 percent). Although the 2009 budget reflected a 2 percent decrease in budgeted revenues from 2008, it was still overly optimistic due to the economic downturn. While actual revenues were above the previous year's total by \$1.8 million, they were still below budgeted expectations.

Expenditures: Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments and categories of budget. There was net decrease of \$4,400 in total expenditures, which resulted from an increase in split-funded salaries from the General Fund to Other Governmental Funds. Total actual expenditures were below budgeted expenditures by \$16.7 million, which was comprised mostly of unspent contingency funds. Actual expenditures remained substantially unchanged from 2008.

Variances between actual revenues, expenditures, and final budgeted amounts will be discussed below for all significant differences, as related to the schedule in required supplementary information on pages 55-56.

Revenues: Overall, revenues fell short of the budgeted amounts for all categories except fines and forfeits and miscellaneous revenues. Court fines increased by \$123 thousand due to additional fees charged and an increase in court cases. Miscellaneous revenue exceeded budgeted because items such as cancelled warrants, auction proceeds, and Community Facilities District (CFD) fees are not budgeted. All major revenue sources were lower than expected. Intergovernmental revenue, a major revenue source, was under-budgeted by \$1.7 million. This was primarily due to major declines in sales tax and auto lieu, which were under budget by \$4.1 million. This decrease was partially offset by the federal PILT revenue, which was unexpectedly fully funded with an additional \$2.4 million. The charges for services variance of \$1 million is due to the economy, especially the construction industry and real estate decline, and is reflected primarily in recorder fees and planning and zoning fees.

Expenditures: Expenditures were less than budgetary estimates by \$16.7 million. Of the County contingency budget of \$13.1 million, \$.6 million was transferred to other departments and \$12.5 million remained unused. There was an additional \$1.7 million excess budget due to personnel vacancies. As a hedge against the declining economy, the Board of Supervisors have put in place a hiring freeze on most vacant positions. In addition to vacant positions, the following departments had these specific savings: General Administration had lower than budgeted legal expense and did not complete some budgeted projects, totaling \$.9 million. The Development Services and Building Inspection departments had excess budget of \$.6 million from not outsourcing the plans review function. The remaining balance of available budget is scattered throughout the other departments in supplies and other services.

Actual expenditures increased over the prior year by \$187,493, or less than 1/2%. Most departments were able to maintain expenses at the prior year level. The employees were given a 2.5% merit increase along with increased costs of benefits. These increases were offset by attrition due to the hiring freeze.

Capital Asset and Debt Administration

Capital assets – Mohave County’s investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$179 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges. The increase in capital assets of \$16.4 million (net of depreciation) resulted from the following major projects and purchases: Mohave County Jail, Development Services building, Beaver Dam Bridge, G.V.I.D. arsenic removal system, road additions, and the purchase of additional fleet vehicles.

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

	2008	2009	Increase (Decrease)	% Change
Governmental activities				
Capital assets, not being depreciated	\$ 34,198,621	\$ 53,101,816	\$ 18,903,195	55.27%
Capital assets, being depreciated	113,419,567	110,452,747	(2,966,820)	-2.62%
Total governmental assets	<u>\$ 147,618,188</u>	<u>\$ 163,554,563</u>	<u>\$ 15,936,375</u>	<u>10.80%</u>
Business-type activities				
Capital assets, not being depreciated	\$ 1,668,990	\$ 1,630,859	\$ (38,131)	-2.28%
Capital assets, being depreciated	13,776,318	14,275,766	499,448	3.63%
Total business-type assets	<u>\$ 15,445,308</u>	<u>\$ 15,906,625</u>	<u>\$ 461,317</u>	<u>2.99%</u>
Total governmental and business-type activities				
Capital assets, not being depreciated	\$ 35,867,611	\$ 54,732,675	\$ 18,865,064	52.60%
Capital assets, being depreciated	127,195,885	124,728,513	(2,467,372)	-1.94%
Total capital assets	<u>\$ 163,063,496</u>	<u>\$ 179,461,188</u>	<u>\$ 16,397,692</u>	<u>10.06%</u>

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

- The Beaver Dam Bridge project is still in process with \$2 million spent to date and an estimated \$5.9 million additional cost to complete.
- The Golden Valley Improvement District spent \$1 million to complete an arsenic removal system.
- FaulknerUSA continued work on the County Correctional Facility with expenditures of \$15.5 million for the year. The project is scheduled for completion in the summer of 2010 with total estimated expenditures of \$70 million.
- The County replaced 39 aging vehicles from the fleet at a total cost of \$1.2 million. Twenty-one vehicles were purchased using general government funding, two from the General Fund, two from Road funds, one from Flood Control, twelve from Other Governmental funds and one from business-type funds.

- The County is building a Development Services building behind the current Public Works building to house various departments including Public Works, Flood Control, Planning and Zoning, and Environmental Health. A total of \$2.5 million has been spent and an additional \$2.4 is estimated to complete the building. The project is scheduled for completion in the spring of 2010.

The 55% increase to governmental activities capital assets not being depreciated reflects an additional \$19.6 million in costs added to construction in process (as discussed above) less \$1.5 million completed projects transferred, plus \$.9 million additions to land. The projects transferred were the G.V.I.D arsenic removal and Ranch Palo Verde road project. Upon completion, the assets were reclassified as depreciable assets. Notes 5 and 6, on pages 38-39 of this report, contain additional information on Mohave County's capital assets.

Long-term liabilities - At the end of the current fiscal year, Mohave County had total long-term liabilities outstanding of \$73.2 million. Of this amount, \$59.9 million is related to construction projects and special assessment debt, backed as follows: \$62.1 million of unspent proceeds and reserves, \$16.3 million backed by buildings of the government used as collateral for Beneficial Interest Certificates issued and \$1.9 million is special assessment debt for which the government can sell the taxpayer's property, to cover the debt, in the event of default by the property owners subject to the assessment. The remainder of Mohave County's long-term liabilities are comprised of claims and judgments payable, landfill closure and postclosure care costs payable, and compensated absences payable incurred during normal operations. For details see note 8.

State statutes limit the amount of general obligation debt a government entity may issue to 6% of its total secondary assessed valuation, without taxpayer approval, and up to 15% with the approval of a majority of taxpayers. The debt limitation for Mohave County for fiscal year 2008/2009 was \$194 million (6% of \$3.2 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt and therefore has its full debt limit capacity available for future needs.

Note 8, on pages 40-44 of this report, contains additional information on Mohave County's long-term debt.

Economic Factors and Next Year's Budgets and Rates

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

The unemployment rate for Mohave County was 8.9% in June 2009, which is an increase from an average rate of 5.1% in 2008. The unemployment rate in Mohave County exceeded the state's unemployment rate of 8.7% and compares favorably to the national average rate of 9.7%. The rates within the state vary greatly and continue to climb. In December 2009, Mohave County's rate was at 10.3% while the state average was 9.1% and the Federal average was 10%. The highest rate in the state was 19.5% in Yuma County with the lowest rate being 7.2% in Cochise County.

Requests for Information

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

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

Basic Financial Statements

MOHAVE COUNTY
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 93,591,960	\$ 15,563,240	\$ 109,155,200
Receivables (net of allowances for uncollectibles):			
Property taxes	5,282,276	388	5,282,664
Accounts	842,203	217,728	1,059,931
Accrued interest	324,583	48,695	373,278
Special assessments	1,577,922	-	1,577,922
Internal balances	561	(561)	-
Due from other governments	6,369,112	87,997	6,457,109
Inventories	401,808	392,244	794,052
Prepaid items	1,030,088	67,925	1,098,013
Restricted cash	56,999,094	1,010,398	58,009,492
Capital assets, not being depreciated	53,101,816	1,630,859	54,732,675
Capital assets, being depreciated, net	<u>110,452,747</u>	<u>14,275,766</u>	<u>124,728,513</u>
Total assets	<u>329,974,170</u>	<u>33,294,679</u>	<u>363,268,849</u>
Liabilities			
Accounts payable and other current liabilities	3,180,891	70,523	3,251,414
Accrued payroll and employee benefits	1,926,461	41,403	1,967,864
Accrued interest	505,603	-	505,603
Due to other governments	122,851	27,301	150,152
Deposits held for others	701,802	119,510	821,312
Deferred revenue	73,550	-	73,550
Noncurrent liabilities			
Current portion of long-term obligations	12,470,775	140,000	12,610,775
Noncurrent portion of long-term obligations	<u>56,110,249</u>	<u>4,445,360</u>	<u>60,555,609</u>
Total liabilities	<u>75,092,182</u>	<u>4,844,097</u>	<u>79,936,279</u>
Net Assets			
Invested in capital assets, net of related debt	147,403,563	15,906,625	163,310,188
Restricted for:			
Public safety	2,156,009	-	2,156,009
Highways and streets	10,149,286	-	10,149,286
Health	493,175	-	493,175
Welfare	896,677	-	896,677
Education	282,737	-	282,737
Debt service	9,051,905	-	9,051,905
Capital projects	9,582,519	1,010,398	10,592,917
Other purposes	401,808	8,229,332	8,631,140
Unrestricted	<u>74,464,309</u>	<u>3,304,227</u>	<u>77,768,536</u>
Total net assets	<u>\$ 254,881,988</u>	<u>\$ 28,450,582</u>	<u>\$ 283,332,570</u>

