

**MOHAVE COUNTY**  
**Annual Financial Report**  
**Year Ended June 30, 2003**

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## INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona

The Board of Supervisors of  
Mohave County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the County adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, for the year ended June 30, 2003, to implement a new financial reporting model. In addition, as described in Note 2 the County reclassified certain special revenue funds as proprietary funds, which constitutes a change in the reporting entity.

The Management's Discussion and Analysis on pages 3 through 14, the Budgetary Comparison Schedules on pages 51 through 54 and the Schedule of Agent Retirement Plans' Funding Progress on page 55, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information (County Capital Improvement Fund Budgetary Comparison Schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information (County Capital Improvement Fund Budgetary Comparison Schedule) has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

HEINFELD, MEECH & CO. P.C.

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

February 20, 2004

## Management's Discussion and Analysis

As management of Mohave County, Arizona, we offer this narrative overview and analysis of the financial activities of Mohave County for the fiscal year ended June 30, 2003. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the County's financial activity, (3) identify changes in the County's financial position, (4) identify any material deviations from the adopted annual budget, and (5) identify individual fund issues or concerns.

### Financial Highlights

- Total net assets of the county are \$171,303,776, of which \$42,503,697 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- Property taxes collected in the General Fund increased by \$1,188,429 (6.1%) during the year. Most of this increase is the product of an increased tax base and rising assessed values. Mohave County is one of the fastest growing counties in the U.S.
- At June 30, 2003, total fund balances of the governmental funds were \$53,698,035, up \$3,825,297 (7.7%) from the previous year.
- General Fund revenues exceeded budgeted revenues by \$1,630,614 and expenditures were only 92% of the adopted General Fund budget.
- The County's total long-term liabilities decreased by \$1,232,360 (5.3%) during the current fiscal year. The key factor in this decrease was that no new debt was incurred during this fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only Mohave County itself (known as the *primary government*), but one legally separate entity for which Mohave County is financially accountable; a television district. In addition to this legally separate entity, the government-wide financial statements include the following tax-levying districts which the County's Board of Supervisors serves as the board of directors for:

- Mohave County Library District which provides and maintains library services for County residents.
- Mohave County Flood Control District which provides flood control systems.
- Mohave County Special Assessment Districts which constructs or improves roads, bridges, and water distribution systems.

There is also a school cooperative, Mohave County Educational Services Cooperative (M.E.S.C.), included in the financial Statements.

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

**Fund financial statements** - A *fund* is a grouping of related accounts that is 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.

**Government funds** - *Government funds* are used to account for essentially the same functions reported as *government 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. Such information may be useful in evaluating a government's near-term financial requirements.

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 fund balance sheet and the governmental fund 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 191 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Flood Control Fund and the County Capital

Improvement Fund, all of which are considered to be major funds. Data from the other 187 governmental funds are combined into a single, aggregated presentation, under the heading non-major funds.

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and all major Special Revenue Funds to demonstrate compliance with their budgets. These comparisons are located on pages 51-53.

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

**Proprietary funds** - Mohave County maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Mohave County uses enterprise funds to account for its water companies, park services and landfill operations. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among Mohave County's various functions. Mohave County uses internal service funds to account for its fleet of vehicles, employees benefit health insurance trust, self insurance trust, janitorial services, communication services, central print shop services and for its management information systems. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The Proprietary Fund financial statements can be found on pages 22-24 of this report.

**Fiduciary funds** - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Mohave County's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The Fiduciary Fund financial statements can be found of pages 25-26 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-49 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including budgetary comparison schedules and Mohave County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 51-55 of this report and *other supplementary information* is located on page 57.

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

This is the first year of implementation for GASB Statement No. 34. Therefore, the schedules provided in the Annual Financial Report do not include prior-year information for comparative analysis. In future

years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of Mohave County, assets exceeded liabilities by \$171,303,776 at the close of the most recent fiscal year.

By far the largest portion of Mohave County's net assets (60%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are 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'S NET ASSETS**

|   | Governmental<br>Activities | Business-Type<br>Activities | Total         |
|---|----------------------------|-----------------------------|---------------|
|   | 2003                       | 2003                        | 2003          |
| Current Assets and Other assets                 | \$77,036,488               | \$9,231,265                 | \$86,267,753  |
| Capital Assets                                  | 103,943,137                | 15,830,826                  | 119,773,963   |
| Total Assets                                    | 180,979,625                | 25,062,091                  | 206,041,716   |
| Long-Term Liabilities outstanding               | 19,708,241                 | 2,287,597                   | 21,995,838    |
| Other liabilities                               | 12,410,553                 | 331,549                     | 12,742,102    |
| Total Liabilities                               | 32,118,794                 | 2,619,146                   | 34,737,940    |
| <b>Net Assets:</b>                              |                            |                             |               |
| Invested in capital assets, net of related debt | 89,433,766                 | -                           | 89,433,766    |
| Restricted                                      | 501,044                    | 513,275                     | 1,014,319     |
| Unrestricted                                    | 58,926,021                 | 21,929,670                  | 80,855,691    |
| Total net assets                                | \$148,860,831              | \$22,442,945                | \$171,303,776 |

