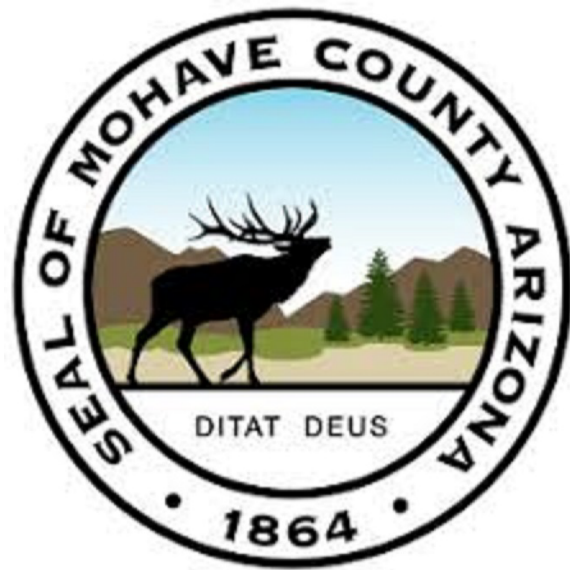


MOHAVE COUNTY
Fiscal Year 2018-2019
Annual Financial Report
June 30, 2019

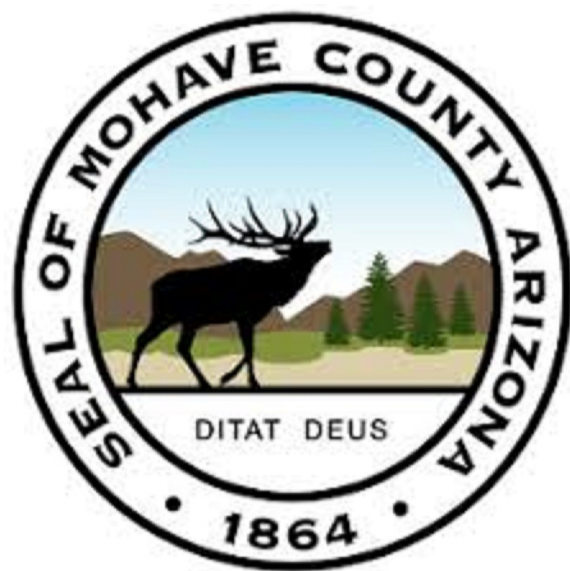
MOHAVE COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019



MOHAVE COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 7 through 24, Budgetary Comparison Schedules on pages 84 through 87, Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Plans on pages 89 through 91, Schedule of Changes in the County's Net Pension/OPEB Liability (Asset) and Related Ratios – Agent Plans on page 92 and 95, and Schedule of County's Pension/OPEB Contributions on pages 96 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Compliance over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for highway user revenue fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

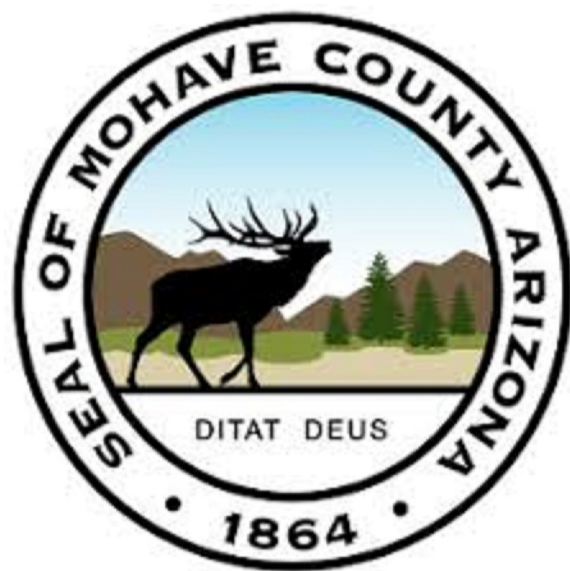
The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona,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

Other Reporting Required by *Government Auditing Standards*

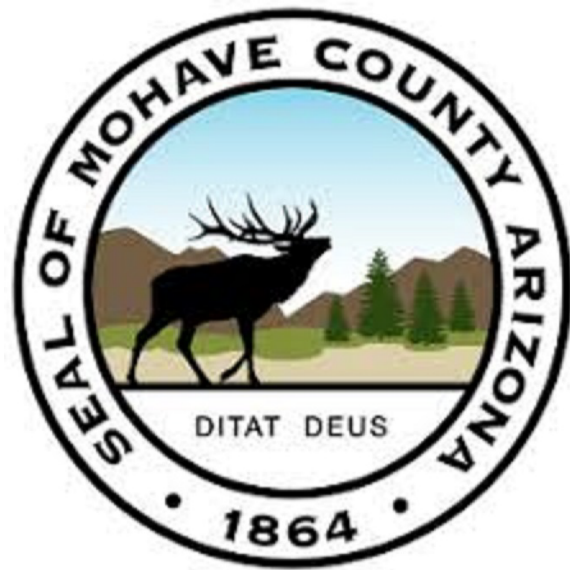
In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Fester & Chapman, PLLC

April 29, 2020



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



MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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, 2019. Please read the following discussion in conjunction with the County's basic financial statements.

FINANCIAL HIGHLIGHTS

- The County's total net position, as reported in the Statement of Activities, increased by \$28.1 million. The increase is comprised of a \$26,728,788 increase in governmental activities net position and an increase of \$1,349,996 in business-type activities net position.
- Total governmental liabilities decreased by \$15 million from the prior year, mostly due to \$15.4 million pension liability decreases.
- The fund balance of the County Capital Improvement Fund increased \$6.3 million, as a result of collections of the quarter cent sales tax exceeding the total of construction costs. The construction of the Law and Justice building is in the early stages.
- The General Fund balance increased \$4.8 million due to an increase in property taxes, intergovernmental and fee revenue, and transfers from other funds, resulting from a thriving economy.
- The pension liability decreased by \$15.7 million from the prior year. This includes liability for five different pension plans, which are discussed in detail in the notes to the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

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

Financial information for the blended component units is combined with the financial information presented for the primary government itself.

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

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

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

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

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the County's assets exceeded liabilities by \$288.6 million, \$28.1 million higher than last year.

By far the largest portion of Mohave County's net position (88 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. Mohave County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The remaining 12 percent of the net position is divided into restricted and unrestricted net position. Restricted net position represents resources subject to external restrictions on how they may be used. The net pension and other postemployment benefits liability that is being reported was applied entirely against the unrestricted net position, resulting in a negative balance. The largest change in the net position occurred in the governmental activities. The changes are discussed separately under the following sections: Governmental activities-net position highlights, Business-type activities-net position highlights, and Capital Assets and Debt Administration.

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

The government-wide restricted net position increased from the prior year by \$6.4 million. This increase reflected the payoff of debts in the prior year, reducing current year expenditures, net of increases in capital project costs.

The government-wide unrestricted net position reflects a decrease of \$23.2 million in the negative net position. The unrestricted income in the general fund, county capital improvement fund and internal service funds, along with the large positive pension adjustments, produced this positive increase.

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

	2019	2018	Increase (Decrease)	% Change
Current and Other Assets	\$ 161,542,326	\$ 141,257,387	\$ 20,284,939	14.36 %
Capital Assets	254,508,083	256,021,124	(1,513,041)	(0.59)%
Net pension and other postemployment benefits asset	<u>1,971,974</u>	<u>1,554,143</u>	<u>417,831</u>	<u>26.88 %</u>
Total Assets	<u>418,022,383</u>	<u>398,832,654</u>	<u>19,189,729</u>	<u>4.81 %</u>
Deferred outflows related to pension and other postemployment benefits	<u>22,782,540</u>	<u>17,646,646</u>	<u>5,135,894</u>	<u>29.10 %</u>
Long-term liabilities outstanding	125,590,387	140,648,082	(15,057,695)	(10.71)%
Other liabilities	<u>7,884,815</u>	<u>7,022,792</u>	<u>862,023</u>	<u>12.27 %</u>
Total liabilities	<u>133,475,202</u>	<u>147,670,874</u>	<u>(14,195,672)</u>	<u>(9.61)%</u>
Deferred inflows related to pensions and other postemployment benefits	<u>18,713,069</u>	<u>8,270,558</u>	<u>10,442,511</u>	<u>126.26 %</u>
NET POSITION				
Net investment in capital assets	254,508,083	256,021,124	(1,513,041)	(0.59)%
Restricted	62,543,682	56,123,260	6,420,422	11.44 %
Unrestricted	<u>(28,435,113)</u>	<u>(51,606,516)</u>	<u>23,171,403</u>	<u>(44.90)%</u>
Total Net Position	<u>\$ 288,616,652</u>	<u>\$ 260,537,868</u>	<u>\$ 28,078,784</u>	<u>10.78 %</u>

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

	2019	2018	Increase (Decrease)	% Change
Current and Other Assets	\$ 139,885,807	\$ 121,061,242	\$ 18,824,565	15.55 %
Capital Assets	237,845,670	239,610,662	(1,764,992)	(0.74)%
Net pension and other postemployment benefits asset	<u>1,966,772</u>	<u>1,547,652</u>	<u>419,120</u>	<u>27.08 %</u>
Total Assets	<u>379,698,249</u>	<u>362,219,556</u>	<u>17,478,693</u>	<u>4.83 %</u>
Deferred outflows related to pension and other postemployment benefits	<u>22,476,146</u>	<u>17,389,167</u>	<u>5,086,979</u>	<u>29.25 %</u>
Long-term liabilities outstanding	114,553,947	129,945,877	(15,391,930)	(11.84)%
Other liabilities	<u>7,276,723</u>	<u>6,397,788</u>	<u>878,935</u>	<u>13.74 %</u>
Total liabilities	<u>121,830,670</u>	<u>136,343,665</u>	<u>(14,512,995)</u>	<u>(10.64)%</u>
Deferred inflows related to pensions and other postemployment benefits	<u>18,421,271</u>	<u>8,071,392</u>	<u>10,349,879</u>	<u>128.23 %</u>
NET POSITION				
Net investment in capital assets	237,845,670	239,610,662	(1,764,992)	(0.74)%
Restricted	52,809,197	47,248,913	5,560,284	11.77 %
Unrestricted	<u>(28,732,413)</u>	<u>(51,665,909)</u>	<u>22,933,496</u>	<u>(44.39)%</u>
Total Net Position	<u>\$ 261,922,454</u>	<u>\$ 235,193,666</u>	<u>\$ 26,728,788</u>	<u>11.36 %</u>

Governmental activities—net position highlights: As a result of an actuarial valuation of the total pension liability performed as of June 30, 2019, and a measurement date of June 30, 2018, deferred outflows and inflows of resources related to pensions increased by \$5,087 thousand and \$10,350 thousand, respectively. The pension liability decreased by \$15.8 million. New debt was incurred and with payments on the remaining Long-term debt, the total decrease was \$15.4 million or 11.84% from the prior year. Other liabilities had a net increase of \$878,935 due to increases in accounts payable and in the deposits held for others, at year-end. Both of these increases reflect timing differences in payouts from one year to the next. The reason for the decrease in negative unrestricted net position is the same as government-wide. The business-type accounted for a small percent of the changes in the Government-wide net position.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

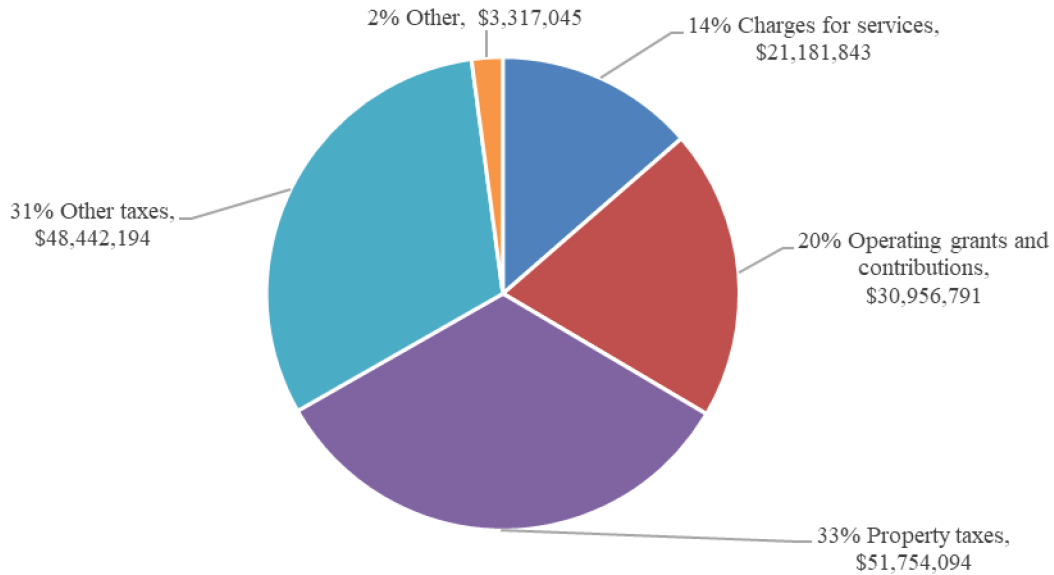
	2019	2018	Increase (Decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 21,181,843	\$ 20,856,142	\$ 325,701	1.56 %
Operating grants and contributions	<u>30,956,791</u>	<u>33,656,639</u>	<u>(2,699,848)</u>	<u>(8.02)%</u>
Total program revenues	<u>52,138,634</u>	<u>54,512,781</u>	<u>(2,374,147)</u>	<u>(4.36)%</u>
General revenues				
Property revenues	51,754,094	49,414,364	2,339,730	4.73 %
Other taxes	48,442,194	45,962,043	2,480,151	5.40 %
Other revenues	<u>3,317,045</u>	<u>2,111,590</u>	<u>1,205,455</u>	<u>57.09 %</u>
Total general revenues	<u>103,513,333</u>	<u>97,487,997</u>	<u>6,025,336</u>	<u>6.18 %</u>
Total revenues	<u>155,651,967</u>	<u>152,000,778</u>	<u>3,651,189</u>	<u>2.40 %</u>
Expenses:				
General government	43,193,723	56,969,740	(13,776,017)	(24.18)%
Public safety	40,395,349	51,128,853	(10,733,504)	(20.99)%
Highways and streets	17,453,802	15,347,089	2,106,713	13.73 %
Health	15,803,615	15,762,319	41,296	0.26 %
Welfare	4,799,001	5,034,734	(235,733)	(4.68)%
Sanitation	61,066	157,942	(96,876)	(61.34)%
Culture and recreation	4,643,622	4,654,561	(10,939)	(0.24)%
Education	2,511,548	2,460,661	50,887	2.07 %
Interest on long-term debt	<u>36,453</u>	<u>660,928</u>	<u>(624,475)</u>	<u>(94.48)%</u>
Total expenses	<u>128,898,179</u>	<u>152,176,827</u>	<u>(23,278,648)</u>	<u>(15.30)%</u>
Inc. (Dec.) in net position before transfers	26,753,788	(176,049)	26,929,837	15,296.78 %
Transfers	<u>(25,000)</u>	<u>475,000</u>	<u>(500,000)</u>	<u>(105.26)%</u>
Inc. (Dec.) in net position after transfers	26,728,788	298,951	26,429,837	8,840.86 %
Net position beginning of year	<u>235,193,666</u>	<u>234,894,715</u>	<u>298,951</u>	<u>0.13 %</u>
Net position end of year	<u>\$ 261,922,454</u>	<u>\$ 235,193,666</u>	<u>\$ 26,728,788</u>	<u>11.36 %</u>

Governmental activities—comparative statement of activities highlights: The current year governmental activities financial statements reflect an increase in total general revenues. The increase in the economic growth, throughout the entire country, spurred increases in all areas of revenue. Expenses decreased 15 percent from the prior year. The large decrease in general government and public safety expenses results from large pension expense decreases and vacancies in personnel from a large turnover in staff. Sanitation expenditures are based on special projects determined by the BOS. The projects vary from year to year. The costs depend on the number of projects and the size of the area needing clean-up. Costs were less in the current year. Interest on long-term debt is down due to reduced interest cost on the beneficial interest certificates in the Jail Debt Service Fund. The General fund did not get a transfer this year from the landfill of \$500,000 which accounts for the decrease in transfers. That was a one time transfer in 2018.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

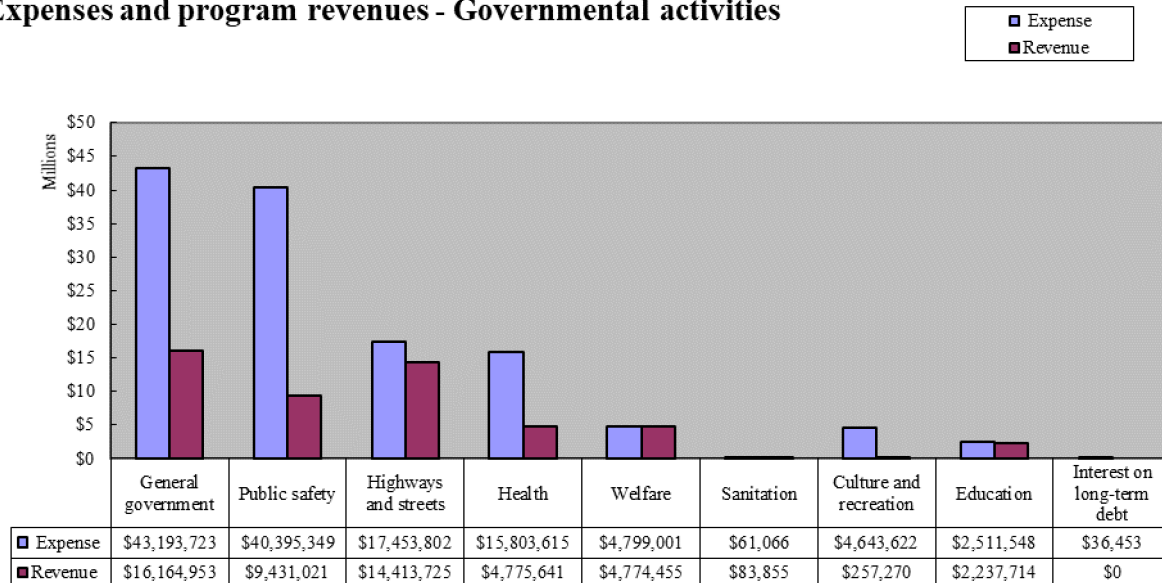
The chart below represents all revenues collected from governmental activities, including general revenues, as reported in the Statement of Activities.