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

MOHAVE COUNTY
Statement of Activities
Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 58,616,197	\$ 12,659,620	\$ 2,504,769	\$ 92,004	\$ (43,359,804)	\$ -	\$ (43,359,804)
Public safety	25,318,232	2,479,499	6,452,126	-	(16,386,607)	-	(16,386,607)
Highways and streets	20,449,462	854,733	10,795,420	-	(8,799,309)	-	(8,799,309)
Health	15,176,533	1,570,064	3,346,272	-	(10,260,197)	-	(10,260,197)
Welfare	5,129,308	499,221	4,401,189	-	(228,898)	-	(228,898)
Culture and recreation	5,391,550	76,318	872,293	-	(4,442,939)	-	(4,442,939)
Education	1,714,370	-	1,596,899	-	(117,471)	-	(117,471)
Interest on long-term debt	2,541,037	-	-	-	(2,541,037)	-	(2,541,037)
Total governmental activities	134,336,689	18,139,455	29,968,968	92,004	(86,136,262)	-	(86,136,262)
Business-type activities:							
Landfill	1,599,618	1,377,355	366,003	-	-	143,740	143,740
Recreation	1,470,652	1,253,312	-	-	-	(217,340)	(217,340)
Water companies	2,148,042	1,743,315	-	1,004,449	-	599,722	599,722
Total business-type activities	5,218,312	4,373,982	366,003	1,004,449	-	526,122	526,122
Total primary government	\$ 139,555,001	\$ 22,513,437	\$ 30,334,971	\$ 1,096,453	(86,136,262)	526,122	(85,610,140)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					45,296,533	-	45,296,533
Property taxes, levied for flood control					14,288,825	-	14,288,825
Share of state sales taxes					19,369,303	-	19,369,303
Special county sales tax for capital projects					6,429,137	-	6,429,137
Auto-lieu tax					8,928,734	-	8,928,734
Federal in-lieu tax					4,311,002	100,000	4,411,002
Local in-lieu tax					17,509	-	17,509
Utilities franchise tax					360,418	-	360,418
County equalization revenue					110,251	-	110,251
Investment earnings					2,318,676	110,470	2,429,146
Miscellaneous					304,615	3,735	308,350
Rent					131,683	1,444	133,127
Transfers					(56,671)	56,671	-
Total general revenues					101,810,015	272,320	102,082,335
Change in net assets					15,673,753	798,442	16,472,195
Net assets, July 1, 2008					239,208,235	27,652,140	266,860,375
Net assets, June 30, 2009					\$ 254,881,988	\$ 28,450,582	\$ 283,332,570

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

MOHAVE COUNTY
Balance Sheet
Governmental Funds
June 30, 2009

Assets	General Fund	Road Fund	Flood Control Fund	Scenic Debt Service Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 10,504,839	\$ 9,080,238	\$ 17,803,587	\$ 1,099,374	\$ 11,533,684	\$ 31,002,552	\$ 81,024,274
Receivables (net of allowances for uncollectibles):							
Property taxes	2,805,555	-	1,334,769	-	-	1,141,952	5,282,276
Accounts	443,309	3,937	50	1,247	-	286,119	734,662
Accrued interest	43,261	27,056	66,201	3,278	35,595	90,355	265,746
Special assessments	-	-	-	1,352,586	-	225,336	1,577,922
Due from:							
Other funds	112,955	-	-	-	-	192,690	305,645
Other governments	2,145,060	1,260,044	347,656	-	500,878	2,110,768	6,364,406
Inventories	-	288,650	-	-	-	-	288,650
Prepaid items	10,592	27	125	-	201,046	335,196	546,986
Cash-restricted	263,233	-	-	-	54,761,185	1,909,584	56,934,002
Total assets	\$ 16,328,804	\$ 10,659,952	\$ 19,552,388	\$ 2,456,485	\$ 67,032,388	\$ 37,294,552	\$ 153,324,569
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 609,174	\$ 288,703	\$ 85,348	\$ -	\$ 599,415	\$ 1,354,053	\$ 2,936,693
Accrued payroll and employee benefits	1,184,046	192,120	24,187	-	-	472,289	1,872,642
Due to:							
Other funds	63,926	-	-	-	3,116	227,257	294,299
Other governments	-	-	-	-	-	122,851	122,851
Deposits held for others	607,186	-	-	-	-	94,616	701,802
Beneficial interest certificates:							
Principal payable	-	-	-	-	-	555,000	555,000
Interest payable	-	-	-	-	-	505,603	505,603
Deferred revenue	2,302,408	-	1,029,454	1,352,586	-	1,045,278	5,729,726
Total liabilities	4,766,740	480,823	1,138,989	1,352,586	602,531	4,376,947	12,718,616
Fund balances							
Reserved for:							
Inventories	-	288,650	-	-	-	-	288,650
Debt service	-	-	-	-	-	7,774,494	7,774,494
Unreserved, reported in:							
General fund	11,562,064	-	-	-	-	-	11,562,064
Special revenue funds	-	9,890,479	18,413,399	-	-	22,490,196	50,794,074
Capital projects funds	-	-	-	-	66,429,857	2,652,915	69,082,772
Debt service funds	-	-	-	1,103,899	-	-	1,103,899
Total fund balances	11,562,064	10,179,129	18,413,399	1,103,899	66,429,857	32,917,605	140,605,953
Total liabilities and fund balances	\$ 16,328,804	\$ 10,659,952	\$ 19,552,388	\$ 2,456,485	\$ 67,032,388	\$ 37,294,552	\$ 153,324,569

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

MOHAVE COUNTY
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2009

Fund balances - total governmental funds \$ 140,605,953

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 159,565,381

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

Property taxes receivable	\$ 4,221,148	
Special assessments receivable	<u>1,435,028</u>	5,656,176

Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 15,170,485

Some liabilities, including bonds and beneficial interest certificates payable, are not due and payable in the current period and therefore, are not reported in the funds.

Special assessment bonds	(1,891,000)	
Beneficial interest certificates	(57,055,000)	
Beneficial interest certificates premium-unamortized	(397,755)	
Compensated absences	<u>(6,772,252)</u>	<u>(66,116,007)</u>

Net assets of governmental activities \$ 254,881,988

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

MOHAVE COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009

	General Fund	Road Fund	Flood Control Fund	Scenic Debt Service Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 32,103,675	\$ -	\$ 14,288,825	\$ -	\$ 6,429,136	\$ 12,938,605	\$ 65,760,241
Special assessments	-	-	-	446,463	-	20	446,483
Licenses and permits	862,541	25,300	16,142	-	-	622,489	1,526,472
Intergovernmental	31,034,457	13,231,382	30,639	-	-	17,919,944	62,216,422
Charges for services	5,951,390	374,235	439,056	-	2,780	4,866,997	11,634,458
Fines and forfeits	2,057,022	-	-	-	-	69,025	2,126,047
Investment earnings	107,116	50,794	96,470	21,547	1,771,640	193,603	2,241,170
Rents	-	117,400	-	-	101,890	28,593	247,883
Contributions	1,000	-	-	-	-	415,025	416,025
Miscellaneous	200,499	56,734	-	1,820	-	45,562	304,615
Total revenues	72,317,700	13,855,845	14,871,132	469,830	8,305,446	37,099,863	146,919,816
Expenditures:							
Current:							
General government	37,348,323	-	-	-	-	4,862,621	42,210,944
Public safety	21,974,870	-	-	-	-	7,800,928	29,775,798
Highways and streets	-	12,679,386	7,659,532	-	-	8,164	20,347,082
Health	10,023,314	-	-	-	-	6,276,578	16,299,892
Welfare	-	-	-	-	-	5,269,370	5,269,370
Culture and recreation	-	-	-	-	-	6,370,617	6,370,617
Education	390,380	-	-	-	-	1,631,522	2,021,902
Capital outlay	-	-	-	-	20,269,912	1,955,501	22,225,413
Debt service:							
Principal retirement	-	-	-	450,000	-	4,430,000	4,880,000
Interest and fiscal charges	-	-	-	127,575	-	2,413,462	2,541,037
Total expenditures	69,736,887	12,679,386	7,659,532	577,575	20,269,912	41,018,763	151,942,055
Excess (deficiency) of revenues over expenditures	2,580,813	1,176,459	7,211,600	(107,745)	(11,964,466)	(3,918,900)	(5,022,239)
Other financing sources (uses):							
Transfers in	1,498,202	-	-	-	1,789,904	15,290,126	18,578,232
Transfers out	(4,153,922)	(290,635)	(2,284,643)	-	(6,800,354)	(5,105,349)	(18,634,903)
Bond discount amortization	-	-	-	-	(18,276)	-	(18,276)
Total other financing sources (uses)	(2,655,720)	(290,635)	(2,284,643)	-	(5,028,726)	10,184,777	(74,947)
Net change in fund balances	(74,907)	885,824	4,926,957	(107,745)	(16,993,192)	6,265,877	(5,097,186)
Fund balances, July 1, 2008	11,636,971	9,345,416	13,486,442	1,211,644	83,423,049	26,651,728	145,755,250
Decrease in reserve for inventory of supplies	-	(52,111)	-	-	-	-	(52,111)
Fund balances, June 30, 2009	\$ 11,562,064	\$ 10,179,129	\$ 18,413,399	\$ 1,103,899	\$ 66,429,857	\$ 32,917,605	\$ 140,605,953