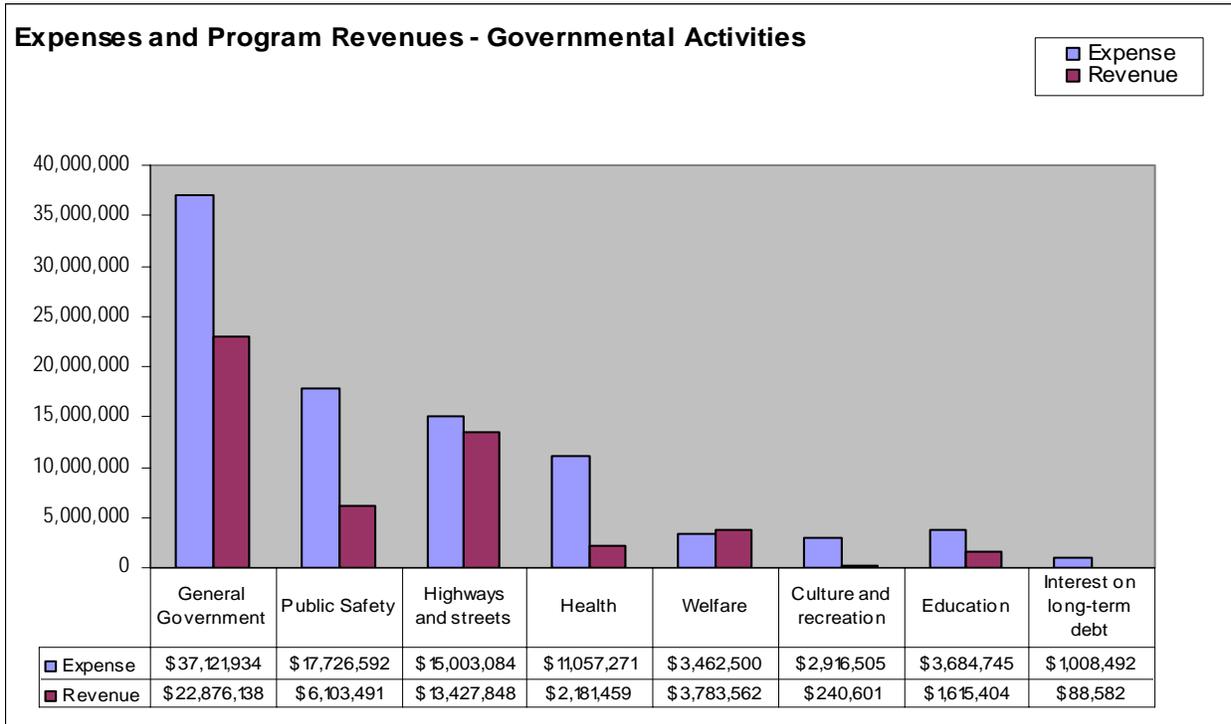
14% of Mohave County's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$42,503,697) may be used to meet the government's ongoing obligations to citizens and creditors.