Revenues by source - Governmental Activities



The following graph represents the expenses and program revenues for governmental activities as reported in the Statement of Activities. Program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities. Total revenues generated by governmental activities (program revenues and general revenues) were \$156 million. General revenues of \$104 million are not included in this graph, though they represent 67 percent of total revenues reported for governmental activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues resulted in an increase to net position of \$27 million for the fiscal year as indicated on the Statement of Activities.

Expenses and program revenues - Governmental activities



MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

	2019	2018	Increase (Decrease)	% Change
Current and Other Assets	\$ 21,656,519	\$ 20,196,145	\$ 1,460,374	7.23 %
Capital Assets	16,662,413	16,410,462	251,951	1.54 %
Net pension and other postemployment benefits asset	<u>5,202</u>	<u>6,491</u>	<u>(1,289)</u>	<u>(19.86)%</u>
Total Assets	<u>38,324,134</u>	<u>36,613,098</u>	<u>1,711,036</u>	<u>4.67 %</u>
Deferred outflows related to pension and other postemployment benefits	<u>306,394</u>	<u>257,479</u>	<u>48,915</u>	<u>19.00 %</u>
Long-term liabilities outstanding	11,036,440	10,702,205	334,235	3.12 %
Other liabilities	<u>608,092</u>	<u>625,004</u>	<u>(16,912)</u>	<u>(2.71)%</u>
Total liabilities	<u>11,644,532</u>	<u>11,327,209</u>	<u>317,323</u>	<u>2.80 %</u>
Deferred inflows related to pensions and other postemployment benefits	<u>291,798</u>	<u>199,166</u>	<u>92,632</u>	<u>46.51 %</u>
NET POSITION				
Net investment in capital assets	16,662,413	16,410,462	251,951	1.54 %
Restricted	9,734,485	8,874,347	860,138	9.69 %
Unrestricted	<u>297,300</u>	<u>59,393</u>	<u>237,907</u>	<u>400.56 %</u>
Total Net Position	<u>\$ 26,694,198</u>	<u>\$ 25,344,202</u>	<u>\$ 1,349,996</u>	<u>5.33 %</u>

Business-type activities—net position highlights: Deferred outflows related to pensions and deferred inflows related to pensions should be netted together for net of \$14,596. This is a 75% net decrease from the prior year in net deferred outflows, and represents County contributions to the pension plan for employees in the business-type funds. Long-term liabilities increased due to an increase in landfill closure and post-closure costs; these are estimated future costs provided by engineering consultants for managing the Cerbat and Mohave Valley landfills. In addition, the long-term liabilities increased due to pension liability adjustments. Other liabilities decreased \$16,912 due to a decrease in accounts payable claims paid after June 30th and accrued to fiscal year 2019. The increase to unrestricted net position was due to pension adjustments in the current year.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

	2019	2018	Increase (Decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 6,393,297	\$ 6,100,877	\$ 292,420	4.79 %
Operating grants and contributions	<u>439,442</u>	<u>428,549</u>	<u>10,893</u>	<u>2.54 %</u>
Total program revenues	<u>6,832,739</u>	<u>6,529,426</u>	<u>303,313</u>	<u>4.65 %</u>
General revenues				
Other taxes	100,000	100,000		%
Other revenues	<u>539,338</u>	<u>204,117</u>	<u>335,221</u>	<u>164.23 %</u>
Total general revenues	<u>639,338</u>	<u>304,117</u>	<u>335,221</u>	<u>110.23 %</u>
Total revenues	<u>7,472,077</u>	<u>6,833,543</u>	<u>638,534</u>	<u>9.34 %</u>
Expenses:				
Landfill	1,569,205	1,359,735	209,470	15.41 %
Recreation	2,294,047	1,961,301	332,746	16.97 %
Water companies	<u>2,283,829</u>	<u>2,192,755</u>	<u>91,074</u>	<u>4.15 %</u>
Total expenses	<u>6,147,081</u>	<u>5,513,791</u>	<u>633,290</u>	<u>11.49 %</u>
Increase in net position before transfers	1,324,996	1,319,752	5,244	0.40 %
Transfers	<u>25,000</u>	<u>(475,000)</u>	<u>500,000</u>	<u>(105.26)%</u>
Decrease in net position after transfers	1,349,996	844,752	505,244	59.81 %
Net position beginning of year	<u>25,344,202</u>	<u>24,499,450</u>	<u>844,752</u>	<u>3.45 %</u>
Net position end of year	<u>\$ 26,694,198</u>	<u>\$ 25,344,202</u>	<u>\$ 1,349,996</u>	<u>5.33 %</u>

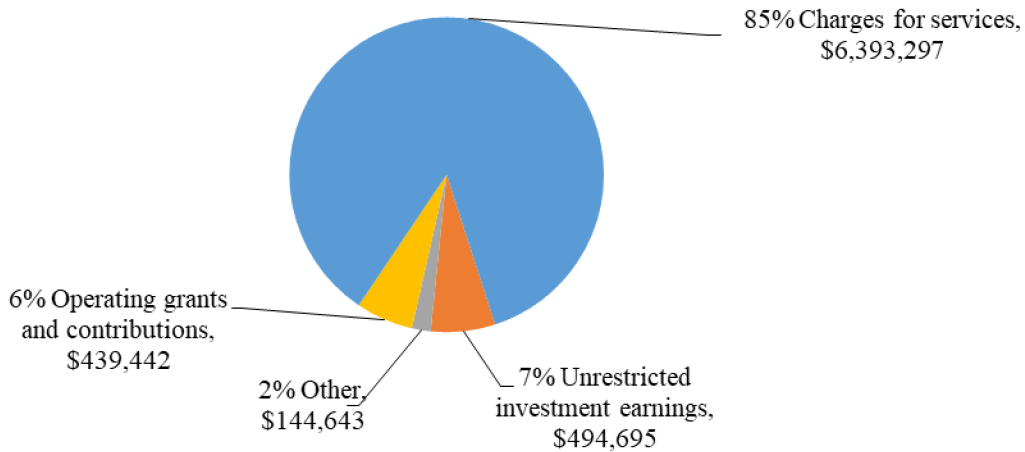
Business-type activities—comparative statement of activities highlights: Analysis of revenue and expense changes—The Business-type activities comparative statement of activities schedule, above, shows a 9.3 percent increase in total revenues for the year.

- Charges for services increased in the Other Enterprise funds and Parks funds due to serving more customers and park visitors.
- General revenues increased \$335 thousand due to a positive market adjustment on investments.
- Landfill expenses increased \$209 thousand in professional services due to several landfill special capital projects.
- Water company expenses increased \$91 thousand due to increases in personnel and public utilities costs.
- Positive transfers increased because there was no transfer out to the Board of Supervisors in the current year. That was a one time transfer in 2018.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

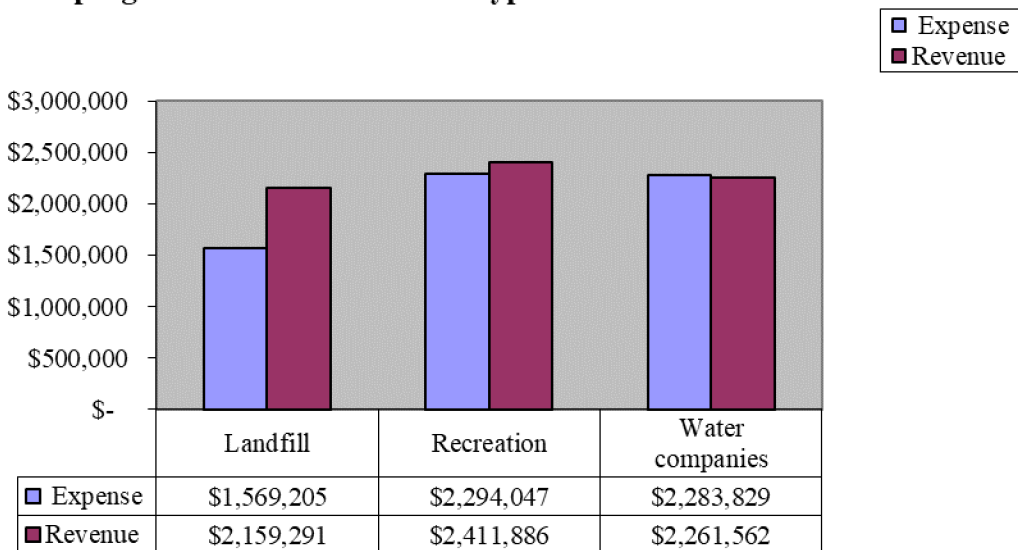
The chart below represents all revenues collected from business-type activities, including general revenues, as reported in the Statement of Activities.

Revenues by source - Business-type Activities



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.

Expenses and program revenues - Business-type activities



MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Financial Analysis of the Government's Funds

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

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

Mohave County’s governmental funds reported a combined increase in ending fund balances from the prior year. Fund balances for the Road Fund, Flood Control Fund, County Capital Improvement Fund, and the Other Governmental Funds are nonspendable, restricted, or committed and can only be used for specific purposes.

**Comparative Balance Sheet
Government Funds
As of June 30, 2019**

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
2018						
Assets	\$ 35,615,332	\$ 15,617,731	\$ 7,506,396	\$ 12,056,952	\$ 27,661,927	\$ 98,458,338
Liabilities	3,140,152	674,226	180,175	151	1,751,494	5,746,198
Deferred inflows	<u>2,419,552</u>	-	<u>740,592</u>	-	<u>1,008,688</u>	<u>4,168,832</u>
Fund balance	<u>30,055,628</u>	<u>14,943,505</u>	<u>6,585,629</u>	<u>12,056,801</u>	<u>24,901,745</u>	<u>88,543,308</u>
2019						
Assets	40,239,014	17,996,561	11,346,967	19,365,936	26,632,710	115,581,188
Liabilities	3,042,597	1,866,712	105,579	1,044,544	1,284,246	7,343,678
Deferred inflows	<u>2,347,213</u>	-	<u>701,170</u>	-	<u>944,470</u>	<u>3,992,853</u>
Fund balance	<u>34,849,204</u>	<u>16,129,849</u>	<u>10,540,218</u>	<u>18,321,392</u>	<u>24,403,994</u>	<u>104,244,657</u>
Increase (decrease)						
Assets	4,623,682	2,378,830	3,840,571	7,308,984	(1,029,217)	17,122,850
Liabilities	(97,555)	1,192,486	(74,596)	1,044,393	(467,248)	1,597,480
Deferred inflows	<u>(72,339)</u>	-	<u>(39,422)</u>	-	<u>(64,218)</u>	<u>(175,979)</u>
Fund balance	<u>4,793,576</u>	<u>1,186,344</u>	<u>3,954,589</u>	<u>6,264,591</u>	<u>(497,751)</u>	<u>15,701,349</u>
% change						
Assets	13 %	15 %	51 %	61 %	(4)%	17 %
Liabilities	(3)%	177 %	(41)%	691,651 %	(27)%	28 %
Deferred inflows	(3)%	-	(5)%	-	(6)%	(4)%
Fund balance	16 %	8 %	60 %	52 %	(2)%	18 %

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Significant changes reflected in the schedule above will follow:

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$35 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund unassigned fund balance equals 42 percent of total General Fund expenditures. The deferred inflows represent deferred property tax collections and deferred intergovernmental income in 2019. Increased revenue collections from all sources, accounted for the increase in cash and fund balance. Collections from sales of delinquent property tax liens added to the increase in revenue.

The Road Fund's total fund balance is restricted for road maintenance and other approved highway user funds projects. The current year road project expenses were less than the current year road revenues, which is reflected by a corresponding increase in the fund balance. The change in fund balance above also includes the inventory adjustment.

The Flood Control Fund total fund balance increased from the prior year. The increase in fund balance and assets, corresponds with the excess revenue over expenditures discussed in the next section. The change in fund balance above also includes the inventory adjustment.

The County Capital Improvement Fund increased significantly due to no longer needing to make payments on the beneficial interest certificates debt, which was paid off in 2018, but liabilities increased this year with the start of the construction phase of the building project for the law and Justice center. The net result was an increase in fund balance of \$6.3 million which will be used for future construction costs.

The Other Governmental Funds assets decreased due to the transfer out of the remaining balance of cash in the Jail Debt Service Fund, to the General Fund, to support jail operations. Timing differences and changes in grant amounts caused the remaining small variances in amounts.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
2018						
Revenues	\$ 82,430,306	\$ 16,901,431	\$ 7,833,785	\$ 7,426,430	\$ 29,781,269	\$ 144,373,221
Expenditures	77,364,285	16,676,483	6,404,442	1,470,256	43,924,124	145,839,590
Other financing sources (uses)	<u>1,001,443</u>	<u>(218,595)</u>	<u>(581,564)</u>	-	<u>1,239,166</u>	<u>1,440,450</u>
Net change in fund balance	<u>6,067,464</u>	<u>6,353</u>	<u>847,779</u>	<u>5,956,174</u>	<u>(12,903,689)</u>	<u>(25,919)</u>
2019						
Revenues	87,395,992	18,471,091	8,415,621	8,135,778	30,038,830	152,457,312
Expenditures	82,387,391	17,591,574	3,863,501	3,425,409	30,225,275	137,493,150
Other financing sources (uses)	<u>(215,025)</u>	<u>306,924</u>	<u>(646,865)</u>	<u>1,554,222</u>	<u>(311,306)</u>	<u>687,950</u>
Net change in fund balance	<u>4,793,576</u>	<u>1,186,441</u>	<u>3,905,255</u>	<u>6,264,591</u>	<u>(497,751)</u>	<u>15,652,112</u>
Increase (decrease)						
Revenues	4,965,686	1,569,660	581,836	709,348	257,561	8,084,091
Expenditures	5,023,106	915,091	(2,540,941)	1,955,153	(13,698,849)	(8,346,440)
Other financing sources (uses)	<u>(1,216,468)</u>	<u>525,519</u>	<u>(65,301)</u>	<u>1,554,222</u>	<u>(1,550,472)</u>	<u>(752,500)</u>
% change						
Revenues	6 %	9 %	7 %	10 %	1 %	6 %
Expenditures	6 %	5 %	(40)%	133 %	(31)%	(6)%
Other financing sources (uses)	(121)%	240 %	11 %	-	(125)%	(52)%

Significant changes reflected in the schedule above will be discussed on the next page, with the exception of the General Fund, which will be discussed separately under the heading General Fund budgetary highlights.

All funds experienced an increase in revenues due to the robust economy, including an increase in investment earnings. This accounts for the small % increase reflected above for all the funds. The other governmental funds increase is smaller, as they represent mostly reimbursement grants that do not receive investment income or income based on the economic climate.

Governmental revenues and expenditures:

The Road Fund experienced a 9.0 percent increase in revenue and a 5 percent increase in expenditures. The fund spent more on capital purchases compared to the prior year. There was a large percentage of heavy equipment replaced in 2018. There was also an increase in the number of road projects, as the prior year some experienced delays in being started and some were cancelled. There were no other financing sources (uses) of revenue in the prior year. In the prior year, there were sales of assets and transfers out to other funds.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Flood Control Fund changes in expense reflect the deferral of the payment to Lake Havasu City of their share of the flood control tax revenue to fiscal year 2020. This is due to not having a signed intergovernmental agreement in place. The annual payment was made in July, after the agreement was received and approved by the County Board of Supervisors.

County Capital improvement Fund revenues consist mainly of a ¼ cent sales tax and investment earnings. Because of the booming economy the sales tax revenue increased. There were only minor capital projects the last couple of years, so the cash balance increased significantly and therefore the investment earnings increased. Total income increased by 10%. The expenditures increased significantly due to the major capital project of building a Law & Justice Center, which is expected to cost in excess of \$23 million for the project, by the time it is complete. Current year expenditures on the project were \$3.4 million. The prior year start-up expenditures for this project were less than \$.7 million. Other financing sources represents transfers in from other court funds and the General fund to make up balances needed to complete the project, as the sales tax revenue sunsets December 31, 2019.

The Other Governmental Funds revenue increases were primarily in the intergovernmental revenue, reflecting increases in sales tax revenue and grant revenue. The other governmental funds increase in revenue is smaller, as they represent mostly reimbursement grants that do not receive investment income or income based on the economic climate for most of the funds. There are a few funds that do receive state shared revenue and interest, both of which increased.

Other governmental expenditures decreased by \$13.7 million total. \$13.5 million of that amount was due to the debt payoff of the jail beneficial interest certificate in 2018.

Proprietary funds

Reports for Mohave County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Statement of Net Position—Business-type Activities—Net position for the enterprise funds, in total, increased slightly from the prior year. The G.V.I.D. Fund reflected a net decrease in net position, after recording depreciation expense, which does not affect available cash. All other funds reflected an increase in net position.

Statement of Net Position—Governmental Activities-Internal Service Funds—Net position for the internal service funds increased by \$1.6 million over the prior year.