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

MOHAVE COUNTY
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2009

Net change in fund balances - total governmental funds		\$ (5,097,186)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 22,724,373	
Depreciation expense	<u>(6,484,166)</u>	16,240,207
<p>In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold.</p>		
Net effect of disposal of capital assets		(121,063)
<p>Debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal repaid on long-term debt:		
Special assessment bonds	580,000	
Beneficial interest certificates-payments	4,300,000	
Beneficial interest certificates premium-amortization	<u>39,775</u>	4,919,775
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.</p>		
Increase in compensated absences		(277,217)
<p>Collections of deferred revenues plus current-year revenues recorded in the Statement of Activities exceeded revenues reported in the governmental funds.</p>		
		370,444
<p>Some cash outlays, such as the purchase of supply inventories, are recorded as expenditures in the governmental funds when purchased. In the Statement of Activities, however, inventories are reported as expenses when consumed.</p>		
Decrease in supply inventory		(52,111)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, information technology and telecommunication to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the Statement of Activities.</p>		
		<u>(309,096)</u>
Change in net assets of governmental activities		<u><u>\$ 15,673,753</u></u>

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

MOHAVE COUNTY
Statement of Net Assets
Proprietary Funds
June 30, 2009

	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 1,112,902	\$ 12,403,208	\$ 886,631	\$ 1,160,499	\$ 15,563,240	\$ 12,567,686
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	388	-	388	-
Accounts	496	172,277	44,871	84	217,728	107,541
Accrued interest	5,285	36,184	4,119	3,107	48,695	58,837
Due from:						
Other funds	4,053	-	16,043	740	20,836	30,184
Other governments	-	84,665	-	3,332	87,997	4,706
Inventories	186,615	-	205,629	-	392,244	113,158
Prepaid items	60,161	-	4,306	3,458	67,925	483,102
Total current assets	<u>1,369,512</u>	<u>12,696,334</u>	<u>1,161,987</u>	<u>1,171,220</u>	<u>16,399,053</u>	<u>13,365,214</u>
Noncurrent assets:						
Cash - restricted	485,240	-	525,158	-	1,010,398	65,092
Capital assets, net of accumulated depreciation, where applicable						
Land	-	108,699	40,388	1,481,772	1,630,859	-
Infrastructure, net	3,866,606	951,571	6,885,909	609,799	12,313,885	-
Buildings, net	-	-	49,660	1,420,902	1,470,562	-
Equipment, net	44,927	27,796	189,533	229,063	491,319	3,989,182
Total noncurrent assets	<u>4,396,773</u>	<u>1,088,066</u>	<u>7,690,648</u>	<u>3,741,536</u>	<u>16,917,023</u>	<u>4,054,274</u>
Total assets	<u>5,766,285</u>	<u>13,784,400</u>	<u>8,852,635</u>	<u>4,912,756</u>	<u>33,316,076</u>	<u>17,419,488</u>
Liabilities						
Current liabilities:						
Accounts payable	5,817	24,513	14,981	25,212	70,523	244,198
Accrued payroll and employee benefits	5,310	7,946	9,816	18,331	41,403	53,819
Due to:						
Other funds	16,043	-	939	4,415	21,397	40,969
Other governments	20,072	-	7,229	-	27,301	-
Deposits held for others	20,000	-	99,510	-	119,510	-
Current portion of:						
Compensated absences payable	20,000	25,000	30,000	65,000	140,000	233,191
Claims and judgments payable	-	-	-	-	-	1,676,826
Total current liabilities	<u>87,242</u>	<u>57,459</u>	<u>162,475</u>	<u>112,958</u>	<u>420,134</u>	<u>2,249,003</u>
Noncurrent liabilities:						
Landfill closure and postclosure care costs payable	-	4,404,673	-	-	4,404,673	-
Compensated absences payable	4,109	4,870	6,345	25,363	40,687	-
Total noncurrent liabilities	<u>4,109</u>	<u>4,409,543</u>	<u>6,345</u>	<u>25,363</u>	<u>4,445,360</u>	<u>-</u>
Total liabilities	<u>91,351</u>	<u>4,467,002</u>	<u>168,820</u>	<u>138,321</u>	<u>4,865,494</u>	<u>2,249,003</u>
Net Assets						
Investment in capital assets, net of related debt	3,911,533	1,088,066	7,165,490	3,741,536	15,906,625	3,989,182
Restricted for:						
Capital projects	485,240	-	525,158	-	1,010,398	-
Sanitation	-	8,229,332	-	-	8,229,332	-
Unrestricted	1,278,161	-	993,167	1,032,899	3,304,227	11,181,303
Total net assets	<u>\$ 5,674,934</u>	<u>\$ 9,317,398</u>	<u>\$ 8,683,815</u>	<u>\$ 4,774,435</u>	<u>\$ 28,450,582</u>	<u>\$ 15,170,485</u>

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

MOHAVE COUNTY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Operating revenues:						
Charges for services	\$ 1,026,646	\$ 1,377,355	\$ 702,768	\$ 1,267,213	\$ 4,373,982	\$ 19,211,730
Miscellaneous	539	5	1,473	1,718	3,735	-
Total operating revenues	1,027,185	1,377,360	704,241	1,268,931	4,377,717	19,211,730
Operating expenses:						
Personnel services	195,035	277,018	359,057	697,366	1,528,476	2,101,226
Supplies	17,804	13,482	25,066	137,471	193,823	304,481
Professional services	11,991	536,905	39,287	98,007	686,190	96,091
Communications	4,770	1,175	17,027	18,582	41,554	672,146
Insurance	59,116	9,587	9,560	14,230	92,493	713,645
Landfill closure and postclosure care costs	-	475,601	-	-	475,601	-
Insurance claims	-	-	-	-	-	11,966,654
Lawsuit judgments	-	-	-	-	-	113,891
Repairs and maintenance	27,116	1,562	27,633	53,647	109,958	83,644
Public utility service	520,331	126,393	117,625	276,361	1,040,710	-
Rents and leases	1,680	6,706	2,500	4,700	15,586	1,194,767
Depreciation	248,160	57,822	326,355	118,724	751,061	1,158,355
Other	12,025	93,367	31,888	82,304	219,584	1,093,137
Total operating expenses	1,098,028	1,599,618	955,998	1,501,392	5,155,036	19,498,037
Operating loss	(70,843)	(222,258)	(251,757)	(232,461)	(777,319)	(286,307)
Nonoperating revenues (expenses):						
Investment earnings	11,735	82,749	10,128	5,858	110,470	77,506
Rent income	-	-	1,444	-	1,444	-
Noncapital grants	-	366,003	-	100,000	466,003	-
Loss on disposal of capital assets	(748)	-	(40,012)	(22,516)	(63,276)	(91,659)
Total nonoperating revenues (expenses)	10,987	448,752	(28,440)	83,342	514,641	(14,153)
Income (loss) before contributions and transfers	(59,856)	226,494	(280,197)	(149,119)	(262,678)	(300,460)
Capital contributions	-	-	1,004,449	-	1,004,449	(8,636)
Transfers in	-	-	-	56,671	56,671	-
Increase (decrease) in net assets	(59,856)	226,494	724,252	(92,448)	798,442	(309,096)
Total net assets, July 1, 2008	5,734,790	9,090,904	7,959,563	4,866,883	27,652,140	15,479,581
Total net assets, June 30, 2009	\$ 5,674,934	\$ 9,317,398	\$ 8,683,815	\$ 4,774,435	\$ 28,450,582	\$ 15,170,485

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

MOHAVE COUNTY
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009

	Business-type Activities- Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 1,048,537	\$ 1,439,137	\$ 635,237	\$ 1,269,258	\$ 4,392,169	\$ 2,183,577
Receipts from interfund services provided				-	-	18,636,290
Payments to suppliers	(714,199)	(725,756)	(204,572)	(645,275)	(2,289,802)	(16,449,996)
Payments to employees	(184,958)	(265,041)	(344,268)	(676,856)	(1,471,123)	(2,011,950)
Payments for interfund services used	(20,998)	(64,013)	(81,259)	(60,385)	(226,655)	(155,271)
Net cash provided by (used for) operating activities	<u>128,382</u>	<u>384,327</u>	<u>5,138</u>	<u>(113,258)</u>	<u>404,589</u>	<u>2,202,650</u>
Cash flows from noncapital financing activities:						
Transfer from other funds	-	-	-	56,671	56,671	-
Rent income	-	-	1,444	-	1,444	-
Subsidy from federal grant	-	376,346	-	100,000	476,346	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>376,346</u>	<u>1,444</u>	<u>156,671</u>	<u>534,461</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	(176,796)	(1,181)	(28,117)	(67,523)	(273,617)	(1,001,172)
Proceeds from sales of capital assets	-	-	-	-	-	29,120
Net cash used for capital and related financing activities	<u>(176,796)</u>	<u>(1,181)</u>	<u>(28,117)</u>	<u>(67,523)</u>	<u>(273,617)</u>	<u>(972,052)</u>
Cash flows from investing activities:						
Interest and dividends received	12,094	82,573	10,519	4,866	110,052	50,685
Net cash provided by investing activities	<u>12,094</u>	<u>82,573</u>	<u>10,519</u>	<u>4,866</u>	<u>110,052</u>	<u>50,685</u>
Net increase (decrease) in cash and cash equivalents	<u>(36,320)</u>	<u>842,065</u>	<u>(11,016)</u>	<u>(19,244)</u>	<u>775,485</u>	<u>1,281,283</u>
Cash and cash equivalents, July 1, 2008	1,634,462	11,561,143	1,422,805	1,179,743	15,798,153	11,351,495
Cash and cash equivalents, June 30, 2009	<u>\$ 1,598,142</u>	<u>\$ 12,403,208</u>	<u>\$ 1,411,789</u>	<u>\$ 1,160,499</u>	<u>\$ 16,573,638</u>	<u>\$ 12,632,778</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:						
Operating loss	\$ (70,843)	\$ (222,258)	\$ (251,757)	\$ (232,461)	\$ (777,319)	\$ (286,307)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation expense	248,160	57,822	326,355	118,724	751,061	1,158,355
Landfill closure and postclosure care costs	-	475,601	-	-	475,601	-
Expenses incurred but not reported	-	-	-	-	-	(200,539)
Change in assets and liabilities:						
Receivables, (increase) decrease	15,678	61,777	(4,536)	1,034	73,953	1,546,989
Due from other funds, increase	(939)	-	(16,044)	(460)	(17,443)	(1,039)
Due from other governments, decrease	-	-	-	74	74	8,812
Inventories, (increase) decrease	(2,110)	-	(5,653)	-	(7,763)	12,632
Prepaid items, (increase) decrease	(60,161)	-	1,778	(982)	(59,365)	4,707
Accounts payable and accrued liabilities, increase (decrease)	(12,275)	5,526	132	(6,832)	(13,449)	(99,646)
Due to other funds, increase	16,043	-	939	4,415	21,397	11,849
Due to other governments, increase	3,013	-	5,090	-	8,103	-
Accrued payroll and employee benefits, increase	1,415	2,646	2,900	3,018	9,979	7,778
Compensated absences, increase	4,199	3,213	4,201	212	11,825	41,394
Customer deposits, decrease	(13,798)	-	(58,267)	-	(72,065)	(2,335)
Total adjustments	<u>199,225</u>	<u>606,585</u>	<u>256,895</u>	<u>119,203</u>	<u>1,181,908</u>	<u>2,488,957</u>
Net cash provided by (used for) operating activities	<u>\$ 128,382</u>	<u>\$ 384,327</u>	<u>\$ 5,138</u>	<u>\$ (113,258)</u>	<u>\$ 404,589</u>	<u>\$ 2,202,650</u>
Cash at June 30, 2009 is comprised of the following:						
Cash and investments	\$ 1,112,902	\$ 12,403,208	\$ 886,631	\$ 1,160,499	\$ 15,563,240	\$ 12,567,686
Restricted cash	485,240	-	525,158	-	1,010,398	65,092
Total	<u>\$ 1,598,142</u>	<u>\$ 12,403,208</u>	<u>\$ 1,411,789</u>	<u>\$ 1,160,499</u>	<u>\$ 16,573,638</u>	<u>\$ 12,632,778</u>

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

MOHAVE COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	<u>\$ 93,255,365</u>	<u>\$ 396,447</u>
Total assets	<u><u>\$ 93,255,365</u></u>	<u><u>\$ 396,447</u></u>
Liabilities		
Deposits held for others	<u>-</u>	<u>\$ 396,447</u>
Total liabilities	<u>-</u>	<u><u>\$ 396,447</u></u>
Net Assets		
Held in trust for investment trust participants	<u><u>\$ 93,255,365</u></u>	

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

MOHAVE COUNTY
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2009

	Investment Trust Funds
Additions:	
Contributions from participants	\$ 489,797,243
Investment earnings:	
Interest and dividend earnings	3,585,965
Net decrease in fair value of investments	(2,546,862)
Net investment earnings	1,039,103
Total additions	490,836,346
Deductions:	
Distributions to participants	(449,710,398)
Total deductions	(449,710,398)
Change in net assets	41,125,948
Net assets, July 1, 2008	52,129,417
Net assets, June 30, 2009	\$ 93,255,365

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

Mohave County is a general purpose local government that is governed by a separately elected board of three county supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Each blended component unit discussed below has a June 30 year end. The County has no discretely presented component units.

The following table describes the County's component units:

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

B. Basis of Presentation

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

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

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County only allocates indirect expenses to special taxing districts and proprietary funds. Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided,
- Operating grants and contributions, and
- Capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

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

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges and insurance premiums, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues, such as subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenue generated by ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be nonoperating expenses.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

The County reports the following major governmental funds:

- **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Road Fund** accounts for all taxes on gas and auto license fees collected for building and maintaining County roads.
- **Flood Control Fund** accounts for all monies collected from local taxpayers in the form of a levy on real property. These funds are used in planning, engineering, constructing, repairing, and maintaining flood control channels in Mohave County.
- **Scenic Debt Service Fund** accounts for collections of special district assessments from taxpayers, and semiannual bond payments.
- **County Capital Improvement Fund** accounts for a ¼ cent sales tax collected to provide for major capital improvements of the County.

The County reports the following major enterprise funds:

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

The County reports the following fund types:

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

The investment trust funds account for pooled and non-pooled assets held and invested by the County Treasurer on behalf of other governmental entities; as well as individual investments, including money market investments held by outside trustees.

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

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, with the exception of agency funds, and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

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

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

D. Cash and Investments

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

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

E. Inventories and Prepaid Items

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

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

F. Property Tax Calendar

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

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

G. Capital Assets

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Certain infrastructure costs were estimated by calculating the current replacement cost of a similar asset and deflating this cost through the use of price-level indexes. Donated assets are reported at estimated fair value at the time received. Certain types of road improvements are expensed rather than capitalized. The improvement types that are expensed are millings and soil stabilization.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All		
Construction in progress	\$5,000		
Buildings	\$5,000	Straight Line	20-50 years
Equipment	\$5,000	Straight Line	3-20 years
Infrastructure and improvements other than buildings	\$5,000	Straight Line	10-50 years

H. Investment Earnings

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

I. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. The County uses PTO (personal time off), which is a combination of vacation and sick leave, for compensating employees. PTO benefits do not vest with employees until they have satisfactorily completed their probationary period. Public Safety employees and those employees covered under the Judicial Merit System have a one year probationary period. All other employees have a six month probationary period.

Employees may accumulate up to 900 hours of PTO annually. Upon termination of employment, most employees will be paid up to 400 hours of PTO. However, at-will employees are paid up to 600 hours of PTO. Any remaining PTO balance, in excess of the maximum, will be forfeited. Accordingly, benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Note 2 – Stewardship, Compliance, and Accountability

Deficit fund balances or net assets-At June 30, 2009, the following funds reported deficits in net assets or fund balances:

<u>Fund</u>	<u>Deficit</u>
Special revenue	
Colorado River Park	\$ 10
Emergency management	551,370
G.V.I.D. construction	901,501
Health grants	986
J.I.P.S.	9,046
Juvenile justice detention	8,010
Probation grants	17,279
Sheriff waterways	3,021
Superior Court grants	721
Victims of Crime Assistance Fund	13,991
	<u>\$1,505,935</u>

The Emergency management deficit primarily reflects an expense for a FEMA declared emergency in December 2005. Additional repair expenses were incurred this past year on the Oatman Road site. Most of the expenditures are qualified to be fully refunded by the Federal Highway Administration. The County received \$1,241,864 in reimbursements in January 2008. Any of the balance not received at a future date will be reimbursed by the Road Fund. The final audit is still pending.

Start-up expenses on an improvement district project, in the G.V.I.D construction fund, were incurred and accrued during the 2009 fiscal year. Subsequent to year-end, a loan was made from the Landfill fund to cover the expenses.

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 3 – Deposits and Investments

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

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating services. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Concentration of credit risk

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

Interest rate risk

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

Foreign currency risk

Statutes do not allow foreign investments.