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

Statement of Revenues, Expenses, and Changes in Fund Net Position—Governmental Activities Internal Service Funds-The income before transfers increased from the prior year. Total operating revenues decreased by \$684 thousand and operating expenses decreased by approximately \$914 thousand in total for all the internal service funds. The majority of the decrease in expenses came from a decrease in insurance claims of \$510 thousand in claims expense and a decrease in supplies of \$288. There are minor increases and decreases in all the internal service funds revenue; however, the largest decrease of \$467 thousand was decreases in charges to departments in the EBT fund. There is also a decrease of \$238 thousand in the SIR charges for services corresponding to decreases in insurance expense and other underlying charges. The increase in net position is

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

attributed to all the changes discussed above.

General Fund Budgetary Highlights

Variations between Original Budget and Final Revised Budget

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

Expenditures: Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments and an increase in budgeted public safety expenditures. Budgeted expenditures increased \$3,311 thousand compared to 2018. Total actual expenditures were below budgeted expenditures by \$6.4 million, \$2.0 million of that amount was public safety expenditures, \$0.55 million was Planning and Zoning, and \$1.1 million was unused contingency.

Variations between Final Revised Budget and Actual Revenues or Expenditures

Revenues: The General fund revenue was more than the total amount budgeted by \$729 thousand (1 percent). The largest excess budgeted amount was \$0.5 million in property taxes that reflected an increase in overall current collections with a less than expected recovery of delinquent receivables. The largest positive variance was in intergovernmental revenue \$0.9 million. The largest amounts were in state shared revenues of Auto lieu tax and Sales tax. Investment earnings were up due to increased cash balances and investment returns, including a positive investment market adjustment. The prior year there was an investment loss recorded while adjusting to market at year-end.

Expenditures: Actual expenditures were less than budgeted expenditures by \$6.4 million. The prior year difference was \$8.1 million. General administration budgeted expenditures decreased \$0.9 million due to budgeting for pension settlements the prior year. The County contingency was budgeted at \$2.0 million but only \$816 thousand was utilized during the year. Public Safety expenditures were \$2.0 million less than the budget primarily as a result of personnel savings from retirements and new recruitment efforts. Economic development has \$500,000 reserved in the budget for economic development efforts which will occur in future years. Planning and Zoning expenditures were \$0.5 million less than budget primarily due to \$200,000 personnel savings from turnover and \$300,000 thousand that was available for outsourcing plan reviews that was not needed during the year. The Building inspection department and the Treasurer's office, along with several other offices, had excess personnel budgets due to turnover. The County has a history on longevity of personnel and many are now retiring. Other budget to actual variances were minor increases and decreases to other departments.

Actual expenditures increased from the prior year by \$5 million, mostly for necessary increases in salaries, to remain competitive in the labor market. \$0.5 million of the increase was due to new capital leases of copiers and computers. Public safety costs increased \$1.4 million, general administration increased \$716 thousand, and participation in Arizona Health Cost Containment System costs decreased \$52 thousand. Vacancy savings and reducing staff by attrition and department reorganization were also employed as a cost reduction method.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Capital Assets and Debt Administration

Capital assets—Mohave County’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, is \$255 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, bridges, and an internally generated software program. Capital assets not being depreciated in the governmental activities increased due to construction of a new judicial facility that will take several years to complete, the Kingman Library expansion, and various flood control projects. The Landfill fence and remediation CIP project, and a GVID standpipe CIP project caused the 23.83% increase in the business-type assets not being depreciated.

Total capital assets being depreciated decreased due to depreciation and disposals exceeding the amount of assets purchased for both governmental and business-type activities.

**Capital Assets, net of accumulated depreciation
As of June 30, 2019**

	2019	2018	Increase (Decrease)	% Change
Governmental activities				
Capital assets, not being depreciated	\$ 35,409,716	\$ 33,270,122	\$ 2,139,594	6.43 %
Capital assets, being depreciated	<u>202,435,954</u>	<u>206,340,540</u>	<u>(3,904,586)</u>	<u>(1.89)%</u>
Total governmental capital assets	<u>237,845,670</u>	<u>239,610,662</u>	<u>(1,764,992)</u>	<u>(0.74)%</u>
Business-type activities				
Capital assets, not being depreciated	2,537,558	2,049,306	488,252	23.83 %
Capital assets, being depreciated	<u>14,124,855</u>	<u>14,361,156</u>	<u>(236,301)</u>	<u>(1.65)%</u>
Total business-type capital assets	<u>16,662,413</u>	<u>16,410,462</u>	<u>251,951</u>	<u>1.54 %</u>
Total governmental and business-type activities				
Capital assets, not being depreciated	37,947,274	35,319,428	2,627,846	7.44 %
Capital assets, being depreciated	<u>216,560,809</u>	<u>220,701,696</u>	<u>(4,140,887)</u>	<u>(1.88)%</u>
Total capital assets	<u>\$ 254,508,083</u>	<u>\$ 256,021,124</u>	<u>\$ (1,513,041)</u>	<u>(0.59)%</u>

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

- Construction in progress for the Law & Justice Center was \$4.3 million.
- The Road fund also purchased 12 pieces of heavy equipment totaling \$2.5 million. This included motor graders, heavy haul tractors, loaders, brooms and mowers.
- Forty vehicles from the fleet were replaced or newly acquired costing \$1.8 million. Various sources funded these purchases: 24 from the Vehicle use fund, 6 from the Road fund, 6 from business-type funds and 4 from other governmental funds.
- Flood control made 876 thousand in improvements to Sunrise Vistas’ channels.
- Road improvements totaling \$1.7 million were made to Sacramento Wash Right of Way, Golden shores, the Airport Industrial park, Bank Street, Clack Canyon, and Ansen Smith.

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

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Long-term liabilities—At the end of the current fiscal year, Mohave County had total long-term liabilities outstanding of \$126 million. Mohave County's long-term liabilities are comprised of net pension and other postemployment benefits liabilities, claims and judgments payable, landfill closure and post closure care costs payable, capital leases payable, and compensated absences payable incurred during normal operations. For details, see Note 8. The one major change was a decrease of \$15.7 million in pension liabilities.

State statutes limit the amount of general obligation debt a government entity may issue to 6 percent of its total secondary assessed valuation, without taxpayer approval, and up to 15 percent with the approval of a majority of taxpayers. The debt limitation for Mohave County for fiscal year 2019 was \$109 million (6 percent of \$1.81 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt.

Note 8 contains additional information on Mohave County's long-term liabilities.

Economic Factors and Next Year's Budgets and Rates

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

The average unemployment rate for Mohave County in 2019 was 5.8 percent, an increase of 0.2 percent from the prior year. The unemployment rate in Mohave County is higher than the State's 2019 unemployment rate of 4.5 percent and also higher than the national average rate 3.87 percent. Overall, unemployment rates rose slightly in the US from 2018 to 2019.

Each year during the budget planning process, the Financial Services Department evaluates the U.S. and Arizona coincident index and other economic indicators along with reviewing economic momentum information and State estimates provided by the office of the Arizona Joint Legislative Budget Committee, the U.S. Bureau of Labor Statistics and other sources. Also, considered in overall budget development are the status of the U.S. federal budget and anticipated changes, State budget impacts, and local economic conditions specific to Mohave County such as net assessed property valuations and changes from prior years, local sales tax revenue and year-over-year changes, local employment, tourism, fuel sales, building permit data and other types of information. In summary, all of these factors were considered in preparing and developing Mohave County's budget for the 2019 fiscal year.

The County's operations may be affected by the recent and ongoing outbreak of the Coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on the County's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the County's revenue streams, absenteeism in the workforce, unavailability of services and supplies used in operations, and a decline in value of assets held by the County, including inventories, property and equipment, and marketable securities.

MOHAVE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Requests for Information

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

Mohave County Finance
PO Box 7000
Kingman, AZ 86402-700

BASIC FINANCIAL STATEMENTS



MOHAVE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 123,484,080	\$ 19,762,855	\$ 143,246,935
Receivables (net of allowance for uncollectibles):			
Property taxes	4,248,792	-	4,248,792
Accounts	1,732,129	292,169	2,024,298
Accrued interest	187,603	30,884	218,487
Due from other governments	7,582,357	126,253	7,708,610
Inventory	328,760	154,027	482,787
Prepaid items	231,940	350	232,290
Cash and investments held by trustee	636,840	-	636,840
Restricted cash	102,546	1,092,136	1,194,682
Internal balances	(197,845)	197,845	-
Restricted assets - HUD properties	1,548,605	-	1,548,605
Capital assets, not being depreciated	35,409,716	2,537,558	37,947,274
Capital assets, being depreciated, net	202,435,954	14,124,855	216,560,809
Net pension and other postemployment benefits asset	1,966,772	5,202	1,971,974
Total assets	<u>379,698,249</u>	<u>38,324,134</u>	<u>418,022,383</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions and other postemployment benefits	<u>22,476,146</u>	<u>306,394</u>	<u>22,782,540</u>
Total deferred outflows of resources	<u>22,476,146</u>	<u>306,394</u>	<u>22,782,540</u>
LIABILITIES:			
Accounts payable	4,700,947	433,032	5,133,979
Accrued payroll and employee benefits	1,506,610	41,250	1,547,860
Due to other governments	20,008	4,175	24,183
Deposits held for others	1,040,811	100,032	1,140,843
Unearned revenue	8,347	29,603	37,950
Noncurrent liabilities:			
Due within one year	7,913,740	142,221	8,055,961
Due in more than one year	<u>106,640,207</u>	<u>10,894,219</u>	<u>117,534,426</u>
Total liabilities	<u>121,830,670</u>	<u>11,644,532</u>	<u>133,475,202</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions and other postemployment benefits	<u>18,421,271</u>	<u>291,798</u>	<u>18,713,069</u>
Total deferred inflows of resources	<u>18,421,271</u>	<u>291,798</u>	<u>18,713,069</u>
NET POSITION:			
Net investment in capital assets	237,845,670	16,662,413	254,508,083
Restricted for:			
General government	5,941,015	-	5,941,015
Public safety	15,114,704	-	15,114,704
Highways and streets	15,928,413	-	15,928,413
Health	2,424,955	-	2,424,955
Welfare	1,774,583	-	1,774,583
Sanitation	189,540	8,487,972	8,677,512
Culture and recreation	8,980,900	-	8,980,900
Education	312,681	-	312,681
Debt service	33,101	-	33,101
Capital projects	-	1,092,136	1,092,136
Other purposes	2,109,305	154,377	2,263,682
Unrestricted (deficit)	<u>(28,732,413)</u>	<u>297,300</u>	<u>(28,435,113)</u>
Total net position	<u>\$ 261,922,454</u>	<u>\$ 26,694,198</u>	<u>\$ 288,616,652</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 43,193,723	\$ 14,806,034	\$ 1,358,919
Public safety	40,395,349	3,770,552	5,660,469
Highways and streets	17,453,802	91,647	14,322,078
Health	15,803,615	1,775,674	2,999,967
Welfare	4,799,001	419,851	4,354,604
Sanitation	61,066	83,855	-
Culture and recreation	4,643,622	106,362	150,908
Education	2,511,548	127,868	2,109,846
Interest on long-term debt	36,453	-	-
Total governmental activities	<u>128,898,179</u>	<u>21,181,843</u>	<u>30,956,791</u>
Business-Type activities:			
Landfill	1,569,205	1,719,849	439,442
Recreation	2,294,047	2,411,886	
Water companies	2,283,829	2,261,562	
Total business-type activities	<u>6,147,081</u>	<u>6,393,297</u>	<u>439,442</u>
Total primary government	<u>\$ 135,045,260</u>	<u>\$ 27,575,140</u>	<u>\$ 31,396,233</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for flood control
- Property taxes, levied for debt service
- Share of state sales taxes
- Special county sales tax for capital projects
- Shared revenue - state vehicle license tax
- Federal in-lieu tax
- Local in-lieu tax
- Utilities franchise tax

County equalization revenue

Investment earnings

Miscellaneous

Rent

Gain (loss) on sale / trade of capital assets

Transfers

Total general revenues

Change in net position

Net position, July 1, 2018

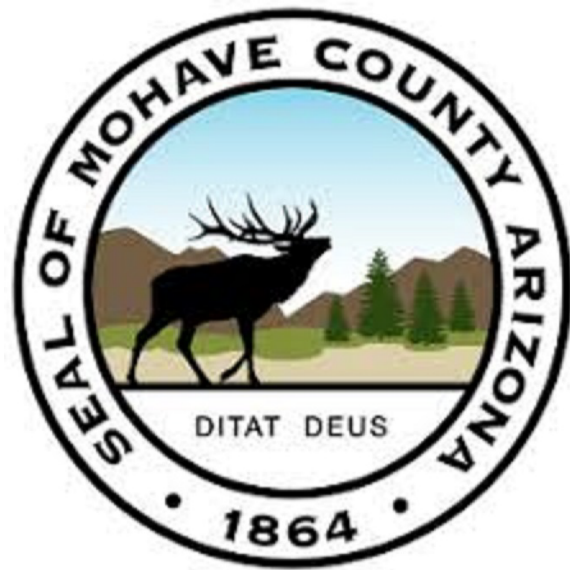
Net position, June 30, 2019

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (27,028,770)	-	\$ (27,028,770)
(30,964,328)	-	(30,964,328)
(3,040,077)	-	(3,040,077)
(11,027,974)	-	(11,027,974)
(24,546)	-	(24,546)
22,789	-	22,789
(4,386,352)	-	(4,386,352)
(273,834)	-	(273,834)
(36,453)	-	(36,453)
(76,759,545)		(76,759,545)
-	\$ 590,086	590,086
-	117,839	117,839
-	(22,267)	(22,267)
-	685,658	685,658
(76,759,545)	685,658	(76,073,887)
43,608,302	-	43,608,302
8,049,569	-	8,049,569
96,223	-	96,223
24,510,420	-	24,510,420
7,685,847	-	7,685,847
11,955,772	-	11,955,772
3,726,647	100,000	3,826,647
30,526	-	30,526
532,982	-	532,982
58,991	-	58,991
2,816,964	494,695	3,311,659
973,935	25,052	998,987
306,106	6,600	312,706
(838,951)	12,991	(825,960)
(25,000)	25,000	-
103,488,333	664,338	104,152,671
26,728,788	1,349,996	28,078,784
235,193,666	25,344,202	260,537,868
\$ 261,922,454	\$ 26,694,198	\$ 288,616,652

See accompanying notes to financial statements.



MOHAVE COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and investments	\$ 34,068,819	\$ 16,044,886	\$ 10,408,589	\$ 17,992,299	\$ 23,726,527	\$ 102,241,120
Receivables: (net of allowances for uncollectibles):						
Property taxes	2,833,824	-	817,826	-	597,142	4,248,792
Accounts	463,428	48,738	100	-	397,687	909,953
Accrued interest	49,894	25,208	17,749	27,113	36,193	156,157
Due from other governments	2,713,315	1,676,293	16,250	1,346,524	1,823,397	7,575,779
Due from other funds	2,062	-	-	-	47,643	49,705
Inventories	-	201,436	85,458	-	-	286,894
Prepaid items	5,126	-	995	-	4,121	10,242
Restricted cash	102,546	-	-	-	-	102,546
Total assets	<u>\$ 40,239,014</u>	<u>\$ 17,996,561</u>	<u>\$ 11,346,967</u>	<u>\$ 19,365,936</u>	<u>\$ 26,632,710</u>	<u>\$ 115,581,188</u>
LIABILITIES:						
Accounts payable	\$ 1,202,862	\$ 1,728,313	\$ 80,354	\$ 1,044,393	\$ 466,981	\$ 4,522,903
Accrued payroll and employee benefits	979,567	137,642	23,967	-	305,203	1,446,379
Due to other governments	1,410	757	1,258	-	16,211	19,636
Due to other funds	7,257	-	-	-	100,142	107,399
Deposits held for others	851,501	-	-	151	189,159	1,040,811
Unearned revenue	-	-	-	-	8,347	8,347
Advances payable - Landfill	-	-	-	-	198,203	198,203
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>3,042,597</u>	<u>1,866,712</u>	<u>105,579</u>	<u>1,044,544</u>	<u>1,284,246</u>	<u>7,343,678</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	2,347,213	-	701,170	-	569,275	3,617,658
Unavailable revenue - intergovernmental	-	-	-	-	375,195	375,195
Total deferred inflows of resources	<u>2,347,213</u>	<u>-</u>	<u>701,170</u>	<u>-</u>	<u>944,470</u>	<u>3,992,853</u>
FUND BALANCES:						
Nonspendable	5,126	201,436	86,453	-	4,122	297,137
Restricted	-	15,928,413	10,453,765	-	23,120,308	49,502,486
Committed	-	-	-	18,321,392	1,279,564	19,600,956
Unassigned	34,844,078	-	-	-	-	34,844,078
Total fund balances	<u>34,849,204</u>	<u>16,129,849</u>	<u>10,540,218</u>	<u>18,321,392</u>	<u>24,403,994</u>	<u>104,244,657</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,239,014</u>	<u>\$ 17,996,561</u>	<u>\$ 11,346,967</u>	<u>\$ 19,365,936</u>	<u>\$ 26,632,710</u>	<u>\$ 115,581,188</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