Deposits - At June 30, 2009, the carrying amount of the County's deposits was \$10,598,901 and the bank balance was \$32,506,467. There was cash on hand of \$23,707. It is the County's policy to collateralize all deposits by at least 101 percent of the deposits not covered by depository insurance.

At June 30, 2009, \$12,946,443 of the County's bank balance was exposed to custodial risk through uninsured deposits with collateral held by the pledging financial institution.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 3 – Deposits and Investments (cont'd)

Investments – The County’s investments at June 30, 2009, were as follows:

<u>Investment Type</u>	<u>Amount</u>
Guaranteed investment contract	\$ 54,539,531
U.S. agency securities	131,648,330
Corporate bonds	39,931,846
Repurchase agreement	17,519,591
State Treasurer’s Local Government Investment Pool	6,554,598
Total investments	<u>\$ 250,193,896</u>

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

Credit Risk – It is the County’s investment policy to invest to preserve the principal value of the portfolio. This is to be accomplished through limiting the types of securities purchased, the percent of the portfolio of each type of security and the length of time they can be held. Investments allowed are obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities. The County can also invest in certificates of deposits, commercial paper, obligations of Arizona state and local governments, repurchase agreements, money market mutual funds, and corporate bonds, debentures or notes issued by United States companies with AA or greater ratings by Standard and Poor’s rating service. All purchases must have prior approval of the investment oversight committee. At June 30, 2009, credit risk for the County’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
U.S. agency securities	AAA	S & P	\$131,648,330
Repurchase agreement	AAA	S & P	17,519,591
Corporate bonds	AA+	S & P	4,088,529
Corporate bonds	A+	S & P	5,354,513
Corporate bonds	A	S & P	21,334,035
Corporate bonds	BBB+	S & P	3,330,151
Corporate bonds	BB-	S & P	4,850,139
Corporate bonds	NR	S & P	974,479
State Treasurer’s Local Government Investment Pool 7	Unrated	Not applicable	6,554,598
			<u>\$195,654,365</u>

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 3 – Deposits and Investments (cont'd)

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

Concentration of Credit Risk - The County's formal investment policy requires at least 10 percent of the overall portfolio to be invested in highly liquid accounts such as local government pools, money market funds or overnight repurchase agreements to ensure the ability to meet ongoing obligations. It also limits the total amount of corporate securities to 20 percent of the total portfolio, with not more than 5% invested in any single corporation. Corporate bonds represented 16 percent of the total portfolio at June 30, 2009. All other securities will be structured with varying maturity dates, not to exceed 5 years, and in various types of investments described under credit risk. The County had investments at June 30, 2009, of 5 percent or more in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 12.8 percent, 27.1 percent, and 12.7 percent, respectively, of the County's total investments. The County Capital Improvement fund had 100 percent of its beneficial interest certificates proceeds held in a guaranteed investment contract, which was 21.8 percent of the primary government's total investments.

Interest Rate Risk – The County's formal policy with respect to interest rate risk minimizes the risk by structuring the portfolio into two accounts to meet cash needs. The return on investment is secondary to safety and liquidity. One account consists of highly liquid securities with maturities of 120 days or less. The second account has maturities of greater than 120 days. Both accounts will have active secondary markets. At June 30, 2009, 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	\$ 6,554,598	\$ 6,554,598	\$ -
U.S. agency securities	131,648,330	19,880,798	111,767,532
Corporate bonds	39,931,846	4,850,139	35,081,707
Repurchase agreement	17,519,591	17,519,591	-
Total	<u>\$ 195,654,365</u>	<u>\$ 48,805,126</u>	<u>\$ 146,849,239</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 3 – Deposits and Investments (concl'd)

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

Cash, deposits, and investments:

	<u>Amount</u>
Cash on hand	\$ 23,707
Amount of deposits	10,598,901
Amount of investments	<u>250,193,896</u>
Total	<u>\$ 260,816,504</u>

Statements of Net Assets:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and investments	\$ 93,591,960	\$ 15,563,240	\$ 93,255,365	\$ 396,447	\$ 202,807,012
Restricted cash	<u>56,999,094</u>	<u>1,010,398</u>	-	-	<u>58,009,492</u>
Total	<u>\$ 150,591,054</u>	<u>\$ 16,573,638</u>	<u>\$ 93,255,365</u>	<u>\$ 396,447</u>	<u>\$ 260,816,504</u>

Note 4 – Property Taxes Receivable

Property taxes receivable consist of uncollected real and personal property taxes as determined from the records of the County Treasurer's Office, and at June 30, 2009 were as follows:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
2008	\$ 1,871,071	\$ 1,153,212	\$ 955,642	\$ 3,979,925
2007	200,572	110,557	99,688	410,817
Prior	<u>733,912</u>	<u>71,000</u>	<u>86,622</u>	<u>891,534</u>
Total	<u>\$ 2,805,555</u>	<u>\$ 1,334,769</u>	<u>\$ 1,141,952</u>	<u>\$ 5,282,276</u>

That portion of property taxes receivable, not collected within 60 days after June 30, 2009, has been deferred and, consequently, is not included in current-year revenues on the fund statements. For the government-wide statements, the entire receivable balance has been recognized as revenue.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 25,327,264	\$ 850,343	\$ -	\$ 26,177,607
Construction in progress	8,871,357	19,629,847	(1,576,995)	26,924,209
Total capital assets not being depreciated	<u>34,198,621</u>	<u>20,480,190</u>	<u>(1,576,995)</u>	<u>53,101,816</u>
Capital assets being depreciated:				
Buildings	62,030,651	1,342,658	(336,879)	63,036,430
Infrastructure & improvements other than buildings	108,370,862	545,804	-	108,916,666
Equipment	41,053,143	3,029,080	(1,720,606)	42,361,617
Total	<u>211,454,656</u>	<u>4,917,542</u>	<u>(2,057,485)</u>	<u>214,314,713</u>
Less accumulated depreciation for:				
Buildings	(13,152,728)	(1,287,838)	331,108	(14,109,458)
Infrastructure & improvements other than buildings	(63,403,469)	(2,869,811)	-	(66,273,280)
Equipment	(21,478,892)	(3,484,872)	1,484,536	(23,479,228)
Total	<u>(98,035,089)</u>	<u>(7,642,521)</u>	<u>1,815,644</u>	<u>(103,861,966)</u>
Total capital assets being depreciated, net	<u>113,419,567</u>	<u>(2,724,979)</u>	<u>(241,841)</u>	<u>110,452,747</u>
Governmental activities capital assets, net	<u>\$ 147,618,188</u>	<u>\$ 17,755,211</u>	<u>\$ (1,818,836)</u>	<u>\$ 163,554,563</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,628,978	\$ 1,881	\$ -	\$ 1,630,859
Construction in progress	40,012	-	(40,012)	-
Total capital assets not being depreciated	<u>1,668,990</u>	<u>1,881</u>	<u>(40,012)</u>	<u>1,630,859</u>
Capital assets being depreciated:				
Buildings	2,331,443	-	(56,294)	2,275,149
Utility systems	19,635,956	1,181,358	-	20,817,314
Equipment	1,149,999	95,527	(25,748)	1,219,778
Total	<u>23,117,398</u>	<u>1,276,885</u>	<u>(82,042)</u>	<u>24,312,241</u>
Less accumulated depreciation for:				
Buildings	(784,498)	(53,868)	33,779	(804,587)
Utility systems	(7,902,653)	(600,776)	-	(8,503,429)
Equipment	(653,929)	(96,417)	21,887	(728,459)
Total	<u>(9,341,080)</u>	<u>(751,061)</u>	<u>55,666</u>	<u>(10,036,475)</u>
Total capital assets being depreciated, net	<u>13,776,318</u>	<u>525,824</u>	<u>(26,376)</u>	<u>14,275,766</u>
Business-type activities capital assets, net	<u>\$ 15,445,308</u>	<u>\$ 527,705</u>	<u>\$ (66,388)</u>	<u>\$ 15,906,625</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 5 – Capital Assets (concl'd)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,426,722
Public safety	828,357
Highways and streets	3,941,544
Health	16,692
Welfare	56,204
Culture and recreation	212,615
Education	2,032
Internal service funds	1,158,355
Total governmental activities depreciation expense	<u>\$ 7,642,521</u>
Business-type activities:	
Landfill	\$ 57,822
Recreation	103,919
Water companies	589,320
Total business-type activities depreciation expense	<u>\$ 751,061</u>

Note 6 – Construction and Other Significant Commitments

The County had 5 major contractual commitments at June 30, 2009, as follows:

<u>Contractual Commitments</u>	<u>Funding Source</u>	<u>Expenditure to Date</u>	<u>Total Project Cost</u>	<u>Remaining Commitments</u>
Correctional facility	¼ cent sales tax	\$ 32,072,214	\$ 72,979,013	\$ 40,906,799
Negus building remodel	50% tax revenues			
	50% probation fee fund	375,098	2,000,000	1,624,902
Development Services building	Tax revenues	2,546,545	5,521,380	2,974,835
Prison health care contract – 11/08 through 11/09	Tax revenues	1,023,281	1,754,195	730,914
Bullhead City library addition – Architectural services	Secondary tax revenues	-	624,586	624,586
Total		<u>\$ 36,017,138</u>	<u>\$ 82,879,174</u>	<u>\$ 46,862,036</u>

Note 7 – Restricted Assets

As of June 30, 2009, the County had restricted assets as follows:

Governmental activities assets:

Cash

\$ 56,999,094

Cash held by trustees restricted by agreements for construction, debt payments, insurance trusts, loans, or major maintenance.

Business-type activities assets:

Cash

\$ 485,240

I-40 collections restricted for future repairs of infrastructure by agreement with customers.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Cash	525,158	G.V.I.D. water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities assets	\$ 1,010,398	

Note 8 – Long-Term Liabilities

The following schedule details the County’s long-term liability and obligation activity for the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>1 Year</u>
<u>Governmental activities:</u>					
Special assessment bonds payable	\$ 2,471,000	\$ -	\$ (580,000)	\$ 1,891,000	\$ 541,000
Beneficial interest certificates payable	61,885,000	-	(4,275,000)	57,610,000	4,390,000
Beneficial interest certificates premium-unamortized	437,530	-	(39,775)	397,755	39,775
Compensated absences payable	6,686,832	6,173,830	(5,855,219)	7,005,443	5,900,000
Claims and judgments payable	1,776,526	12,111,371	(12,211,071)	1,676,826	1,600,000
Total governmental activities long-term liabilities	<u>\$ 73,256,888</u>	<u>\$ 18,285,201</u>	<u>\$ (22,961,065)</u>	<u>\$ 68,581,024</u>	<u>\$ 12,470,775</u>
<u>Business-type activities:</u>					
Landfill closure and postclosure care costs payable	\$ 3,929,072	\$ 475,601	\$ -	\$ 4,404,673	\$ -
Compensated absences payable	168,862	149,380	(137,555)	180,687	140,000
Total business-type activities long-term liabilities	<u>\$ 4,097,934</u>	<u>\$ 624,981</u>	<u>\$ (137,555)</u>	<u>\$ 4,585,360</u>	<u>\$ 140,000</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

Bonds - The County's bonded debt consists of special assessment bonds that are ten-year bonds, payable in installments and callable with interest payable semiannually. Bond proceeds primarily pay for constructing infrastructure assets. Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. Annual principal and interest on the bonds are expected to use 100% of the net revenues. The County is not obligated in any manner for the special assessment debt. However, if the property owner defaults on their payment of the debt, the County places a lien on the property. In the event that the lien is not cleared, the property is sold and the proceeds are used to pay off the debt. The principal and interest paid in 2009 was \$712,369 (57% of available net revenue collected in the current and prior years.) The original amount of special assessment bonds issued in prior years was \$4,591,000.

Bonds outstanding at June 30, 2009, were as follows:

<u>District</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2009</u>
Scenic road and bridge project improvement	\$ 4,500,000	1/10-1/13	6.30%	\$1,800,000
Mohave County improvement district	<u>91,000</u>	in arrears	5.50%	<u>91,000</u>
Total	<u>\$ 4,591,000</u>			<u>\$ 1,891,000</u>

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2009.

Year Ending <u>June 30,</u>	<u>Governmental activities Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 541,000	\$ 235,718
2011	450,000	70,875
2012	450,000	42,525
2013	<u>450,000</u>	<u>14,175</u>
Total	<u>\$ 1,891,000</u>	<u>\$ 363,293</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

Beneficial Interest Certificates - The County has issued 15 and 12 year beneficial interest certificates to purchase or construct capital facilities that are generally noncallable, with principal payable in annual installments and interest payable semiannually. The BICs are secured by pledges of the ¼ percent sales tax revenue, up to the amount of the annual debt payments. The 2009 debt service requirement of \$6,702,863 was 104% of the current year tax revenue. This amount exceeded revenue by approximately \$270,000, which was paid from prior years reserves. The original amount of certificates issued in prior years was \$65,320,000.

Beneficial interest certificates outstanding at June 30, 2009, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2009</u>
Beneficial interest certificates Series 2004	\$ 19,320,000	7/2009-7/2019	2.0%-5.25%	\$ 14,815,000
Beneficial interest certificates Series 2008	<u>46,000,000</u>	10/2009-4/2020	3.0%-4.25%	<u>42,795,000</u>
Total	<u>\$ 65,320,000</u>			<u>\$ 57,610,000</u>

The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2009:

Year Ending <u>June 30,</u>	<u>Governmental activities</u> <u>Beneficial Interest Certificates</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 4,390,000	\$ 2,313,652
2011	4,540,000	2,167,496
2012	4,700,000	2,007,119
2013	4,875,000	1,832,181
2014	6,693,000	1,657,903
2015-19	26,847,000	5,021,363
2020	<u>5,565,000</u>	<u>221,969</u>
Total	<u>\$ 57,610,000</u>	<u>\$ 15,221,683</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

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

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

The amount of cost recognized each year is based on landfill capacity used at the end of each fiscal year. The \$4,404,673 reported as landfill closure and postclosure care liability at June 30, 2009 represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 83% and 73%, respectively, of the estimated capacity of the open cells of the landfills. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$1,049,507 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 2009. The County expects to close the landfills in the years 2011 and 2028, respectively, and the actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

Insurance Claims - The County established two internal service funds, Health Insurance and Self-Insurance. The Health Insurance Fund accounts for employee health benefits through a combination of self-insurance and commercial insurance. The Self-Insurance Fund provides property, casualty, and general liability coverage up to \$50,000 per claim and also accounts for premium payments to the Arizona Counties Workers' Compensation Pool for workers' compensation coverage. The Self-Insurance Fund accounts for the risk financing of certain benefits and losses through combinations of cost-reimbursement, self-insurance for losses up to certain limits, participation in public entity risk pools, and the purchase of insurance for losses above the limits. Settled claims have not exceeded risk pool coverage or the purchased commercial insurance in any of the past four fiscal years.

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

The insurance claims payable liability of the Self-Insurance Fund and Health Insurance Fund totaling \$1,676,826, included in the balance below at June 30, 2009, 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, 2009) 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, 2008 and 2009, were as follows:

	<u>2008</u>	<u>2009</u>
Claims payable - beginning of year	\$ 1,283,589	\$ 1,776,526
Add: Claims incurred and changes in estimates	13,547,263	12,111,371
Deduct: Claims paid	<u>(13,054,326)</u>	<u>(12,211,071)</u>
Claims payable - end of year	<u>\$ 1,776,526</u>	<u>\$ 1,676,826</u>

Compensated absences and claims and judgments – Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2009, the County paid for compensated absences as follows: 59 percent from the General Fund, 14 percent from other major funds, and 27 percent from Other Governmental Funds. The County paid for claims and judgments as follows: 99 percent from the Health Insurance Fund and 1 percent from the Self-Insurance Fund. The claims paid from the Health Insurance Fund were medical claims funded through payroll deductions and contributions from County funds. The Self-Insurance Fund was funded \$469,416 (55.7%) by the General Fund and \$373,501 (44.3%) by various Public Works Funds this past year to cover insurance expense and possible settlements. Occasionally it is also reimbursed by other funds.

Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; but was unable to obtain insurance at a cost it considered to be economically justifiable for Workers' Compensation or liability insurance. Therefore, the County joined and is covered by two public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool, which are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of \$10,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least three years after becoming a member; however, it may withdraw after the initial three-year period. If the pool were to become insolvent, the County would be assessed an additional contribution.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 9 – Risk Management (concl'd)

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties with workers' compensation coverage, as required by law, and risk management services. The County is responsible for paying a premium, based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

Note 10 – Operating Leases

The County leases buildings, copiers, computers, land, and a parking lot under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$990,414 for the year ended June 30, 2009. The operating leases have remaining noncancellable lease terms from one to eighty seven years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2009, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2010	\$ 882,792	\$ 1,952
2011	728,184	1,952
2012	579,548	1,952
2013	397,370	1,952
2014	266,307	651
2015-2019	12,005	0
2020-2024	12,005	0
2025-2096	<u>72</u>	<u>0</u>
Total minimum lease payments	<u>\$ 2,878,283</u>	<u>\$ 8,459</u>

Note 11 – Pensions and Other Postemployment Benefits

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

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

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

The *Corrections Officer Retirement Plan* (CORP) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain employees of the State of Arizona's Department of Corrections and Department of Juvenile Corrections, and county employees whose primary duties require direct inmate contact. Effective for fiscal year 2008, some probation officers also elected to participate in the CORP under the Administrative Office of the Courts Probation Officers (CORP-AOC). The CORP is governed by The Fund Manager of PSPRS and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

PSPRS and CORP
 3010 East Camelback Road,
 Suite 200
 Phoenix, AZ 85016-4416
 (602) 255-5575

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for ASRS, PSPRS, and CORP.