Fund balances - total governmental funds		\$ 104,244,657
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and restricted assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		235,583,374
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Property taxes receivable	\$ 3,617,658	
Grant receivables	<u>375,195</u>	3,992,853
Long-term liabilities, such as net pension/OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as a liability in the funds.		(102,561,287)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		4,026,421
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, information systems, and telecommunications to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		20,496,285
Some assets and liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension assets held in trust	1,959,170	
Capital leases payable	(510,744)	
Compensated absences	<u>(5,308,275)</u>	<u>(3,859,849)</u>
Net position of governmental activities		\$ <u>261,922,454</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 38,944,909	-	\$ 8,049,147	\$ 7,685,847	\$ 5,363,770	\$ 60,043,673
Special assessments	-	-	-	-	90,586	90,586
Licenses and permits	1,237,604	\$ 44,470	4,050	-	728,706	2,014,830
Intergovernmental	37,498,206	17,686,758	35	-	16,595,150	71,780,149
Charges for services	6,927,647	46,406	138,275	-	4,974,333	12,086,661
Fines and forfeits	1,275,678	771	-	-	1,039,627	2,316,076
Investment earnings	731,024	392,288	223,964	358,909	616,315	2,322,500
Rents	1,350	74,410	-	90,914	139,432	306,106
Contributions	47,800	10,000	-	-	467,255	525,055
Miscellaneous	731,774	215,988	150	108	23,656	971,676
Total revenues	<u>87,395,992</u>	<u>18,471,091</u>	<u>8,415,621</u>	<u>8,135,778</u>	<u>30,038,830</u>	<u>152,457,312</u>
EXPENDITURES:						
Current:						
General government	42,887,992	-	-	-	4,352,867	47,240,859
Public safety	28,466,975	-	3,863,501	59,594	8,315,440	40,705,510
Highways and streets	-	17,591,574	-	-	-	17,591,574
Sanitation	-	-	-	-	61,066	61,066
Health	9,983,001	-	-	-	5,822,452	15,805,453
Welfare	-	-	-	-	4,848,603	4,848,603
Culture and recreation	-	-	-	-	4,654,942	4,654,942
Education	428,069	-	-	-	2,083,494	2,511,563
Capital outlay	509,982	-	-	3,365,815	44,429	3,920,226
Debt service:						
Principal retirement	100,149	-	-	-	27,204	127,353
Interest and fiscal charges	11,223	-	-	-	14,778	26,001
Total expenditures	<u>82,387,391</u>	<u>17,591,574</u>	<u>3,863,501</u>	<u>3,425,409</u>	<u>30,225,275</u>	<u>137,493,150</u>
(Deficiency) excess of revenues (under) over expenditures	<u>5,008,601</u>	<u>879,517</u>	<u>4,552,120</u>	<u>4,710,369</u>	<u>(186,445)</u>	<u>14,964,162</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	1,372,889	-	-	1,554,222	3,725,066	6,652,177
Transfers out	(2,097,896)	-	(646,865)	-	(4,140,546)	(6,885,307)
Capital lease agreements	509,982	-	-	-	44,174	554,156
Sale of capital assets	-	306,924	-	-	60,000	366,924
Total other financing sources (uses)	<u>(215,025)</u>	<u>306,924</u>	<u>(646,865)</u>	<u>1,554,222</u>	<u>(311,306)</u>	<u>687,950</u>
Net change in fund balances	4,793,576	1,186,441	3,905,255	6,264,591	(497,751)	15,652,112
Fund balances, July 1, 2018	30,055,628	14,943,505	6,585,629	12,056,801	24,901,745	88,543,308
Changes in nonspendable resources:						
Increase (decrease) in inventories	-	(97)	49,334	-	-	49,237
Fund balances, June 30, 2019	<u>\$ 34,849,204</u>	<u>\$ 16,129,849</u>	<u>\$ 10,540,218</u>	<u>\$ 18,321,392</u>	<u>\$ 24,403,994</u>	<u>\$ 104,244,657</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds \$ 15,652,112

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

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

Capital outlay	\$ 9,361,805	
Other financing sources - Capital lease	(554,188)	
Depreciation expense	<u>(8,991,414)</u>	(183,797)

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold. (1,260,635)

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

County pension/OPEB contributions	9,099,509	
Pension/OPEB expense	<u>2,658,361</u>	11,757,870

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease-principal repaid		127,353
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Under the modified accrual basis accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.

Decrease in compensated absences		205,716
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,227,382)

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

Increase in supply inventory		49,237
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Internal service funds are used by management to charge the costs of certain activities such as technology, maintenance and insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities in the Statement of Activities.

		<u>1,608,314</u>
Change in net position of governmental activities		<u>\$ 26,728,788</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

	Business-type Activities Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Parks Fund	Other Enterprise Funds		
ASSETS:						
Current assets:						
Cash and investments	\$ 16,961,056	\$ 557,624	\$ 1,458,217	\$ 785,958	\$ 19,762,855	\$ 21,242,960
Cash and investments held by trustee	-	-	-	-	-	636,840
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	174,749	64,992	4,064	48,364	292,169	814,498
Accrued interest	25,376	1,720	1,764	2,024	30,884	31,446
Due from other governments	107,748	620	-	17,885	126,253	6,578
Due from other funds	-	-	-	-	-	58,052
Inventory	-	90,799	-	63,228	154,027	41,866
Prepaid items	350	-	-	-	350	229,356
Total current assets	<u>17,269,279</u>	<u>715,755</u>	<u>1,464,045</u>	<u>917,459</u>	<u>20,366,538</u>	<u>23,061,596</u>
Noncurrent assets:						
Restricted cash	-	582,706	-	509,430	1,092,136	-
Advance to other funds	198,203	-	-	-	198,203	-
Net other postemployment benefits asset	1,259	686	2,305	952	5,202	7,602
Capital assets:						
Land	438,549	40,388	1,481,772	-	1,960,709	-
Infrastructure, net	597,395	4,184,023	1,481,734	5,220,040	11,483,192	-
Buildings, net	-	37,537	1,121,455	-	1,158,992	-
Equipment, net	45,636	724,855	455,351	256,829	1,482,671	3,810,904
Construction in progress	518,565	58,284	-	-	576,849	-
Total noncurrent assets	<u>1,799,607</u>	<u>5,628,479</u>	<u>4,542,617</u>	<u>5,987,251</u>	<u>17,957,954</u>	<u>3,818,506</u>
Total assets	<u>19,068,886</u>	<u>6,344,234</u>	<u>6,006,662</u>	<u>6,904,710</u>	<u>38,324,492</u>	<u>26,880,102</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflows related to pensions and other postemployment benefits	<u>75,693</u>	<u>40,835</u>	<u>132,505</u>	<u>57,361</u>	<u>306,394</u>	<u>454,870</u>
Total deferred outflows of resources	<u>75,693</u>	<u>40,835</u>	<u>132,505</u>	<u>57,361</u>	<u>306,394</u>	<u>454,870</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

(CONCLUDED)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Parks Fund	Other Enterprise Funds	Total	
LIABILITIES:						
Current liabilities:						
Accounts payable	\$ 57,127	\$ 129,814	\$ 38,186	\$ 207,905	\$ 433,032	\$ 178,024
Accrued payroll and employee benefits	9,218	5,149	19,083	7,800	41,250	60,231
Due to other funds	-	-	358	-	358	-
Due to other governments	-	3,980	325	-	4,305	372
Deposits held for others	-	65,032	-	34,870	99,902	-
Unearned revenue	-	29,603	-	-	29,603	-
Current portion of:						
Compensated absences	51,729	9,371	66,747	14,374	142,221	268,620
Claims and judgments payable	-	-	-	-	-	2,104,379
Total current liabilities	118,074	242,949	124,699	264,949	750,671	2,611,626
Noncurrent liabilities:						
Compensated absences payable	-	2,343	16,687	3,695	22,725	67,157
Landfill closure and postclosure care costs payable	8,862,695	-	-	-	8,862,695	-
Capital leases payable	-	-	-	-	-	692,734
Net pension liabilities	486,129	265,161	889,898	367,611	2,008,799	3,040,751
Total noncurrent liabilities	9,348,824	267,504	906,585	371,306	10,894,219	3,800,642
Total liabilities	9,466,898	510,453	1,031,284	636,255	11,644,890	6,412,268
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflow related to pensions and other postemployment benefits	70,615	38,517	129,267	53,399	291,798	426,419
Total deferred inflows of resources	70,615	38,517	129,267	53,399	291,798	426,419
NET POSITION:						
Net investment in capital assets	1,600,145	5,045,087	4,540,312	5,476,869	16,662,413	3,810,904
Restricted for:						
Capital projects	-	582,706	-	509,430	1,092,136	-
Sanitation	8,487,972	-	-	-	8,487,972	-
Unrestricted	(481,051)	208,306	438,304	286,118	451,677	16,685,381
Total net position	\$ 9,607,066	\$ 5,836,099	\$ 4,978,616	\$ 6,272,417	\$ 26,694,198	\$ 20,496,285

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Landfill Fund	G.V.I.D Fund	Park Fund	Other Enterprise Funds		
Operating revenues:						
Charges for services	\$ 1,719,849	\$ 739,368	\$ 2,090,286	\$ 1,843,794	\$ 6,393,297	\$ 22,258,687
Miscellaneous		21,027	3,945	80	25,052	2,356
Total operating revenues	<u>1,719,849</u>	<u>760,395</u>	<u>2,094,231</u>	<u>1,843,874</u>	<u>6,418,349</u>	<u>22,261,043</u>
Operating expenses:						
Personnel services	517,166	285,522	989,601	437,042	2,229,331	2,772,703
Supplies	13,426	40,417	236,610	28,418	318,871	808,777
Professional services	555,113	55,989	87,296	37,374	735,772	2,224,385
Communications	6,383	19,732	17,223	8,566	51,904	674,657
Insurance	-	9,769	30,042	81,216	121,027	918,319
Landfill closure and postclosure care costs	175,814	-	-	-	175,814	-
Insurance claims	-	-	-	-	-	10,593,027
Lawsuit judgments	-	-	-	-	-	19,924
Repairs and maintenance	1,274	27,188	69,188	106,732	204,382	67,360
Public utility service	110,188	94,787	289,241	638,556	1,132,772	-
Rents and leases	6,986	13,588	10,151	12,564	43,289	1,167,297
Depreciation	63,358	255,634	224,861	372,250	916,103	1,059,599
Other	119,497	51,472	21,005	25,842	217,816	1,093,583
Total operating expenses	<u>1,569,205</u>	<u>854,098</u>	<u>1,975,218</u>	<u>1,748,560</u>	<u>6,147,081</u>	<u>21,399,631</u>
Operating (loss) income	<u>150,644</u>	<u>(93,703)</u>	<u>119,013</u>	<u>95,314</u>	<u>271,268</u>	<u>861,412</u>
Nonoperating revenues (expenses):						
Investment earnings	411,252	25,944	27,358	30,141	494,695	494,464
Rent income		6,600			6,600	
Interest expense						(10,452)
Federal in-lieu taxes			100,000		100,000	
Grants	439,442				439,442	
Gain on disposal of assets	2,785	2,466	2,555	5,185	12,991	54,760
Total nonoperating revenues	<u>853,479</u>	<u>35,010</u>	<u>129,913</u>	<u>35,326</u>	<u>1,053,728</u>	<u>538,772</u>
Income (loss) before contributions and transfers	1,004,123	(58,693)	248,926	130,640	1,324,996	1,400,184
Transfers in		22,169	25,000		47,169	278,886
Transfers out				(22,169)	(22,169)	(70,756)
Increase (decrease) in net position	1,004,123	(36,524)	273,926	108,471	1,349,996	1,608,314
Total net position - beginning	<u>8,602,943</u>	<u>5,872,623</u>	<u>4,704,690</u>	<u>6,163,946</u>	<u>25,344,202</u>	<u>18,887,971</u>
Total net position - ending	<u>\$ 9,607,066</u>	<u>\$ 5,836,099</u>	<u>\$ 4,978,616</u>	<u>\$ 6,272,417</u>	<u>\$ 26,694,198</u>	<u>\$ 20,496,285</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Landfill Fund	G.V.I.D Fund	Park Fund	Other Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 1,755,783	\$ 764,959	\$ 2,096,942	\$ 1,791,723	\$ 6,409,407	\$ 426,048
Receipts from interfund services provided	-	-	-	-	-	21,522,163
Payments to suppliers	(856,674)	(202,432)	(674,461)	(880,899)	(2,614,466)	(17,270,568)
Payments for employee wages and benefits	(434,868)	(223,281)	(778,025)	(329,236)	(1,765,410)	(3,316,271)
Payments for interfund services used	(55,318)	(96,588)	(200,090)	(117,378)	(469,374)	(841,299)
Net cash provided by operating activities	<u>408,923</u>	<u>242,658</u>	<u>444,366</u>	<u>464,210</u>	<u>1,560,157</u>	<u>520,073</u>
Cash flows from noncapital financing activities:						
Payment on advance to other fund	42,983	-	-	-	42,983	-
Transfer from other funds	-	22,169	25,000	-	47,169	278,886
Transfer to other funds	-	-	-	(22,169)	(22,169)	(70,756)
Rent income	-	6,600	-	-	6,600	-
Subsidy from non-capital grant	432,152	-	100,000	-	532,152	-
Net cash provided by noncapital financing activities	<u>475,135</u>	<u>28,769</u>	<u>125,000</u>	<u>(22,169)</u>	<u>606,735</u>	<u>208,130</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	(472,699)	(96,801)	(219,887)	(382,494)	(1,171,881)	(232,555)
Principal paid on capital debt	-	-	-	-	-	(292,686)
Interest paid on capital debt	-	-	-	-	-	(10,452)
Proceeds from sales of capital assets	2,784	2,467	6,383	5,185	16,819	54,762
Net cash used for capital and related financing activities	<u>(469,915)</u>	<u>(94,334)</u>	<u>(213,504)</u>	<u>(377,309)</u>	<u>(1,155,062)</u>	<u>(480,931)</u>
Cash flows from investing activities:						
Increase in fair value of investments	87,568	5,557	6,285	6,688	106,098	108,449
Interest and dividends received	307,515	19,228	19,730	22,168	368,641	366,296
Net cash provided by investing activities	<u>395,083</u>	<u>24,785</u>	<u>26,015</u>	<u>28,856</u>	<u>474,739</u>	<u>474,745</u>
Net increase in cash and cash equivalents	809,226	201,878	381,877	93,588	1,486,569	722,017
Cash and cash equivalents, July 1, 2018	<u>16,151,830</u>	<u>938,452</u>	<u>1,076,340</u>	<u>1,201,800</u>	<u>19,368,422</u>	<u>21,157,783</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 16,961,056</u>	<u>\$ 1,140,330</u>	<u>\$ 1,458,217</u>	<u>\$ 1,295,388</u>	<u>\$ 20,854,991</u>	<u>\$ 21,879,800</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

(CONCLUDED)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Park Funds	Other Enterprise Funds	Total	
Reconciliation of operating (loss) income to net cash (used) provided by operating activities:						
Operating (loss) income	\$ 150,644	\$ (93,703)	\$ 119,013	\$ 95,314	\$ 271,268	\$ 861,412
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:						
Depreciation expense	63,358	255,635	224,862	372,250	916,105	1,059,599
Landfill closure and postclosure care costs	175,814	-	-	-	175,814	-
Capital lease payable	-	-	-	-	-	392,129
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
Receivables	35,933	(650)	2,387	19,529	57,199	(298,850)
Due from other funds	-	-	-	-	-	3,157
Due from other governments	-	(620)	-	2,750	2,130	(5,176)
Inventories	-	(46,114)	-	(2,769)	(48,883)	6,397
Prepaid items	(350)	-	-	-	(350)	(33,508)
Deferred outflows of resources related to pensions and other postemployment benefits	(11,911)	(6,476)	(21,514)	(9,014)	(48,915)	(47,526)
Accounts payable	(63,340)	98,663	(5,806)	13,841	43,358	(589,216)
Due to other funds	-	-	358	-	358	(507,251)
Due to other governments	-	(2,126)	325	492	(1,309)	373
Accrued payroll and employee benefits	(1,360)	516	4,240	229	3,625	3,770
Compensated absences payable	2,676	(1,149)	15,318	(1,939)	14,906	(25,951)
Net pension and other postemployment benefits liability	35,042	19,115	64,147	26,500	144,804	(318,973)
Unearned revenue	-	4,741	-	(74,925)	(70,184)	-
Deposits held for others	-	2,599	-	5,000	7,599	(210,523)
Claims and judgments payable	-	-	-	-	-	157,517
Deferred inflow of resources related to pensions and other postemployment benefits	<u>22,417</u>	<u>12,227</u>	<u>41,036</u>	<u>16,952</u>	<u>92,632</u>	<u>72,693</u>
Total adjustments	<u>258,279</u>	<u>336,361</u>	<u>325,353</u>	<u>368,896</u>	<u>1,288,889</u>	<u>(341,339)</u>
Net cash (used) provided by operating activities	<u>\$ 408,923</u>	<u>\$ 242,658</u>	<u>\$ 444,366</u>	<u>\$ 464,210</u>	<u>\$ 1,560,157</u>	<u>\$ 520,073</u>
Cash and investments:						
Unrestricted cash and investments	\$ 16,961,056	\$ 557,624	\$ 1,458,217	\$ 785,958	\$ 19,762,855	\$ 21,242,960
Restricted cash	<u>-</u>	<u>582,706</u>	<u>-</u>	<u>509,430</u>	<u>1,092,136</u>	<u>636,840</u>
Total cash and investments at June 30, 2019	<u>\$ 16,961,056</u>	<u>\$ 1,140,330</u>	<u>\$ 1,458,217</u>	<u>\$ 1,295,388</u>	<u>\$ 20,854,991</u>	<u>\$ 21,879,800</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	<u>Investment Trust Funds</u>	<u>Agency Fund</u>
ASSETS:		
Cash and investments	\$ 90,411,351	\$ 447,958
Accrued interest receivable	<u>123,649</u>	<u>-</u>
Total assets	<u>90,535,000</u>	<u>\$ 447,958</u>
LIABILITIES:		
Deposits held for others	<u>-</u>	\$ <u>447,958</u>
Total liabilities	<u>-</u>	<u>\$ 447,958</u>
NET POSITION:		
Held in trust for investment trust participants	\$ <u>90,535,000</u>	

See accompanying notes to financial statements.

MOHAVE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019

	Investment Trust Funds
ADDITIONS:	
Contributions from participants	\$ 279,371,063
Investment earnings:	
Interest and dividend income	2,110,836
Net increase in fair value of investments	<u>622,337</u>
Net investment earnings	<u>2,733,173</u>
Total additions	<u>282,104,236</u>
DEDUCTIONS:	
Distributions to participants	<u>(311,657,189)</u>
Total deductions	<u>(311,657,189)</u>
Change in net position	(29,552,953)
Net position, beginning of year	<u>120,087,953</u>
Net position, end of year	<u>\$ 90,535,000</u>

See accompanying notes to financial statements.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

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

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

The following table describes the County’s component units:

<u>Component unit</u>	<u>Description; criteria for inclusion</u>	<u>Reporting method</u>	<u>For separate financial statements</u>
Mohave County Flood Control District	A tax-levying district that provides flood control systems; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district. There is also a financial benefit between the County and the component unit.	Blended	Not available
Mohave County Library District	A tax-levying district that provides and maintains library services for county residents; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district. There is also a financial benefit between the County and the component unit.	Blended	Not available
Mohave County Television District	A tax-levying district that provides and maintains communication equipment resources to provide television signals to residents; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district. There is also a financial benefit between the County and the component unit.	Blended	Not available

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Component unit</u>	<u>Description; criteria for inclusion</u>	<u>Reporting method</u>	<u>For separate financial statements</u>
Mohave County Holiday Shores Light District	A tax-levying district that provides street lighting for the Holiday Shores area of Bullhead City in Mohave County; the County Board of Supervisors serves as the board of directors and has operational responsibility for the district.	Blended	Not available
Mohave County Special Assessment Districts	Constructs or improves roads, bridges, and water distribution systems; the County Board of Supervisors serves as the board of directors and has operational responsibility for the districts.	Blended	Not available
Mohave Jail—Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County jail facility; the total debt outstanding, including leases, has been repaid entirely with resources of the primary government and the facility and operations have been turned over to the primary government.	Blended	Not available

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

B. Basis of presentation

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

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

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

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

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

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

The County reports the following major governmental funds:

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

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

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

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

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major enterprise funds:

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

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

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

The County also reports the following fund types:

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

The *Investment Trust Funds* account for pooled assets the County Treasurer holds and invests on behalf of other governmental entities.

The *Agency Funds* account for assets the County holds as an agent for the public fiduciary clients, courts, and school superintendent.

C. Basis of accounting

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

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

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. Cash and Investments

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

All investments are stated at fair value.

E. Inventories and Prepaid Items

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

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

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

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property tax calendar

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

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

G. Capital assets

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

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

	<u>Capitalization threshold</u>	<u>Depreciation method</u>	<u>Estimated useful life</u>
Land	All		
Construction in progress	\$5,000		
Buildings	\$5,000	Straight-line	20-50 years
Equipment	\$5,000	Straight-line	3-20 years
Infrastructure and improvements other than buildings	\$5,000	Straight-line	10-50 years
Utility systems	\$5,000	Straight-line	10-50 years
Intangibles	\$5,000	Straight-line	7-15 years

H. Deferred outflows and inflows of resources

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

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Postemployment benefits

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

J. Fund balance classifications

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

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

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

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

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

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

K. Investment earnings

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

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. The County uses personal time off, which is a combination of vacation and sick leave, for compensating employees. Personal time off benefits do not vest with employees until they have satisfactorily completed their probationary period. Public Safety employees and those employees covered under the Judicial Merit System have a 1-year probationary period. All other employees have a 6-month probationary period.

Effective April 4, 2016, the Board of Supervisors approved changes to the paid time off (PTO) policy modifying the accrual rates and maximum payout schedules for employees hired after January 23, 2016.

The table below summarizes the maximum carryover and payouts at separation of employment. Any unused PTO is forfeited. Benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured; for example, as a result of employee resignations and retirements by fiscal year-end.

	Maximum carryover at December 31	Maximum payout at separation of employment
Hired before January 23, 2016	900	400
At-will employees - hired before January 23, 2016	900	600
All hired after January 23, 2016	300	300

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit fund balances or net position—At June 30, 2019, the following nonmajor funds reported deficit fund balances:

Fund	Deficit
Governmental funds:	
Golden Valley Improvement District-Construction	\$ 149,638

The Golden Valley Improvement District (GVID) Construction-in-Progress Fund borrowed funds from the Landfill Fund to cover expenditures instead of issuing bonds. These funds are reflected as a liability rather than revenue, resulting in a negative fund balance. The liability is to be paid back to the Landfill Fund through collections from the property owners.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

A. Deposits

As of June 30, 2019, the carrying amount of the County's deposits was \$14,696,416 and the bank balance was \$20,853,387. There was cash on hand of \$13,245. It is the County's policy to collateralize all deposits not covered by depository insurance.

B. Investments

The County's investments at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Fair value measurement using		
	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by fair value level			
U.S. Treasury notes	\$ 165,168,062	\$ 165,168,062	
U.S. agency securities	34,088,573		\$ 34,088,573
Corporate bonds	83,500		83,500
Total investments by fair value level	<u>199,340,135</u>	<u>\$ 165,168,062</u>	<u>\$ 34,172,073</u>
External investment pools measured at fair value			
State Treasurer's investment pools	21,887,970		
Total investment pools measured at fair value	<u>\$ 221,228,105</u>		

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. The investments categorized at Level 2 of the fair value hierarchy are valued using a conservative methodology based on multiple criteria, including asset class and observability of price. Inputs are observable but do not solely rely on quoted market prices to establish fair value. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Credit risk—It is the County's investment policy to invest to preserve the principal value of the portfolio. This is to be accomplished through limiting the types of securities purchased, the percent of the portfolio of each type of security, and the length of time they can be held. Investments allowed are obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities. The County can also invest in certificates of deposits, commercial paper, obligations of Arizona state and local governments, repurchase agreements, money market mutual funds, and corporate bonds, debentures, or notes issued by United States companies with AA or greater ratings by Standard & Poor's or Moody's rating services.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Rating	Rating Agency	Amount
U.S. Treasury notes	AAA	Moody's	\$ 165,168,062
U.S. agency securities	AAA/Unrated	Moody's	34,088,573
Corporate bonds	Unrated	Not applicable	83,500
State Treasurer's Investment Pool 7	Unrated	Not applicable	<u>21,887,970</u>
			<u>\$ 221,228,105</u>

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

Concentration of credit risk—The County’s formal investment policy requires at least 10 percent of the overall portfolio to be invested in highly liquid accounts such as local government pools, money market funds, or overnight repurchase agreements to ensure the ability to meet ongoing obligations. It also limits the total amount of corporate securities to 20 percent of the total portfolio, with not more than 5 percent invested in any single corporation. Corporate bonds represented less than 1 percent of the total portfolio at June 30, 2019. All other securities are structured with varying maturity dates, not to exceed 5 years, and in various types of investments described under credit risk. The County had investments at June 30, 2019, of 5 percent or more in Federal National Mortgage Association. These investments were 18.99 percent of the County’s total investments.

Interest rate risk—The County’s formal policy with respect to interest rate risk minimizes the risk by structuring the portfolio into two accounts to meet cash needs. The return on investment is secondary to safety and liquidity. One account consists of highly liquid securities with maturities of 120 days or less. The second account has maturities of greater than 120 days. Both accounts will have active secondary markets.

At June 30, 2019, 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 Pool 7	\$ 21,887,970	\$ 21,887,970	
U.S. Treasury notes	165,168,062	109,248,957	\$ 55,919,105
U.S. agency securities	34,088,573	15,313,755	18,774,818
Corporate bonds	<u>83,500</u>	<u>83,500</u>	
Total	<u>\$ 221,228,105</u>	<u>\$ 146,534,182</u>	<u>\$ 74,693,923</u>

At June 30, 2019, no investments in U.S. agency securities were considered to be highly sensitive to interest rate changes.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Cash, deposits, and investments:

	<u>Amount</u>
Cash on hand	\$ 13,245
Amount of deposits	14,696,416
Amount of investments	<u>221,228,105</u>
Total	<u>\$ 235,937,766</u>

Statements of net position:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Investment trust funds</u>	<u>Agency fund</u>	<u>Total</u>
Cash and investments	\$ 123,484,080	\$ 19,762,855	\$ 90,411,351	\$ 447,958	\$ 234,106,244
Cash held by trustee	636,840	-	-	-	636,840
Restricted cash	<u>102,546</u>	<u>1,092,136</u>	-	-	<u>1,194,682</u>
Total	<u>\$ 124,223,466</u>	<u>\$ 20,854,991</u>	<u>\$ 90,411,351</u>	<u>\$ 447,958</u>	<u>\$ 235,937,766</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, 2019, were as follows:

	<u>General Fund</u>	<u>Flood control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fiscal year 2018	\$ 1,269,022	\$ 300,055	\$ 188,141	\$ 1,757,218
Fiscal year 2017	179,688	41,677	26,604	247,969
Prior	<u>1,385,114</u>	<u>476,094</u>	<u>382,397</u>	<u>2,243,605</u>
Total receivable	<u>\$ 2,833,824</u>	<u>\$ 817,826</u>	<u>\$ 597,142</u>	<u>\$ 4,248,792</u>

The portion of property taxes receivable, not collected within 60 days after June 30, 2019, has been deferred, and consequently is not included in current-year revenues on the fund statements. For the government-wide statements, the entire receivable balance has been recognized as revenue. The total receivable amount is considered collectable, as the property can be sold for non-payment of taxes.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

<u>Governmental activities:</u>	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 28,815,430	\$ 39,423	\$ (100,851)	\$ 28,754,002
Construction in progress	<u>4,454,692</u>	<u>3,343,859</u>	<u>(1,142,837)</u>	<u>6,655,714</u>
Total capital assets not being depreciated	<u>33,270,122</u>	<u>3,383,282</u>	<u>(1,243,688)</u>	<u>35,409,716</u>
Capital assets being depreciated:				
Buildings	159,391,143	83,900	(791,278)	158,683,765
Infrastructure and improvements other than buildings	173,178,481	2,753,802		175,932,283
Intangibles	64,501			64,501
Equipment	<u>54,445,022</u>	<u>4,553,550</u>	<u>(5,486,234)</u>	<u>53,512,338</u>
Total	<u>387,079,147</u>	<u>7,391,252</u>	<u>(6,277,512)</u>	<u>388,192,887</u>
Less accumulated depreciation for:				
Buildings	48,995,295	4,652,895	(785,139)	52,863,051
Infrastructure and improvements other than buildings	99,364,202	2,300,876		101,665,078
Intangibles	64,500			64,500
Equipment	<u>32,314,610</u>	<u>3,097,242</u>	<u>(4,247,548)</u>	<u>31,164,304</u>
Total accumulated depreciation	<u>180,738,607</u>	<u>10,051,013</u>	<u>(5,032,687)</u>	<u>185,756,933</u>
Total capital assets being depreciated, net	<u>206,340,540</u>	<u>(2,659,761)</u>	<u>(1,244,825)</u>	<u>202,435,954</u>
Governmental activities capital assets, net	<u>\$ 239,610,662</u>	<u>\$ 723,521</u>	<u>\$ (2,488,513)</u>	<u>\$ 237,845,670</u>
<u>Business-type activities:</u>	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 1,960,709			\$ 1,960,709
Construction in progress	<u>88,597</u>	<u>\$ 531,848</u>	<u>\$ (43,596)</u>	<u>576,849</u>
Total capital assets not being depreciated	<u>2,049,306</u>	<u>531,848</u>	<u>(43,596)</u>	<u>2,537,558</u>
Capital assets being depreciated:				
Buildings	2,396,212	5,455		2,401,667
Utility systems	27,497,143	595,609		28,092,752
Equipment	<u>2,823,580</u>	<u>100,573</u>	<u>(94,043)</u>	<u>2,830,110</u>
Total capital assets being depreciated	<u>32,716,935</u>	<u>701,637</u>	<u>(94,043)</u>	<u>33,324,529</u>
Less accumulated depreciation for:				
Buildings	1,176,446	66,229		1,242,675
Utility systems	15,948,878	670,356	(9,674)	16,609,560
Equipment	<u>1,230,455</u>	<u>179,518</u>	<u>(62,534)</u>	<u>1,347,439</u>
Total accumulated depreciation	<u>18,355,779</u>	<u>916,103</u>	<u>(72,208)</u>	<u>19,199,674</u>
Total capital assets being depreciated, net	<u>14,361,156</u>	<u>(214,466)</u>	<u>(21,835)</u>	<u>14,124,855</u>
Business-type activities capital assets, net	<u>\$ 16,410,462</u>	<u>\$ 317,382</u>	<u>\$ (65,431)</u>	<u>\$ 16,662,413</u>

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,248,633
Public safety	4,101,119
Highways and streets	3,221,470
Health	51,166
Welfare	53,025
Culture and recreation	315,356
Education	645
Internal service funds	<u>1,059,599</u>
Total governmental activities depreciation expense	<u>\$ 10,051,013</u>
Business-Type activities:	
Landfill	\$ 63,358
Recreation	243,687
Water companies	<u>609,058</u>
Total business-type activities depreciation expense	<u>\$ 916,103</u>

NOTE 6 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The County had nine major contractual commitments at June 30, 2019, as follows.

<u>Contractual commitments</u>	<u>Funding source</u>	<u>Expenditures to date</u>	<u>Total contractual commitment</u>	<u>Remaining commitment</u>
Construction of law and justice center 02/11/19 - 02/11/21	1/4 Sales Tax Revenues	\$ 2,762,848	\$ 20,943,723	\$ 18,180,875
Expansion of Kingman Library 01/16/19 - 06/30/20	Tax Revenues	188,903	3,996,600	3,807,697
Prison health care contract 07/01/18 - 06/30/20	Tax Revenues	2,835,681	5,591,681	2,756,000
Grace Neal Channel 06/10/19 - 06/30/20	Tax Revenues		2,159,703	2,159,703
Prison food services 11/04/18 - 06/30/20	Tax Revenues	531,310	1,880,233	1,348,923
Medical Examiner 07/01/18 - 06/30/20	Tax Revenues	646,380	1,292,760	646,380
Adult detention facility maintenance 02/02/19 - 02/01/20	Tax Revenues	241,883	769,713	527,830
Superior Court Architectural design Until Completed	1/4 Sales Tax Revenues	1,699,063	2,197,698	498,635
Well 9 Conversion I-40 Water system 04/01/19 - 06/30/20	Tax Revenues		<u>287,523</u>	<u>287,523</u>
Total		<u>\$ 8,906,068</u>	<u>\$ 39,119,634</u>	<u>\$ 30,213,566</u>

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - RESTRICTED ASSETS

As of June 30, 2019, the County had restricted assets as follows:

Governmental activities assets:

Restricted cash	102,546	Restricted use designated by donor.
HUD properties		U.S. Housing and Urban Development (HUD) rehabilitated homes restricted for sale to qualified buyers.
	<u>1,548,605</u>	
Total governmental activities	<u>\$ 1,651,151</u>	

Business-type activities assets:

Restricted cash		I-40 Replacement fund collections, restricted for future repairs of infrastructure by agreement with customer.
	509,430	
Restricted cash		GVID water corridor collections restricted for future infrastructure repairs by agreement with customers.
	<u>582,706</u>	
Total business-type activities	<u>\$ 1,092,136</u>	

NOTE 8 - LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within 1 year
Governmental activities:					
Net pension and other postemployment benefits liability	\$ 121,446,065		\$(15,844,027)	\$ 105,602,038	
Capital leases payable	677,231	\$ 959,710	(433,463)	1,203,478	\$ 447,512
Compensated absences payable	5,875,719		(231,667)	5,644,052	5,361,849
Claims and judgments payable	<u>1,946,862</u>	<u>157,517</u>		<u>2,104,379</u>	<u>2,104,379</u>
Total governmental activities long-term liabilities	<u>\$ 129,945,877</u>	<u>\$ 1,117,227</u>	<u>\$ (16,509,157)</u>	<u>\$ 114,553,947</u>	<u>\$ 7,913,740</u>
Business-type activities:					
Landfill closure and postclosure care costs payable	\$ 8,686,881	\$ 175,814	\$ -	\$ 8,862,695	-
Net pension and other postemployment benefits liability	1,865,284	143,515	-	2,008,799	-
Compensated absences payable	<u>150,040</u>	<u>14,906</u>	<u>-</u>	<u>164,946</u>	<u>\$ 142,221</u>
Total business-type activities long-term liabilities	<u>\$ 10,702,205</u>	<u>\$ 334,235</u>	<u>\$ -</u>	<u>\$ 11,036,440</u>	<u>\$ 142,221</u>

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

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

The following assets were acquired through capital leases:

	Governmental activities
Machinery & equipment-copiers	\$ 886,130
Machinery & equipment-computers	413,766
Total capital assets	1,299,896
Less: accumulated depreciation	(957,172)
Carrying value	\$ 342,724

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2019:

Year ending June 30:	Governmental activities
2020	\$ 479,783
2021	388,191
2022	230,723
2023	126,760
2024	48,754
Total minimum lease payments	1,274,211
Less amount representing interest	(70,733)
Present value of net minimum lease payments	\$ 1,203,478

The present value of net minimum lease payments at June 30, 2019, of \$1,203,478 exceeds the total capital assets of \$342,724 because a significant portion of the assets acquired through capital leases were for computer equipment that fell below the County's capitalization threshold.

Landfill closure and postclosure care costs—The County owns two landfill sites. Cerbat is 160-acres and Mohave Valley is 320 acres. Both are operated by independent contractors under contract with the County and began operations in January 1989. The County operates its landfills on a cell basis. The County owns additional unused parcels of land adjacent to the existing landfill sites that will be used, as needed, to open additional cells.