Cost-sharing plans - For the year ended June 30, 2009, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent for retirement, .96 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll.

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

<u>Year ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2009	\$3,153,381	\$378,879	\$197,333
2008	3,276,129	427,321	203,487
2007	3,012,854	469,746	202,477

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

Agent plans - For the year ended June 30, 2009, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll and the County was required to contribute 19.16 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 0.69 percent of covered payroll. Active CORP members were required by statute to contribute 7.96 percent of the members' annual covered payroll except that, beginning in October 2008, all non-dispatcher members were required to contribute 8.41 percent. In addition, the County was required to contribute 5.0 percent. The aggregate of the members' and the County's contributions is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 0.38 percent of covered payroll. Probation officers participating in CORP-AOC contributed the statutorily determined amount of 8.41 percent and the County contributed 9.2 percent of their annual covered payroll, respectively.

Actuarial methods and assumptions - Except for the contribution requirements for probation officers participating in the CORP-AOC which were established by state statute, the contribution requirements for the year ended June 30, 2009, were established by the June 30, 2007 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on 1) the plans as understood by the County and the plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2009 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	29 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50%-8.50%
Inflation rate	5.00%

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

Annual Pension/OPEB Costs - The County's pension/OPEB cost for the three agent plans for the year ended June 30, 2009, and related information follows.

	<u>PSPRS</u>		<u>CORP</u>		<u>CORP-AOC</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/ OPEB cost	\$909,388	\$66,193	\$123,595	\$20,422	\$212,804	\$60,606
Contributions made	909,388	66,193	123,595	20,422	212,804	60,606

Trend Information – Annual pension cost and OPEB cost information for the current and 2 preceding years follows for each of the agent plans. Separately reported OPEB cost information for the last year of the required trend information will be reported next year when it becomes available.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/OPEB Obligation</u>
<u>PSPRS</u>				
Pension	2009	\$909,388	100%	\$ -
Health insurance	2009	66,193	100%	-
Pension	2008	644,564	100%	-
Health insurance	2008	49,548	100%	-
Pension and health insurance	2007	559,816	100%	-
<u>CORP</u>				
Pension	2009	123,595	100%	-
Health insurance	2009	20,422	100%	-
Pension	2008	114,391	100%	-
Health insurance	2008	28,188	100%	-
Pension and health insurance	2007	127,121	100%	-
<u>CORP-AOC</u>				
Pension	2009	212,804	100%	-
Health insurance	2009	60,606	100%	-
Pension	2008	249,682	100%	-
Health insurance	2008	10,403	100%	-
Pension and health insurance	2007	N/A	N/A	N/A

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

Funded Status – Except for the CORP-AOC, the funded status of the plans as of the most recent valuation date, June 30, 2009, along with the actuarial assumptions and methods used in those valuations follow.

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Actuarial accrued liability (a)	\$23,967,200	\$ 725,142	\$3,270,671	\$ 144,938
Actuarial value of assets (b)	17,760,643	-	4,882,221	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	6,206,557	725,142	(1,611,550)	144,938
Funded ratio (b) / (a)	74.1%	0.0%	149.3%	0.0%
Covered payroll (c)	5,044,784	5,044,784	2,905,422	2,905,422
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) – (b))/(c)	123.0%	14.37%	(55.47%)	4.99%

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

Actuarial valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	27 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50%-8.50% for PSPRS and CORP
Inflation rate	5.50% for PSPRS and CORP

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 12 – Interfund Balances and Activity

Interfund Receivables and Payables - Interfund balances at June 30, 2009, were as follows:

	Payable to						Total
	General Fund	Other Governmental Funds	I-40 Water Corridor Fund	G.V.I.D. Fund	Other Enterprise Funds	Internal Service Funds	
Payable From							
General Fund	\$ 4,759	\$ 56,053	\$ 3,114	\$ -	\$ -	\$ -	\$ 63,926
County Capital Improvement Fund	-	3,116	-	-	-	-	3,116
Other Governmental Funds	91,992	133,521	-	-	740	1,004	227,257
I-40 Water Corridor Fund	-	-	-	16,043	-	-	16,043
G.V.I.D. Fund	-	-	939	-	-	-	939
Other Enterprise Funds	4,415	-	-	-	-	-	4,415
Internal Service Funds	11,789	-	-	-	-	29,180	40,969
Total	\$ 112,955	\$ 192,690	\$ 4,053	\$ 16,043	\$ 740	\$ 30,184	\$ 356,665

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

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

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

Interfund Transfers –Interfund transfers for the year ended June 30, 2009, were as follows:

	Transfers out to Other Funds					Total
	General Fund	Road	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	
Transfers in from Other Funds						
General Fund	\$ -	\$ -	\$ 1,487,805	\$ -	\$ 10,397	\$ 1,498,202
County Capital Improvement Fund	-	-	796,838	-	993,066	1,789,904
Other Governmental Funds	4,153,922	290,635	-	6,800,354	4,045,215	15,290,126
Other Enterprise Funds	-	-	-	-	56,671	56,671
Total	\$ 4,153,922	\$ 290,635	\$ 2,284,643	\$ 6,800,354	\$ 5,105,349	\$ 18,634,903

The General Fund transfers monies to other funds to provide support for such items as matching funds for grants or to make up the shortfall of grant-funded programs that the County feels are important. Other funds also transfer monies to reimburse for shared expenses of programs and to cover matching grants.

Note 13 – County Treasurer’s Investment Pool

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 13 – County Treasurer’s Investment Pool (concl’d)

All deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$2,376,813 of deposits held by the Treasurer and \$56,735,864 held by trustees in the County’s name. Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 3 for disclosure of the County’s deposit and investment risks.

Details of each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Repurchase agreement	\$ 17,519,591	15.00%	90 days	\$ 17,519,591
U.S. agency securities	130,530,000	.18-6.25%	08/09-06/14	131,648,330
Corporate bonds	45,799,003	4.375-7.00%	11/09-12/12	39,931,846
State Treasurer’s Local Government Investment Pool	<u>7,061,142</u>	1.00%	N/A	<u>6,554,598</u>
	<u>\$200,909,736</u>			<u>\$ 195,654,365</u>

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

Statement of Net Assets

Assets	\$ 202,090,878
Liabilities	<u> </u>
Net assets	<u>\$ 202,090,878</u>
Net assets held in trust for:	
Internal participants	\$ 110,160,275
External participants	<u>91,930,603</u>
Total net assets held in trust	<u>\$ 202,090,878</u>

Statement of Changes in Net Assets

Total additions	\$ 779,004,555
Total deductions	<u>(727,136,130)</u>
Net increase	<u>51,868,425</u>
Net assets held in trust:	
July 1, 2008	<u>150,222,453</u>
June 30, 2009	<u>\$ 202,090,878</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2009

Note 14 – Subsequent Events

Economy:

Subsequent to June 30, 2008, it was determined that the United States of America is in a recession. The effects were beginning to appear during fiscal year 2008. Since June 30, 2009 the following events have occurred:

- CIT Group filed for Chapter 11 bankruptcy as of October 30, 2009 - The County directly holds a \$2,000,000 bond and a \$5,081,000 bond (\$6,984,253 cost basis of the securities). The Treasurer has segregated these funds from the other investments on her books effective October 30, 2009, pending a final ruling from the bankruptcy court. Since that time CIT has emerged from bankruptcy and new bonds, with higher interest rates, were issued to replace the old bonds.
- **Ambac Assurance Corp.** – The County’s guarantor for the Administration building has been downgraded by the major rating agencies. S&P had it rated at CC - December 2009.
- **Assured Guarantee Corp.** – The County’s guarantor for the jail project has been downgraded by Moody’s to Aa3, but with a stable outlook. It is still AAA with the other rating agencies.