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

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

The amount of cost recognized each year is based on landfill capacity used at the end of each fiscal year. The \$8,862,695 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills. The calculation is based on the use of 99 percent and 86 percent of the estimated capacity of the open cells of the landfills, respectively. The capacity and volume filled at the Mohave Valley Landfill was revised from 2018 estimate due to an aerial survey conducted in January 2019 and an additional 4.7 acres of waste area was added to the permitted disposal area in early 2019. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$625,434 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 2019 for existing open cells. The actual costs may be higher because of inflation, changes in technology, or changes in regulations. The County expanded the Cerbat Cell #5 in fiscal year 2015. The existing open cells at the Cerbat landfill, were expected to reach capacity at the end 2019. The existing open cells at the Mohave landfill are expected to reach capacity by the end of 2023. The County expects to reach capacity of the landfills' unopened cells in the years 2065 and 2066, respectively. The landfills are expected to have in excess of 50 years remaining, considering unopened cells. According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure that the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

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

The SIR fund accounts for the risk financing of certain benefits and losses through combinations of cost-reimbursement, self-insurance for losses up to certain limits, participation in public entity risk pools, and the purchase of insurance for losses above the limits. Settled claims have not exceeded risk pool coverage or the purchased commercial insurance in any of the past 4 fiscal years. The EBT Fund accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive major medical, prescriptions, dental, life, and accidental death and dismemberment) to eligible employees and their dependents. The County is self-insured up to certain limits, with commercial insurance to cover losses above the limits. The life insurance is 100 percent commercial insurance. Under the health insurance program, the employees have a preferred provider organization program. The County is fully self-insured for dental, which is administered by Delta Dental. A third party, AFLAC, administers a short-term disability program offered directly to employees that are interested. This is not a comprehensive program. Settled medical and dental claims have not exceeded available self-insurance funds, or the purchased commercial insurance, in any of the past 4 fiscal years.

Compensated absences and insurance claims—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Insurance claims are paid from the internal service funds. During fiscal year 2019, the County's liability for compensated absences is allocated as follows: 61 percent to the general fund, 14 percent to other major funds, and 25 percent to other nonmajor funds.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

The County paid for health insurance claims through the EBT Fund. The claims paid from the EBT Fund were medical claims funded through payroll deductions and contributions from county funds. The self-insured trust fund was funded \$6 million (61 percent) by the general fund, \$1.1 million (11 percent) by the road fund, \$155 thousand (2 percent) by the flood control fund, \$437 thousand (4 percent) by internal service funds, \$257 thousand (3 percent) by enterprise funds, and \$1.95 million (20 percent) by other governmental funds this past year to cover insurance expense and possible settlements.

The insurance claims payable liability of the SIR and EBT Funds totaling \$2,104,379 included in the balance below at June 30, 2019, 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, 2019) 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, 2018, and 2019, were as follows:

	2018	2019
Claims payable, beginning of year	\$ 2,732,359	\$ 1,946,862
Claims incurred and changes in estimates	11,469,014	10,939,576
Claims paid	<u>(12,254,511)</u>	<u>(10,782,059)</u>
Claims payable, end of year	<u>\$ 1,946,862</u>	<u>\$ 2,104,379</u>

NOTE 9 - FUND BALANCE CLASSIFICATIONS OF THE GOVERNMENTAL FUNDS

The fund balance classifications of the governmental funds as of June 30, 2019, were as follows:

	General Fund	Road Fund	Flood Control Fund	County Capital Improvement Fund	Other Governmental Fund	Total
Fund balances:						
Nonspendable:						
Inventories	-	\$ 201,436	\$ 85,458	-	-	\$ 286,894
Prepaid items	<u>\$ 5,126</u>	<u>-</u>	<u>995</u>	<u>-</u>	<u>\$ 4,122</u>	<u>10,243</u>
Total nonspendable	<u>5,126</u>	<u>201,436</u>	<u>86,453</u>	<u>-</u>	<u>4,122</u>	<u>297,137</u>
Restricted for:						
Government services	-	-	-	-	6,366,713	6,366,713
Public safety	-	-	10,453,765	-	3,678,063	14,131,828
Highways and streets	-	15,928,413	-	-	-	15,928,413
Health	-	-	-	-	2,331,466	2,331,466
Welfare	-	-	-	-	1,774,583	1,774,583
Sanitation	-	-	-	-	189,540	189,540
Education	-	-	-	-	312,681	312,681
Culture and recreation	-	-	-	-	8,434,161	8,434,161
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,101</u>	<u>33,101</u>
Total restricted	<u>-</u>	<u>15,928,413</u>	<u>10,453,765</u>	<u>-</u>	<u>23,120,308</u>	<u>49,502,486</u>
Committed to:						
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 18,321,392</u>	<u>1,279,564</u>	<u>19,600,956</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,321,392</u>	<u>1,279,564</u>	<u>19,600,956</u>
Unassigned:	<u>34,844,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,844,078</u>
Total fund balances	<u>\$ 34,849,204</u>	<u>\$ 16,129,849</u>	<u>\$ 10,540,218</u>	<u>\$ 18,321,392</u>	<u>\$ 24,403,994</u>	<u>\$ 104,244,657</u>

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - RISK MANAGEMENT

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

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible ranging from \$10,000 to \$500,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

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

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

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The County contributes to the plans described below. The plans are component units of the State of Arizona. At June 30, 2019, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB assets	\$ (1,966,772)	\$ (5,202)	\$ (1,971,974)
Net pension and OPEB liabilities	105,602,038	2,008,799	107,610,837
Deferred outflows of resources related to pensions and OPEB	22,476,146	306,394	22,782,540
Deferred inflows of resources related to pensions and OPEB	18,421,271	291,798	18,713,069
Pension and OPEB expense	(1,411,301)	360,909	(1,050,392)

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The County's accrued payroll and employee benefits includes \$347,227 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2019. Also, the County reported \$9,099,509 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

A. Arizona State Retirement System

Plan Description - County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

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

Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

*With actuarially reduced benefits.

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

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.8 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.8 percent (11.18 percent for retirement, 0.46 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.53 percent (10.41 percent for retirement, 0.06 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County's contributions to the pension, health insurance premium benefits and long-term disability plans for the year end June 30, 2019, were \$4,103,806, \$168,851, and \$58,731, respectively.

During fiscal year 2019, the County paid for ASRS pension and OPEB contributions as follows: 54% from the General Fund, 18% from the Other Major Funds, and 28% from the Other Funds.

Liability - At June 30, 2019, the County reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB (Asset) Liability
Pension	\$ 49,907,481
Health Insurance Premium Benefit	(129,730)
Long-term Disability	187,260

The net asset and net liabilities were measured as of June 30, 2018. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liabilities as of June 30, 2018, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The County’s proportion of the net asset or net liability was based on the County's actual contributions to the plan relative to the total of all participating employer contributions for the year ended June 30, 2018. The County’s proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

<u>ASRS</u>	<u>Proportion June 30, 2018</u>	<u>Increase (decrease) from June 30, 2017</u>
Pension	0.35785 %	0.00337 %
Health Insurance Premium Benefit	0.36027 %	0.00331 %
Long-term Disability	0.35839 %	0.00366 %

Expense — For the year ended June 30, 2019, the County recognized the following pension and OPEB expense.

<u>ASRS</u>	<u>Pension/OPEB Expense</u>
Pension	\$ (531,890)
Health Insurance Premium Benefit	129,057
Long-term Disability	67,867

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred Outflows/Inflows of Resources — At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension		Health Insurance Premium Benefit		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
ASRS						
Differences between expected and actual experience	\$ 1,374,911	\$ 275,132		\$ 119,735	\$ 4,789	
Changes of assumptions or other inputs	1,320,643	4,424,984	\$ 250,185		40,560	
Net difference between projected and actual earnings on plan investments	-	1,200,157	-	259,155	-	\$ 18,138
Changes in proportion and differences between County contributions and proportionate share of contributions	349,451	979,263	13	186	1,230	16
County contributions subsequent to the measurement date	<u>4,103,806</u>	<u>-</u>	<u>168,851</u>	<u>-</u>	<u>58,731</u>	<u>-</u>
Total	<u>\$ 7,148,811</u>	<u>\$ 6,879,536</u>	<u>\$ 419,049</u>	<u>\$ 379,076</u>	<u>\$ 105,310</u>	<u>\$ 18,154</u>

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expense as follows:

Year ending June 30,	Pension	Health Insurance Premium Benefit	Long-term Disability
2020	\$ (266,481)	\$ (50,278)	\$ 718
2021	(1,209,277)	(50,277)	717
2022	(1,820,549)	(50,277)	717
2023	(538,224)	4,939	5,576
2024	-	17,015	6,466
Thereafter	-	-	14,231
Totals	<u>\$ (3,834,531)</u>	<u>\$ (128,878)</u>	<u>\$ 28,425</u>

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

ASRS

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

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	<u>100%</u>	

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate - At June 30, 2018, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
ASRS			
County's proportionate share of the			
Net pension liability	\$ 71,144,263	\$ 49,907,481	\$ 32,165,595
Net insurance premium benefit liability (asset)	459,663	(129,730)	(631,775)
Net long-term disability liability	212,218	187,260	163,044

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

B. Public Safety Personnel Retirement System

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

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), which were closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). Employees who were CORP members before July, 1 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues a publicly available financial report that included their financial statements and required supplementary information for the PSPRS plan. The report is available on the PSPRS website at www.psprs.com.

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

<u>PSPRS</u>	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability:		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months consecutive of last 20 years	Highest 60 months consecutive of last 20 years
Benefit percent:		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit:		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

<u>CORP</u>	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018
Retirement and Disability:	Sum of years and age equals 80	
Years of service and age required to receive benefit	20 years, any age 10 years, ages 62	25 years, age 52.5 10 years, age 62
Final average salary is based on	Highest 36 months consecutive of last 10 years	Highest 60 months consecutive of last 10 years
Benefit percent:		
Normal Retirement	2.0% to 2.5% for each year of credited service not to exceed 80%	
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service	
Ordinary Disability Retirement	2.5% per year of credited service	
Survivor Benefit:		
Retired Members	80% of retired member's pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions	

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

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

Employees Covered by Benefit Terms - At June 30, 2019, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff		CORP Detention	
	Pension	Health	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	51	51	17	17
Inactive employees entitled to but not yet receiving benefits	30	4	58	
Active employees	64	64	135	135
Total	145	119	210	152

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions - State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active member pension</u>	<u>County-pension</u>	<u>County-health insurance premium benefits</u>
PSPRS Sheriff	7.65% - 11.65%	52.40%	0%
CORP Detention	8.41%	6.70%	0%
CORP AOC	8.41%	32.43%	0.55%

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
PSPRS Sheriff	40.29 %	- %
CORP Detention	6.00 %	- %
CORP AOC	24.49 %	0.33 %

The County's contributions to the plans for the year ended June 30, 2019, were:

	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
PSPRS Sheriff	\$ 2,283,253	-
CORP Detention	225,795	-
CORP AOC	1,175,530	15,840

During fiscal year 2019, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 78% from the General Fund, and 22% from the Other Funds.

Liability - At June 30, 2019, the County reported the following assets and liabilities:

	<u>Net Pension (Asset) Liability</u>	<u>Net OPEB (Asset) Liability</u>
PSPRS Sheriff	\$ 25,071,404	\$ (700,638)
CORP Detention	(324,860)	(453,992)
CORP AOC (County's proportionate share)	10,709,213	153,649

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The net assets and net liabilities were measured as of June 30, 2018, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total CORP pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

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

PSPRS and CORP

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pension/not applicable for OPEB
Price inflation	2.5% for pension/not applicable for OPEB
Cost-of-living adjustment	Included for pension/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.
Healthcare cost trend rate	Not applicable

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	<u>100%</u>	

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rates - At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension/OPEB liabilities was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension/OPEB Liability - Changes in the net pension/OPEB liability are as follows for the year ended June 30, 2019:

	Pension Increase (Decrease)			Health Insurance Premium Benefit Increase (Decrease)		
	Total Position Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset) Liability
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
PSPRS - Sheriff:						
Balances at June 30, 2018	<u>\$44,343,725</u>	<u>\$19,767,702</u>	<u>\$24,576,023</u>	<u>\$ 743,644</u>	<u>\$ 1,386,877</u>	<u>\$ (643,233)</u>
Changes for the year:						
Service cost	788,297	-	788,297	16,755	-	16,755
Interest on the total liability	3,214,798	-	3,214,798	54,751	-	54,751
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the liability	480,574	-	480,574	(34,511)	-	(34,511)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions—employer	-	2,809,701	(2,809,701)	-	(295)	295
Contributions—employee	-	399,901	(399,901)	-	-	-
Net investment income	-	1,334,686	(1,334,686)	-	96,159	(96,159)
Benefit payments, including refunds of employee contributions	(2,589,312)	(2,589,312)	-	(24,275)	(24,275)	-
Hall/Parker settlement	-	(535,232)	535,232	-	-	-
Administrative expense	-	(21,014)	21,014	-	(1,464)	1,464
Other changes	-	246	(246)	-	-	-
Net changes	<u>1,894,357</u>	<u>1,398,976</u>	<u>495,381</u>	<u>12,720</u>	<u>70,125</u>	<u>(57,405)</u>
Balances at June 30, 2019	<u>\$46,238,082</u>	<u>\$21,166,678</u>	<u>\$25,071,404</u>	<u>\$ 756,364</u>	<u>\$ 1,457,002</u>	<u>\$ (700,638)</u>

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

CORP - Detention	Pension			Health Insurance Premium Benefit Increase		
	Increase (Decrease)			(Decrease)		
	Total Position Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balances at June 30, 2018	\$ 8,069,560	\$ 7,686,259	\$ 383,301	\$ 229,702	\$ 643,510	\$ (413,808)
Changes for the year:						
Service cost	614,868	-	614,868	11,232	-	11,232
Interest on the total liability	592,728	-	592,728	17,154	-	17,154
Changes of benefit terms	(271,185)	-	(271,185)	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	(589,476)	-	(589,476)	(23,009)	-	(23,009)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions—employer	-	228,873	(228,873)	-	-	-
Contributions—employee	-	300,474	(300,474)	-	-	-
Net investment income	-	534,696	(534,696)	-	46,261	(46,261)
Benefit payments, including refunds of employee contributions	(734,302)	(734,302)	-	(7,012)	(7,012)	-
Administrative expense	-	(8,789)	8,789	-	(700)	700
Other changes	-	(158)	158	-	-	-
Net changes	(387,367)	320,794	(708,161)	(1,635)	38,549	(40,184)
Balances at June 30, 2019	\$ 7,682,193	\$ 8,007,053	\$ (324,860)	\$ 228,067	\$ 682,059	\$ (453,992)

The County's proportion of the CORP AOC net pension and OPEB liabilities was based on the County's actual contributions to the plans relative to the total of all participating counties' actual contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

<u>CORP AOC</u>	Proportion June 30, 2018 %	Increase (decrease) from June 30, 2017
Pension	2.97500 %	0.26223 %
Health insurance premium benefit	2.98813 %	0.26451 %

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the County's Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate -

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PSPRS Sheriff			
Net pension liability	\$ 31,047,732	\$ 25,071,404	\$ 20,182,113
Net OPEB (asset) liability	(608,060)	(700,638)	(777,544)
CORP Detention			
Net pension liability	837,295	(324,860)	(1,249,977)
Net OPEB (asset) liability	(423,912)	(453,992)	(478,927)
CORP AOC			
County's proportionate share of the net pension liability	14,010,211	10,709,213	8,030,661
County's proportionate share of the net OPEB liability	210,630	153,649	106,013

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

Expense - For the year ended June 30, 2019, the County recognized the following pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Sheriff	\$ 3,875,825	\$ (52,274)
CORP Detention	(24,534)	(31,802)
CORP AOC	357,993	1,420

Deferred Outflows/Inflows of Resources - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 600,290	\$ 406,110		\$ 36,460
Changes of assumptions or other inputs	1,535,815			18,440
Net difference between projected and actual earnings on pension plan investments	346,474			27,849
County contributions subsequent to the measurement date	<u>2,283,253</u>			
Total	<u>\$ 4,765,832</u>	<u>\$ 406,110</u>	<u>\$</u>	<u>\$ 82,749</u>

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

CORP - Detention	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 843,919		\$ 33,651
Changes of assumptions	\$ 232,816			21,254
Net difference between projected and actual earnings on pension plan investments	90,618			14,393
County contributions subsequent to the measurement date	<u>225,795</u>			
Total	<u>\$ 549,229</u>	<u>\$ 843,919</u>	<u>\$</u>	<u>\$ 69,298</u>
CORP - AOC	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,104	\$ 550,844		\$ 27,070
Changes of assumptions	710,310			55,017
Net difference between projected and actual earnings on pension plan investments	192,273			4,596
Changes in proportion and differences between County contribution and proportionate share of contributions	847,749	29,622	\$ 19,784	
County contributions subsequent to the measurement date	<u>1,191,370</u>			
Total	<u>\$ 2,981,806</u>	<u>\$ 580,466</u>	<u>\$ 19,784</u>	<u>\$ 86,683</u>

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ending June 30,	PSPRS Sheriff		CORP Detention		CORP-AOC	
	Pension	Health	Pension	Health	Pension	Health
2020	\$ 941,780	\$ (23,578)	\$ (71,945)	\$ (13,554)	\$ 565,956	\$ (18,820)
2021	813,367	(23,578)	(129,679)	(13,554)	341,963	(18,820)
2022	243,994	(23,580)	(193,826)	(13,553)	162,609	(18,820)
2023	77,328	(10,072)	(108,560)	(8,472)	139,442	(11,294)
2024		(1,941)	(16,475)	(8,685)		855
Thereafter				(11,480)		
	<u>\$ 2,076,469</u>	<u>\$ (82,749)</u>	<u>\$ (520,485)</u>	<u>\$ (69,298)</u>	<u>\$ 1,209,970</u>	<u>\$ (66,899)</u>

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

For the year ended June 30, 2019, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings of those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2019, the County recognized pension expense of \$1,584.