Required Supplementary Information

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 32,570,779	\$ 32,570,779	\$ 32,103,675	\$ (467,104)
Licenses and permits	1,246,873	1,246,873	862,541	(384,332)
Intergovernmental	32,701,188	32,723,910	31,034,457	(1,689,453)
Charges for services	6,988,919	6,988,919	5,951,390	(1,037,529)
Fines and forfeits	1,671,508	1,671,508	2,057,022	385,514
Investment earnings	700,000	700,000	107,116	(592,884)
Contributions	250	1,250	1,000	(250)
Miscellaneous	46,887	46,887	200,499	153,612
Total revenues	<u>75,926,404</u>	<u>75,950,126</u>	<u>72,317,700</u>	<u>(3,632,426)</u>
Expenditures:				
General government				
Assessor	3,987,250	3,987,250	3,862,579	124,671
County attorney	4,138,939	4,138,939	3,903,418	235,521
Risk management	293,779	293,779	277,634	16,145
Board of supervisors	1,033,475	1,033,475	972,132	61,343
Clerk of board	236,534	236,534	211,870	24,664
Housing community development	608,215	608,215	581,770	26,445
General administration	2,494,737	2,670,557	1,748,066	922,491
Clerk of superior court	1,934,069	1,934,069	1,792,447	141,622
Constables	399,111	399,111	360,108	39,003
Contingency	13,097,493	12,519,877	-	12,519,877
Elections	950,327	950,327	882,707	67,620
Finance	1,082,626	1,076,048	1,021,634	54,414
Building & grounds maintenance	2,011,133	2,011,133	1,914,296	96,837
Justice courts	3,113,848	3,118,948	2,971,360	147,588
Juvenile detention	1,275,674	1,305,045	1,291,801	13,244
Personnel	570,672	602,872	598,667	4,205
Development services	2,371,791	2,371,916	1,835,186	536,730
Public fiduciary	527,414	527,414	423,245	104,169
Public defender	3,435,689	3,435,689	3,239,339	196,350
Public legal defender	989,854	989,854	888,906	100,948
Building inspector	1,403,742	1,403,742	1,115,047	288,695
Public works	43,976	43,976	43,855	121
Procurement	414,595	414,595	374,719	39,876
Recorder	822,083	822,083	749,480	72,603
Superior courts	4,042,074	4,362,074	4,066,386	295,688
Treasurer	1,592,668	1,592,668	1,571,216	21,452
Voter registration	409,773	409,773	341,980	67,793
Supervisory districts	367,527	367,527	308,475	59,052
Total general government	<u>\$ 53,649,068</u>	<u>\$ 53,627,490</u>	<u>\$ 37,348,323</u>	<u>\$ 16,279,167</u>

(Continued)

See accompanying notes to budgetary comparison schedule

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2009
(Concluded)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Public safety:				
Animal control	\$ 679,811	\$ 679,811	\$ 636,900	\$ 42,911
Jail	9,302,332	9,302,332	9,177,110	125,222
Medical examiner	437,000	437,000	422,000	15,000
Probation	1,768,811	1,768,811	1,755,334	13,477
Sheriff	10,151,917	10,169,064	9,983,526	185,538
Total public safety	<u>22,339,871</u>	<u>22,357,018</u>	<u>21,974,870</u>	<u>382,148</u>
Health				
A.H.C.C.C.S.	<u>10,023,315</u>	<u>10,023,315</u>	<u>10,023,314</u>	<u>1</u>
Education				
School superintendent	<u>450,199</u>	<u>450,199</u>	<u>390,380</u>	<u>59,819</u>
Total expenditures	<u>86,462,453</u>	<u>86,458,022</u>	<u>69,736,887</u>	<u>16,721,135</u>
Excess (deficiency) of revenues over expenditures	<u>(10,536,049)</u>	<u>(10,507,896)</u>	<u>2,580,813</u>	<u>13,088,709</u>
Other financing sources (uses):				
Transfers in	1,498,330	1,498,330	1,498,202	(128)
Transfers out	<u>(4,409,774)</u>	<u>(4,424,899)</u>	<u>(4,153,922)</u>	<u>270,977</u>
Total other financing sources (uses)	<u>(2,911,444)</u>	<u>(2,926,569)</u>	<u>(2,655,720)</u>	<u>270,849</u>
Excess of revenues and other sources over (under) expenditures and other uses	(13,447,493)	(13,434,465)	(74,907)	13,359,558
Fund balances, July 1, 2008	<u>13,447,493</u>	<u>13,434,465</u>	<u>11,636,971</u>	<u>(1,797,494)</u>
Fund balances, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,562,064</u>	<u>\$ 11,562,064</u>

See accompanying notes to budgetary comparison schedule

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 25,300	\$ 300
Intergovernmental	14,601,000	14,601,000	13,231,382	(1,369,618)
Charges for services	572,000	572,000	374,235	(197,765)
Investment earnings	200,000	200,000	50,794	(149,206)
Rents	58,700	58,700	117,400	58,700
Miscellaneous	160,000	160,000	56,734	(103,266)
Total revenues	<u>15,616,700</u>	<u>15,616,700</u>	<u>13,855,845</u>	<u>(1,760,855)</u>
Expenditures:				
Highways and streets	<u>22,147,562</u>	<u>22,111,562</u>	<u>12,679,386</u>	<u>9,432,176</u>
Total expenditures	<u>22,147,562</u>	<u>22,111,562</u>	<u>12,679,386</u>	<u>9,432,176</u>
Excess (deficiency) of revenues over expenditures	<u>(6,530,862)</u>	<u>(6,494,862)</u>	<u>1,176,459</u>	<u>7,671,321</u>
Other financing sources (uses):				
Transfers out	<u>(757,513)</u>	<u>(757,513)</u>	<u>(290,635)</u>	<u>466,878</u>
Total other financing sources (uses)	<u>(757,513)</u>	<u>(757,513)</u>	<u>(290,635)</u>	<u>466,878</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(7,288,375)</u>	<u>(7,252,375)</u>	<u>885,824</u>	<u>8,138,199</u>
Fund balances, July 1, 2008	7,288,375	7,252,375	9,345,416	2,093,041
Decrease in reserve for inventory	<u>-</u>	<u>-</u>	<u>(52,111)</u>	<u>(52,111)</u>
Fund balances, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,179,129</u>	<u>\$ 10,179,129</u>

See accompanying notes to budgetary comparison schedule

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control Fund
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 15,062,423	\$ 15,062,423	\$ 14,288,825	\$ (773,598)
Licenses and permits	22,800	22,800	16,142	(6,658)
Intergovernmental	780	30,780	30,639	(141)
Charges for services	410,000	410,000	439,056	29,056
Investment earnings	319,874	319,874	96,470	(223,404)
Total revenues	<u>15,815,877</u>	<u>15,845,877</u>	<u>14,871,132</u>	<u>(974,745)</u>
Expenditures:				
Highways and streets	<u>23,219,562</u>	<u>21,459,072</u>	<u>7,659,532</u>	<u>13,799,540</u>
Total expenditures	<u>23,219,562</u>	<u>21,459,072</u>	<u>7,659,532</u>	<u>13,799,540</u>
Excess (deficiency) of revenues over expenditures	<u>(7,403,685)</u>	<u>(5,613,195)</u>	<u>7,211,600</u>	<u>12,824,795</u>
Other financing sources (uses):				
Transfers out	<u>(495,935)</u>	<u>(2,286,425)</u>	<u>(2,284,643)</u>	<u>1,782</u>
Total other financing sources (uses)	<u>(495,935)</u>	<u>(2,286,425)</u>	<u>(2,284,643)</u>	<u>1,782</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(495,935)</u>	<u>(2,286,425)</u>	<u>4,926,957</u>	<u>7,213,382</u>
Fund balances, July 1, 2008	<u>7,899,620</u>	<u>7,899,620</u>	<u>13,486,442</u>	<u>5,586,822</u>
Fund balances, June 30, 2009	<u>\$ 7,403,685</u>	<u>\$ 5,613,195</u>	<u>\$ 18,413,399</u>	<u>\$ 12,800,204</u>

See accompanying notes to budgetary comparison schedule

Mohave County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2009

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, 2009, there were no expenditures that exceeded final budget amounts at the department level (the legal level of budgetary control) in the General Fund or in any of the major special revenue funds presented.

Mohave County
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2009

Public Safety Personnel Retirement System

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)
Pension						
06/30/2009	\$ 17,760,643	\$ 23,967,200	\$(6,206,557)	74.1%	\$ 5,044,784	123.0%
Health Insurance						
06/30/2009	-	725,142	(725,142)	0.0%	5,044,784	14.4%
Pension						
06/30/2008	16,132,055	22,877,000	(6,744,945)	70.5%	5,215,621	129.3%
Health Insurance						
06/30/2008	-	668,103	(668,103)	0.0%	5,215,621	12.8%
Pension and Health Insurance						
6/30/2007	14,857,616	22,191,473	(7,333,857)	67.0%	4,748,734	154.4%

Corrections Officer Retirement System

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)
Pension						
06/30/2009	\$ 4,882,221	\$ 3,270,671	\$ 1,611,550	149.3%	\$ 2,905,422	0.0%
Health Insurance						
06/30/2009	-	144,938	(144,938)	0.0%	2,905,422	5.0%
Pension						
06/30/2008	4,581,742	3,110,055	1,471,687	147.3%	2,876,277	0.0%
Health Insurance						
06/30/2008	-	168,504	(168,504)	0.0%	2,876,277	5.9%
Pension and Health Insurance						
6/30/2007	4,245,772	2,923,117	1,322,655	145.2%	2,753,573	N/A

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

Mohave County
Required Supplementary Information
Notes to Schedule of Agent Retirement Plans' Funding Progress
June 30, 2009

Note 1 – Actuarial Information Available

For PSPRS and CORP for valuation years prior to 2008, which was prior to the implementation of GASB Statement Nos. 43 and 45, the actuarial measurements were made in the aggregate as to pension and health benefits. In future years when GASB Statement Nos. 43 and 45 are made and reported, the pension and health insurance benefits information will be disaggregated and reported separately.

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