C. Elected Officials Retirement Plan

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

Benefits provided—The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

are calculated on the basis of age, average yearly compensation, and service credit as follows:

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

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2019, statute required active EORP members to contribute 7 or 13 percent of the member's annual covered payroll and the County to contribute at the actuarially determined rate of 61.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.5 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. The County made \$1,499,109 in contributions to the pension and health insurance plans for the year ended June 30, 2019.

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The health insurance premium benefit plan was 100% funded and required no contribution. During fiscal year 2019, the County paid for EORP pension contributions as follows: 95 percent from the General Fund, and 5 percent from other funds.

Liability—At June 30, 2019, the County reported a liability for its proportionate share of the EORP’s net pension liability that reflected a reduction for the County’s proportionate share of the State’s appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$	21,581,830
State's proportionate share of the EORP net pension liability associated with the County		<u>3,697,907</u>
Total	\$	<u><u>25,279,737</u></u>

The County also reported an asset of \$362,754 for its proportionate share of the EORP’s net OPEB asset.

The net asset and net liability were measured as of June 30, 2018, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

The County’s proportion of the net pension liability was based on the County’s required contributions to the plan relative to the total of all participating employers’ required contributions for the year ended June 30, 2018. The County’s proportion of the net OPEB asset was based on the County’s present value of benefits relative to the total of all participating employers’ present value of benefits for the year ended June 30, 2018. The County’s proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

EORP	Proportion June 30, 2018 %	Increase (decrease) from June 30, 2017
	<u> </u>	<u> </u>
Pension	3.42494 %	0.80234 %
Health insurance premium benefit	3.51032 %	0.18540 %

Expense—For the year ended June 30, 2019, the County recognized pension and OPEB expense for EORP of \$(4,815,489) and \$(26,565) respectively, and revenue of \$1,051,404 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees.

Deferred outflows/inflows of resources— At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

EORP

	<u>Pension</u>		<u>Health insurance premium benefit</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience		\$ 336,601	\$ 4,364	\$ 16,948
Changes of assumptions or other inputs	\$ 134,472	8,984,681	1,234	
Net difference between projected and actual earnings on plan investments	187,279			19,631
Change in proportion and differences between county contributions and proportionate share of contributions	4,966,261			9,217
County contributions subsequent to the measurement date	<u>1,499,109</u>			
Total	<u>\$ 6,787,121</u>	<u>\$ 9,321,282</u>	<u>\$ 5,598</u>	<u>\$ 45,796</u>

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from county contributions subsequent to the measurement date will be recognized as an increase of the net asset or reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses, as follows:

<u>Year ending June 30</u>	<u>Pension</u>	<u>Health insurance premium benefit</u>
2020	\$ (3,711,606)	\$ (21,692)
2021	(245,321)	(12,078)
2022	(79,450)	(6,601)
2023	<u>3,107</u>	<u>173</u>
Total	<u>\$ (4,033,270)</u>	<u>\$ (40,198)</u>

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

EORP

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pension/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.
Healthcare cost trend rate	Not applicable

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The long-term expected rate of return on EORP plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>EORP</u>		
Asset class	Target allocation	Long-term expected geometric real rate of return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	<u>100%</u>	

Discount rates—At June 30, 2018, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.4 percent, which was an increase of 3.49 for pension and no change for OPEB from the discount rates used as of June 30, 2017. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the County's proportionate share of the EORP net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.4, as well as what the County's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
EORP			
County's proportionate share of the net pension liability	\$ 24,780,957	\$ 21,581,830	\$ 18,862,476
County's proportionate share of the net OPEB (asset)	(322,451)	(362,754)	(397,588)

Plan fiduciary net position—Detailed information about the plans’ fiduciary net position is available in the separately issued EORP financial report

EODCRS Plan—Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Define Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provision of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by state statute. The EODCDP is not further disclosed because of its relative insignificance to the County’s financial statements.

For the year ended June 30, 2019, active EODCRS members were required by statute to contribute 8 percent of the members’ annual covered payroll, and the County was required by statute to contribute 6 percent of the active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County’s contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2019, the County recognized pension expense of \$36,673.

NOTE 12 - INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payables - Interfund balances as of June 30, 2019, were as follows:

Payable from	Payable to				Total
	General Fund	Other Governmental Funds	Landfill Fund	Internal Service Funds	
General fund		\$ 7,257			\$ 7,257
Other governmental funds	\$ 2,062	40,386	\$ 198,203	\$ 57,694	298,345
Parks fund				358	358
Total	<u>\$ 2,062</u>	<u>\$ 47,643</u>	<u>\$ 198,203</u>	<u>\$ 58,052</u>	<u>\$ 305,960</u>

The majority of the interfund receivables and payables result from year-end accruals and adjustments. Cash will be transferred within the first few months of the next fiscal year for these transactions. The balance of \$198,203 advance payable to the landfill fund from other governmental funds is an advance from the landfill to cover special assessment engineering fees. This expense is to be reimbursed over the next 2 years, from property owners, through collections assessed on tax bills.

MOHAVE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - INTERFUND BALANCES AND ACTIVITY (CONTINUED)

Interfund transfers—Interfund transfers for the year ended June 30, 2019, were as follows:

Transfer From	Transfer to						Total
	General Fund	County Capital Fund	Other Governmental Funds	G.V.I.D. Fund	Parks Fund	Internal Service Funds	
General fund			\$ 1,794,010		\$ 25,000	\$ 278,886	\$ 2,097,896
Flood control fund	\$ 356,865		290,000				646,865
Other governmental funds	1,016,024	\$ 1,554,222	1,570,300				4,140,546
Other enterprise funds				\$ 22,169			22,169
Internal service funds			70,756				70,756
Total	<u>\$ 1,372,889</u>	<u>\$ 1,554,222</u>	<u>\$ 3,725,066</u>	<u>\$ 22,169</u>	<u>\$ 25,000</u>	<u>\$ 278,886</u>	<u>\$ 6,978,232</u>

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

NOTE 13 - COUNTY TREASURER'S INVESTMENT POOL

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

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

The deposits and investments held by the County are included in the County Treasurer's investment pool, except for \$4,299,832 of deposits held by other county departments and \$636,840 of deposits held by trustees in the County's name. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment type	Principal	Interest rate(s)	Maturities	Amount
U.S. agency securities	\$ 33,966,017	.875-2.625%	7/19-7/21	\$ 34,088,573
U.S. Treasury notes	164,580,516	1.00-3.50%	7/19-7/21	165,168,062
Corporate bonds	2,770,048	N/A	N/A	83,500
State Treasurer's Investment Pool	<u>21,887,970</u>	None stated	N/A	<u>21,887,970</u>
	<u>\$223,204,551</u>			<u>\$221,228,105</u>

MOHAVE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 13 - COUNTY TREASURER'S INVESTMENT POOL (CONTINUED)

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

Statement of net position	
Assets	\$ <u>231,343,232</u>
Net position	\$ <u><u>231,343,232</u></u>
Net position held in trust for:	
Internal participants	\$ 143,698,346
External participants	<u>87,644,886</u>
Total net position held in trust	\$ <u><u>231,343,232</u></u>
Statement of changes in net position	
Total additions	\$ 430,239,954
Total deductions	<u>(437,094,880)</u>
Net decrease	(6,854,926)
Net position held in trust:	
July 1, 2018	<u>238,198,158</u>
June 30, 2019	\$ <u><u>231,343,232</u></u>

NOTE 14 - LOSS CONTINGENCY

The County is currently in tax litigation with two major taxpayers which could create a liability for some or all the taxing districts in Mohave County, if a decision was made against the County and the other defendants. At this point in time, there is no indication of which way the decision will fall. Legal counsel has advised that if the prior tax years' assessed valuations are lowered by a tax court to what the plaintiff is requesting, there is a possibility that between \$3 million and \$12 million may be owed back to the taxpayers, on the larger lawsuit. Mohave County and its blended component units' share of the liability would be between \$0.72 million and \$3 million of the total. The smaller lawsuit is estimated at \$2.47 million statewide, and .5 million for Mohave County and its blended component units, if the plaintiffs prevail.

NOTE 15 - CREDIT CARD PAYMENTS BY GOVERNMENTAL ACTIVITIES

A.R.S. §35-391 requires the annual financial report to disclose the amount of any reward, discount, incentive, or other financial consideration received resulting from the use of credit card payments by governmental entities. During fiscal year 2019, \$79,502 in rebates were received from the use of credit card payments by the County.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 39,411,320	\$ 39,411,320	\$ 38,944,909	\$ (466,411)
Licenses and permits	1,115,302	1,115,302	1,237,604	122,302
Intergovernmental	36,587,453	36,587,453	37,498,206	910,753
Charges for services	7,039,128	7,039,128	6,927,647	(111,481)
Fines and forfeits	1,400,000	1,400,000	1,275,678	(124,322)
Investment earnings	365,777	365,777	731,024	365,247
Rents	-	-	1,350	1,350
Contributions	107,200	107,500	47,800	(59,700)
Miscellaneous	641,080	640,780	731,774	90,994
Total revenues	<u>86,667,260</u>	<u>86,667,260</u>	<u>87,395,992</u>	<u>728,732</u>
EXPENDITURES:				
General government:				
Assessor	3,645,150	3,645,150	3,513,157	131,993
County attorney	4,140,170	4,334,496	4,124,657	209,839
County manager	318,548	318,548	311,443	7,105
Clerk of board	208,130	243,976	202,384	41,592
Community services department	395,785	395,785	382,006	13,779
General administration	2,623,109	2,795,566	2,790,761	4,805
Clerk of superior court	2,405,939	2,405,939	2,279,180	126,759
Constables	534,766	534,766	527,461	7,305
Contingency	2,011,977	1,070,681	-	1,070,681
Economic development department	661,297	811,297	414,480	396,817
Elections	788,187	788,187	751,392	36,795
Finance	1,163,955	1,163,955	1,124,866	39,089
Facilities maintenance	2,881,768	2,881,768	2,625,579	256,189
Justice courts	3,425,194	3,425,194	3,304,740	120,454
Juvenile detention	1,379,472	1,322,855	1,307,789	15,066
Human resources	411,633	411,633	386,272	25,361
Planning & zoning department	2,135,172	2,135,172	1,587,940	547,232
Public fiduciary	557,489	557,489	539,710	17,779
Public defender	6,577,992	6,720,196	6,665,582	54,614
Public legal defender	1,093,066	1,046,761	1,031,446	15,315
Building inspector	1,343,461	1,343,461	995,958	347,503
Procurement	455,706	455,706	424,631	31,075
Recorder	855,885	855,885	758,061	97,824
Superior courts	3,867,476	3,975,476	3,844,532	130,944
Treasurer	1,843,400	1,933,400	1,520,268	413,132
Voter registration	449,681	449,681	352,181	97,500
Supervisory districts	1,301,872	1,301,872	1,121,516	180,356
Total general government	<u>47,476,280</u>	<u>47,324,895</u>	<u>42,887,992</u>	<u>4,436,903</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
(Continued)				
Expenditures:				
Public safety:				
Adult detention center maintenance	\$ 800,000	\$ 800,000	\$ 746,677	\$ 53,323
Animal control	363,146	363,146	350,208	12,938
Jail	12,990,527	12,990,527	11,885,758	1,104,769
Medical examiner	646,380	646,380	646,380	-
Probation	1,863,581	1,920,199	1,920,199	-
Sheriff	<u>13,779,920</u>	<u>13,779,891</u>	<u>12,917,753</u>	<u>862,138</u>
Total public safety	<u>30,443,554</u>	<u>30,500,143</u>	<u>28,466,975</u>	<u>2,033,168</u>
Health:				
A.H.C.C.C.S	<u>9,983,100</u>	<u>9,983,100</u>	<u>9,983,001</u>	<u>99</u>
Education:				
School superintendent	<u>489,182</u>	<u>489,182</u>	<u>428,069</u>	<u>61,113</u>
Capital outlay	<u>509,982</u>	<u>509,982</u>	<u>509,982</u>	<u>-</u>
Debt service:				
Principal retirement	-	-	100,149	(100,149)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>11,223</u>	<u>(11,223)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>111,372</u>	<u>(111,372)</u>
Total expenditures	<u>88,902,098</u>	<u>88,807,302</u>	<u>82,387,391</u>	<u>6,419,911</u>
Excess (deficiency) of revenues over (under) expenditures	(2,234,838)	(2,140,042)	5,008,601	7,148,643
OTHER FINANCING SOURCES (USES)				
Transfers in	1,473,450	1,623,450	1,372,889	(250,561)
Transfers out	(2,288,433)	(2,221,933)	(2,097,896)	124,037
Capital leases	<u>-</u>	<u>-</u>	<u>509,982</u>	<u>509,982</u>
Total other financing sources (uses)	<u>(814,983)</u>	<u>(598,483)</u>	<u>(215,025)</u>	<u>383,458</u>
Net changes in fund balance	(3,049,821)	(2,738,525)	4,793,576	7,532,101
Fund balances, July 1, 2018	<u>19,789,389</u>	<u>19,789,389</u>	<u>30,055,628</u>	<u>10,266,239</u>
Fund balances, June 30, 2019	<u>\$ 16,739,568</u>	<u>\$ 17,050,864</u>	<u>\$ 34,849,204</u>	<u>\$ 17,798,340</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
YEAR ENDED JUNE 30, 2019

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 40,000	\$ 40,000	\$ 44,470	\$ 4,470
Intergovernmental	16,700,000	16,700,000	17,686,758	986,758
Charges for services	43,100	43,100	46,406	3,306
Fines and forfeits	250	250	771	521
Investment earnings	125,000	125,000	392,288	267,288
Rents	68,501	68,501	74,410	5,909
Contributions	-	10,000	10,000	-
Miscellaneous	<u>117,000</u>	<u>117,000</u>	<u>215,988</u>	<u>98,988</u>
Total revenues	<u>17,093,851</u>	<u>17,103,851</u>	<u>18,471,091</u>	<u>1,367,240</u>
EXPENDITURES:				
Highway and streets	<u>24,262,210</u>	<u>24,256,710</u>	<u>17,591,574</u>	<u>6,665,136</u>
Total expenditures	<u>24,262,210</u>	<u>24,256,710</u>	<u>17,591,574</u>	<u>6,665,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,168,359)</u>	<u>(7,152,859)</u>	<u>879,517</u>	<u>8,032,376</u>
OTHER FINANCING SOURCES:				
Transfers out	-	5,500	-	(5,500)
Proceeds of sale of County property	<u>-</u>	<u>-</u>	<u>306,924</u>	<u>306,924</u>
Total other financing sources	<u>-</u>	<u>5,500</u>	<u>306,924</u>	<u>301,424</u>
Net changes in fund balances	(7,168,359)	(7,147,359)	1,186,441	8,333,800
Fund balances, July 1, 2018	7,168,359	7,147,359	14,943,505	7,796,146
Decrease in reserve for inventory	<u>-</u>	<u>-</u>	<u>(97)</u>	<u>(97)</u>
Fund balances, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,129,849</u>	<u>\$ 16,129,849</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FLOOD CONTROL FUND
YEAR ENDED JUNE 30, 2019

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 7,500,000	\$ 7,500,000	\$ 8,049,147	\$ 549,147
Licenses and permits	-	-	4,050	4,050
Intergovernmental	3,000	3,000	35	(2,965)
Charges for services	87,906	87,906	138,275	50,369
Investment earnings	40,000	40,000	223,964	183,964
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>150</u>	<u>(7,350)</u>
Total revenues	<u>7,638,406</u>	<u>7,638,406</u>	<u>8,415,621</u>	<u>777,215</u>
EXPENDITURES:				
Public safety	<u>13,327,662</u>	<u>13,327,662</u>	<u>3,863,501</u>	<u>9,464,161</u>
Total expenditures	<u>13,327,662</u>	<u>13,327,662</u>	<u>3,863,501</u>	<u>9,464,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,689,256)</u>	<u>(5,689,256)</u>	<u>4,552,120</u>	<u>10,241,376</u>
OTHER FINANCING SOURCES:				
Transfers out	(746,084)	(746,084)	(646,865)	99,219
Proceeds from deed sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>(746,084)</u>	<u>(746,084)</u>	<u>(646,865)</u>	<u>99,219</u>
Net changes in fund balances	(6,435,340)	(6,435,340)	3,905,255	10,340,595
Fund balances, July 1, 2018	6,435,340	6,435,340	6,585,629	150,289
Increase in reserve for inventory	<u>-</u>	<u>-</u>	<u>49,334</u>	<u>49,334</u>
Fund balances, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,540,218</u>	<u>\$ 10,540,218</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2019

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, 2019, there were no expenditures that exceeded final budget amounts at the department level (the legal level of budgetary control) in the general fund or in any of the major special revenue funds presented.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY
COST-SHARING PLANS
JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>ASRS - Pension</u>						
County's proportion of the net pension liability	0.36%	0.35%	0.37%	0.38%	0.39%	Information not available
County's proportionate share of the net pension liability	\$ 49,907,481	\$ 55,221,074	\$ 59,477,988	\$ 59,259,251	\$ 57,859,101	
County's covered payroll	\$ 35,556,097	\$ 34,720,762	\$ 34,138,216	\$ 35,153,250	\$ 35,362,673	
County's proportionate share of the net pension liability as a percentage of its covered payroll	140.36 %	159.04 %	174.23 %	168.57 %	163.62 %	
Plan fiduciary net position as a percentage of the total pension liability	73.40 %	69.92 %	67.06 %	68.35 %	69.49 %	
<u>ASRS - Health Insurance Premium Benefit</u>						
County's proportion of the net OPEB (asset)	0.36%	0.36%	2017 through 2010	Information not available		
County's proportionate share of the net OPEB (asset)	\$ (129,730)	\$ (194,329)				
County's covered payroll	\$ 35,556,097	\$ 34,720,762				
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(0.36)%	(0.56)%				
Plan fiduciary net position as a percentage of the total OPEB liability	102.20 %	103.57 %				
<u>ASRS - Long-term Disability</u>						
County's proportion of the net OPEB liability	0.36%	0.35%	2017 through 2010	Information not available		
County's proportionate share of the net OPEB liability	\$ 187,260	\$ 128,581				
County's covered payroll	\$ 35,556,097	\$ 34,720,762				
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.53 %	0.37 %				
Plan fiduciary net position as a percentage of the total OPEB liability	77.83 %	84.44 %				

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY
COST-SHARING PLANS
JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>CORP AOC - Pension</u>						
County's proportion of the net pension liability	2.97%	2.71%	2.67%	2.65%	2.71%	Information not available
County's proportionate share of the net pension liability	\$ 10,709,213	\$ 10,884,138	\$ 7,523,107	\$ 6,438,542	\$ 6,077,411	
County's covered payroll	\$ 3,449,848	\$ 3,042,429	\$ 2,936,852	\$ 2,943,898	\$ 2,914,858	
County's proportionate share of the net pension liability as a percentage of its covered payroll	310.43 %	357.75 %	256.16 %	218.71 %	208.50 %	
Plan fiduciary net position as a percentage of the total pension liability	53.72 %	49.21 %	54.81 %	57.89 %	58.59 %	
<u>CORP AOC - Health Insurance Premium Benefit</u>						
County's proportion of the net OPEB liability	2.99%	2.72%	2017 through 2010			
County's proportionate share of the net OPEB liability	\$ 153,649	\$ 160,270	Information not available			
County's covered payroll	\$ 3,449,848	\$ 3,042,429				
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	4.45 %	5.27 %				
Plan fiduciary net position as a percentage of the total OPEB liability	67.75 %	62.21 %				

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY
COST-SHARING PLANS
JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>EORP - Pension</u>						
County's proportion of the net pension liability	3.42%	2.62%	2.51%	2.37%	2.53%	Information not available
County's proportionate share of the net pension liability	\$ 21,581,830	\$ 31,957,961	\$ 23,741,585	\$ 18,541,752	\$ 16,967,857	
State's proportionate share of the net pension liability associated with the County	<u>3,697,907</u>	<u>6,632,705</u>	<u>4,899,011</u>	<u>5,780,547</u>	<u>5,202,503</u>	
Total	<u>\$ 25,279,737</u>	<u>\$ 38,590,666</u>	<u>\$ 28,640,596</u>	<u>\$ 24,322,299</u>	<u>\$ 22,170,360</u>	
County's covered payroll	\$ 2,311,048	\$ 2,180,142	\$ 1,753,759	\$ 2,157,272	\$ 2,366,603	
County's proportionate share of the net pension liability as a percentage of its covered payroll	933.85 %	1,465.87 %	1,353.75 %	859.50 %	716.97 %	
Plan fiduciary net position as a percentage of the total pension liability	30.36 %	19.66 %	23.42 %	28.32 %	31.91 %	
 <u>EORP - Health Insurance Premium Benefit</u>	 2019 (2018)	 2018 (2017)	 2017 through 2010			
County's proportion of the net OPEB (asset)	3.51%	3.32%	Information not available			
County's proportionate share of the net OPEB (asset)	\$ (362,754)	\$ (302,772)				
County's covered payroll	\$ 2,311,048	\$ 2,180,142				
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(15.70)%	(13.89)%				
Plan fiduciary net position as a percentage of the total OPEB liability	177.16 %	164.84 %				

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)
AND RELATED RATIOS - AGENT PLANS
JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>PSPRS - Sheriff</u>						
Total pension liability:						
Service cost	\$ 788,297	\$ 966,017	\$ 738,110	\$ 856,128	\$ 841,853	Information not available
Interest on the total pension liability	3,214,798	3,003,684	2,932,447	2,908,448	2,507,303	
Changes of benefit terms	-	425,471	1,255,658	-	743,169	
Differences between expected and actual experience in the measurement of the pension liability	480,574	396,188	(569,078)	(797,687)	(926,693)	
Changes of assumptions or other inputs	-	1,538,482	1,409,917	-	3,668,599	
Benefit payments, including refunds of employee contributions	<u>(2,589,312)</u>	<u>(3,104,457)</u>	<u>(3,271,340)</u>	<u>(1,932,983)</u>	<u>(1,529,492)</u>	
Net change in total pension liability	1,894,357	3,225,385	2,495,714	1,033,906	5,304,739	
Total pension liability—beginning	<u>44,343,725</u>	<u>41,118,340</u>	<u>38,622,626</u>	<u>37,588,720</u>	<u>32,283,981</u>	
Total pension liability—ending (a)	<u>\$ 46,238,082</u>	<u>\$ 44,343,725</u>	<u>\$ 41,118,340</u>	<u>\$ 38,622,626</u>	<u>\$ 37,588,720</u>	
Plan fiduciary net position:						
Contributions—employer	\$ 2,809,701	\$ 1,836,800	\$ 1,623,099	\$ 1,232,825	\$ 1,174,898	
Contributions—employee	399,901	504,665	510,843	476,318	485,480	
Net investment income	1,334,686	2,131,234	110,794	708,906	2,343,758	
Benefit payments, including refunds of employee contributions	(2,589,312)	(3,104,457)	(3,271,340)	(1,932,983)	(1,529,492)	
Hall/Parker settlement	(535,232)	-	-	-	-	
Administrative expense	(21,014)	(19,258)	(16,343)	(17,672)	(18,876)	
Other changes	<u>246</u>	<u>(155,786)</u>	<u>(68,502)</u>	<u>10,751</u>	<u>(180,019)</u>	
Net change in plan fiduciary net position	1,398,976	1,193,198	(1,111,449)	478,145	2,275,749	
Plan fiduciary net position—beginning	<u>19,767,702</u>	<u>18,574,504</u>	<u>19,685,953</u>	<u>19,207,808</u>	<u>16,932,059</u>	
Plan fiduciary net position—ending (b)	<u>\$ 21,166,678</u>	<u>\$ 19,767,702</u>	<u>\$ 18,574,504</u>	<u>\$ 19,685,953</u>	<u>\$ 19,207,808</u>	
County's net pension liability (asset)—ending (a) – (b)	\$ 25,071,404	\$ 24,576,023	\$ 22,543,836	\$ 18,936,673	\$ 18,380,912	
Plan fiduciary net position as a percentage of the total pension liability	45.78 %	44.58 %	45.17 %	50.97 %	51.10 %	
Covered payroll	\$ 4,414,050	\$ 4,241,502	\$ 4,188,771	\$ 4,310,395	\$ 4,486,194	
County's net pension liability (asset) as a percentage of covered payroll	567.99 %	579.42 %	538.20 %	439.33 %	409.72 %	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)
AND RELATED RATIOS - AGENT PLANS
JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
<u>PSPRS - Sheriff OPEB</u>			
Total OPEB liability:			
Service cost	\$ 16,755	\$ 19,767	Information not available
Interest on the total OPEB liability	54,751	54,418	
Changes of benefit terms	-	6,427	
Differences between expected and actual experience in the measurement of the OPEB liability	(34,511)	(13,127)	
Changes of assumptions or other inputs	-	(28,604)	
Benefit payments, including refunds of employee contributions	<u>(24,275)</u>	<u>(21,852)</u>	
Net change in total OPEB liability	12,720	17,029	
Total OPEB liability—beginning	<u>743,644</u>	<u>726,615</u>	
Total OPEB liability—ending (a)	<u>\$ 756,364</u>	<u>\$ 743,644</u>	
Plan fiduciary net position:			
Contributions—employer	\$ (295)	\$ -	
Contributions—employee	-	-	
Net investment income	96,159	147,573	
Benefit payments, including refunds of employee contributions	(24,275)	(21,852)	
Administrative expense	(1,464)	(1,306)	
Other changes	-	-	
Net change in plan fiduciary net position	70,125	124,415	
Plan fiduciary net position—beginning	<u>1,386,877</u>	<u>1,262,462</u>	
Plan fiduciary net position—ending (b)	<u>\$ 1,457,002</u>	<u>\$ 1,386,877</u>	
County's net OPEB (asset) liability—ending (a) – (b)	\$ (700,638)	\$ (643,233)	
Plan fiduciary net position as a percentage of the total OPEB liability	192.63 %	186.50 %	
Covered payroll	\$ 4,414,050	\$ 4,341,502	
County's net OPEB (asset) liability as a percentage of covered payroll	(15.87)%	(14.82)%	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)
AND RELATED RATIOS - AGENT PLANS
JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
<u>CORP - Detention</u>						
Total pension liability:						
Service cost	\$ 614,868	\$ 513,320	\$ 522,178	\$ 527,226	\$ 535,075	Information not available
Interest on the total pension liability	592,728	498,282	502,287	476,424	404,294	
Changes of benefit terms	(271,185)	1,002,759	23,016	-	52,115	
Differences between expected and actual experience in the measurement of the pension liability	(589,476)	(132,391)	(441,945)	(255,141)	(44,513)	
Changes of assumptions or other inputs	-	149,218	238,838	-	309,034	
Benefit payments, including refunds of employee contributions	<u>(734,302)</u>	<u>(697,451)</u>	<u>(492,035)</u>	<u>(341,013)</u>	<u>(325,442)</u>	
Net change in total pension liability	(387,367)	1,333,737	352,339	407,496	930,563	
Total pension liability—beginning	<u>8,069,560</u>	<u>6,735,823</u>	<u>6,383,484</u>	<u>5,975,988</u>	<u>5,045,425</u>	
Total pension liability—ending (a)	<u>\$ 7,682,193</u>	<u>\$ 8,069,560</u>	<u>\$ 6,735,823</u>	<u>\$ 6,383,484</u>	<u>\$ 5,975,988</u>	
Plan fiduciary net position:						
Contributions—employer	\$ 228,873	\$ 222,521	\$ 277,167	\$ 265,631	\$ 288,751	
Contributions—employee	300,474	311,185	331,483	330,465	328,515	
Net investment income	534,696	828,794	42,247	243,014	776,232	
Benefit payments, including refunds of employee contributions	(734,302)	(697,451)	(492,035)	(341,013)	(325,442)	
Administrative expense	(8,789)	(7,650)	(6,374)	(6,374)	-	
Other changes	<u>(158)</u>	<u>(47)</u>	<u>(66,110)</u>	<u>(82,072)</u>	<u>(439,949)</u>	
Net change in plan fiduciary net position	320,794	657,352	86,378	409,651	628,107	
Plan fiduciary net position—beginning	<u>7,686,259</u>	<u>7,028,907</u>	<u>6,942,529</u>	<u>6,532,878</u>	<u>5,904,771</u>	
Plan fiduciary net position—ending (b)	<u>\$ 8,007,053</u>	<u>\$ 7,686,259</u>	<u>\$ 7,028,907</u>	<u>\$ 6,942,529</u>	<u>\$ 6,532,878</u>	
County's net pension liability (asset)—ending (a) – (b)	\$ (324,860)	\$ 383,301	\$ (293,084)	\$ (559,045)	\$ (556,890)	
Plan fiduciary net position as a percentage of the total pension liability	104.23 %	95.25 %	104.35 %	108.76 %	109.32 %	
Covered payroll	\$ 3,582,040	\$ 3,697,257	\$ 3,910,641	\$ 3,910,769	\$ 4,107,411	
County's net pension liability (asset) as a percentage of covered payroll	(9.07)%	10.37 %	(7.49)%	(14.30)%	(13.56)%	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION/OPEB LIABILITY (ASSET)
AND RELATED RATIOS - AGENT PLANS
JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
<u>CORP - Detention OPEB</u>			
Total OPEB liability:			
Service cost	\$ 11,232	\$ 12,131	Information not available
Interest on the total OPEB liability	17,154	19,090	
Changes of benefit terms	-	-	
Differences between expected and actual experience in the measurement of the OPEB liability	(23,009)	(18,058)	
Changes of assumptions or other inputs	-	(28,276)	
Benefit payments, including refunds of employee contributions	<u>(7,012)</u>	<u>(7,301)</u>	
Net change in total OPEB liability	(1,635)	(22,414)	
Total OPEB liability—beginning	<u>229,702</u>	<u>252,116</u>	
Total OPEB liability—ending (a)	<u><u>\$ 228,067</u></u>	<u><u>\$ 229,702</u></u>	
Plan fiduciary net position:			
Contributions—employer	\$ -	\$ -	
Contributions—employee	-	-	
Net investment income	46,261	68,817	
Benefit payments, including refunds of employee contributions	(7,012)	(7,301)	
Administrative expense	(700)	(602)	
Other changes	<u>-</u>	<u>-</u>	
Net change in plan fiduciary net position	38,549	60,914	
Plan fiduciary net position—beginning	<u>643,510</u>	<u>582,596</u>	
Plan fiduciary net position—ending (b)	<u><u>\$ 682,059</u></u>	<u><u>\$ 643,510</u></u>	
County's net OPEB (asset) liability—ending (a) – (b)	\$ (453,992)	\$ (413,808)	
Plan fiduciary net position as a percentage of the total OPEB liability	299.06 %	280.15 %	
Covered payroll	\$ 3,582,040	\$ 3,697,257	
County's net OPEB (asset) liability as a percentage of covered payroll	(12.67)%	(11.19)%	

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PENSION/OPEB CONTRIBUTIONS
 JUNE 30, 2019

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
<u>ASRS- Pension</u>							
Statutorily required contribution	\$ 4,103,806	\$ 3,876,705	\$ 3,742,898	\$ 3,771,411	\$ 3,828,189	\$ 3,771,598	Information not available
County's contributions in relation to the statutorily required contribution	<u>4,103,806</u>	<u>3,876,705</u>	<u>3,742,898</u>	<u>3,771,411</u>	<u>3,828,189</u>	<u>3,771,598</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 36,706,673	\$ 35,556,097	\$ 34,720,762	\$ 34,138,216	\$ 35,153,250	\$ 35,362,373	
County's contributions as a percentage of covered payroll	11.18 %	10.90 %	10.78 %	11.05 %	10.89 %	10.67 %	

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

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
<u>CORP AOC - Pension</u>							
Statutorily required contribution	\$ 1,191,370	\$ 776,560	\$ 609,950	\$ 564,751	\$ 438,052	\$ 421,197	Information not available
County's contributions in relation to the statutorily required contribution	<u>1,191,370</u>	<u>776,560</u>	<u>609,950</u>	<u>564,751</u>	<u>438,052</u>	<u>421,197</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 3,612,401	\$ 3,449,848	\$ 3,042,429	\$ 2,936,852	\$ 2,943,898	\$ 2,914,858	
County's contributions as a percentage of covered payroll	32.98 %	22.51 %	20.05 %	19.23 %	14.88 %	14.45 %	

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

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PENSION/OPEB CONTRIBUTIONS
 JUNE 30, 2019

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
<u>EORP- Pension</u>							
Statutorily required contribution	\$ 1,627,129	\$ 543,096	\$ 512,333	\$ 421,134	\$ 506,959	\$ 539,153	Information not available
County's contributions in relation to the statutorily required contribution	<u>1,499,109</u>	<u>-</u>	<u>512,333</u>	<u>421,134</u>	<u>506,959</u>	<u>539,153</u>	
County's contribution deficiency (excess)	<u>\$ 128,020</u>	<u>\$ 543,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 2,437,576	\$ 2,311,048	\$ 2,180,142	\$ 1,753,759	\$ 2,157,272	\$ 2,366,603	
County's contributions as a percentage of covered payroll	61.50 %	- %	23.50 %	24.01 %	23.50 %	22.78 %	

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

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
<u>PSPRS - Sheriff</u>							
Actuarially determined contribution	\$ 2,283,253	\$ 2,296,189	\$ 1,862,504	\$ 1,623,099	\$ 1,232,773	\$ 1,174,898	Information not available
County's contributions in relation to the actuarially determined contribution	<u>2,283,253</u>	<u>2,296,189</u>	<u>1,862,504</u>	<u>1,623,099</u>	<u>1,232,773</u>	<u>1,174,898</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 4,357,353	\$ 4,414,050	\$ 4,341,502	\$ 4,188,771	\$ 4,310,395	\$ 4,486,194	
County's contributions as a percentage of covered payroll	52.40 %	52.02 %	42.90 %	38.75 %	28.60 %	26.19 %	

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

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PENSION/OPEB CONTRIBUTIONS
 JUNE 30, 2019

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
<u>CORP - Detention</u>							
Actuarially determined contribution	\$ 225,795	\$ 229,251	\$ 221,835	\$ 277,167	\$ 265,631	\$ 288,751	Information not available
County's contributions in relation to the actuarially determined contribution	<u>225,795</u>	<u>229,251</u>	<u>221,835</u>	<u>277,167</u>	<u>265,631</u>	<u>288,751</u>	
County's contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	
County's covered payroll	\$ 3,370,075	\$ 3,582,040	\$ 3,697,257	\$ 3,910,641	\$ 3,910,769	\$ 4,107,411	
County's contributions as a percentage of covered payroll	6.70 %	6.40 %	6.00 %	7.09 %	6.79 %	7.03 %	

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

See accompanying notes to pension plan schedule.

MOHAVE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO THE COUNTY'S PENSION/OPEB PLAN SCHEDULES
 JUNE 30, 2019

NOTE 1 – ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2017 actuarial valuation	19 years
Asset valuation method	7-year smoothed market; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decrease from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS and from 4.0%-7.25% to 3.5%-6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS and from 4.5%-7.75% to 4.0%-7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS and from 5.0%-8.25% to 4.5%-7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

MOHAVE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE COUNTY'S PENSION/OPEB PLAN SCHEDULES
JUNE 30, 2019

NOTE 2 - FACTORS THAT AFFECT TRENDS

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

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