**MOHAVE COUNTY'S CHANGES IN NET ASSETS**

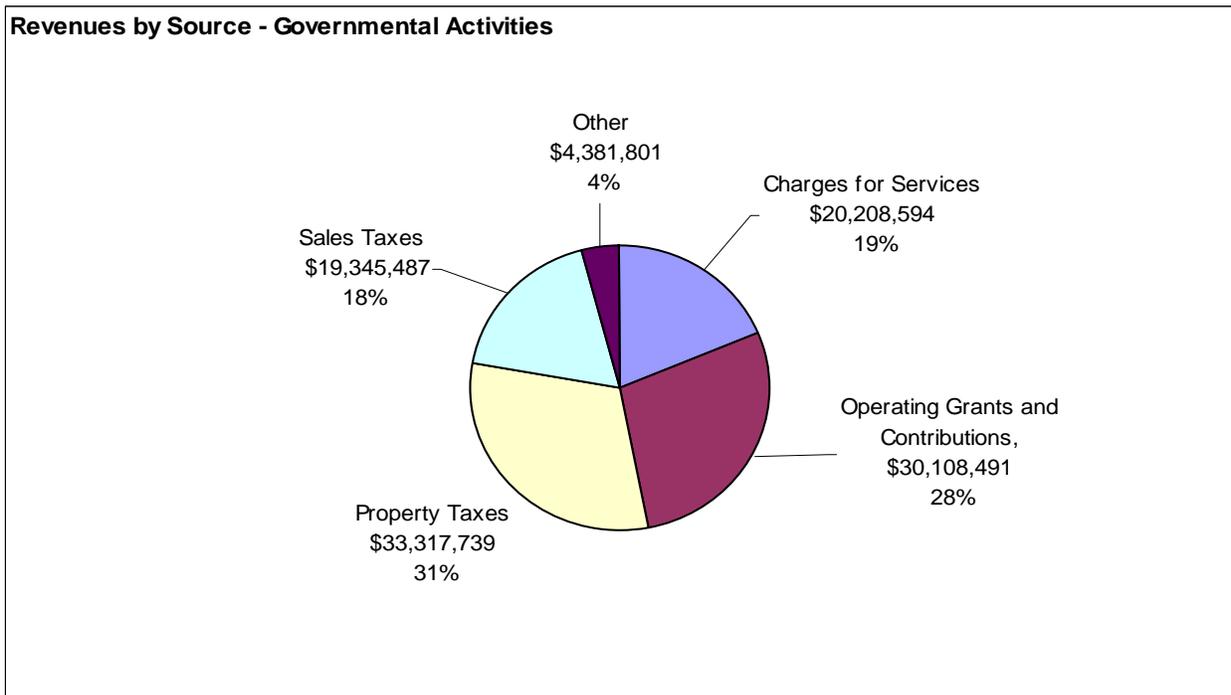
|                                   | Governmental<br>Activities<br>2003 | Business-type<br>Activities<br>2003 | Total<br>2003 |
|-----------------------------------|------------------------------------|-------------------------------------|---------------|
| Revenues:                         |                                    |                                     |               |
| Program Revenues:                 |                                    |                                     |               |
| Charges for services              | \$20,208,594                       | \$3,424,341                         | \$23,632,935  |
| Operating grants & contributions  | 30,108,491                         | 478,897                             | 30,587,388    |
| General Revenues:                 |                                    |                                     |               |
| Property taxes                    | 32,413,694                         | 2,788                               | 32,416,482    |
| Other taxes                       | 20,249,532                         | 0                                   | 20,249,532    |
| Other revenues                    | 4,381,801                          | 400,766                             | 4,782,567     |
| Total Revenues                    | 107,362,112                        | 4,306,792                           | 111,668,904   |
| Expenses:                         |                                    |                                     |               |
| General Government                | 37,121,934                         |                                     | 37,121,934    |
| Public Safety                     | 17,726,592                         |                                     | 17,726,592    |
| Highways/streets                  | 15,003,084                         |                                     | 15,003,084    |
| Health                            | 11,057,271                         |                                     | 11,057,271    |
| Welfare                           | 3,462,500                          |                                     | 3,462,500     |
| Culture and recreation            | 2,916,505                          |                                     | 2,916,505     |
| Education                         | 3,684,745                          |                                     | 3,684,745     |
| Interest on long-term debt        | 1,008,492                          |                                     | 1,008,492     |
| Landfill                          |                                    | 462,124                             | 462,124       |
| Recreation                        |                                    | 1,087,351                           | 1,087,351     |
| Water companies                   |                                    | 2,181,839                           | 2,181,839     |
| Total expenses                    | 91,981,123                         | 3,731,314                           | 95,712,437    |
| Increase in net assets            | 15,380,989                         | 575,478                             | 15,956,467    |
| Net assets 7/01/2002, as restated | 133,479,842                        | 21,867,467                          | 155,347,309   |
| Net assets 6/30/2003              | \$148,860,831                      | \$22,442,945                        | \$171,303,776 |

At the end of the current fiscal year, Mohave County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The graph below represents the expenses and program revenues for Governmental Activities from the Statement of Activities. Please note that program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities.



The chart below represents all revenues collected from Governmental Activities and does include general revenues from the Statement of Activities.



## 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* resources. Such information is useful in assessing Mohave County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Mohave County's governmental funds reported combined ending fund balances of \$53,698,035, an increase of \$3,825,297 in comparison with the prior year. Most of this amount (\$53,201,719) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed. The reserved fund balance consists of \$227,651, restricted by Arizona Revised Statute 11-584(D), to pay for indigent defense and \$268,665 invested in inventory.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,253,851, while total fund balance reached \$6,481,502. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14% of total General Fund expenditures, while total fund balance represents 14.5% of that same amount.

During the current fiscal year, the fund balance of Mohave County's General Fund decreased by \$523,977. The key factor in this decrease was the return of \$2,600,000 to the capital projects fund. This amount had been transferred to the General Fund to provide necessary working capital the previous year. Without that transfer, the fund balance would have increased by \$2,076,023, a 30% increase from the prior year.

The Road Fund had a total fund balance of \$14,153,981, of which \$268,665 is reserved for inventories and \$13,885,316 is unreserved and will be used for road maintenance. The net increase in fund balance during the current year in the Road Fund was \$2,213,206. The increase results from fewer road projects started than were possible with the amount of funds collected. The balance reflects funds available for ongoing road projects of the County.

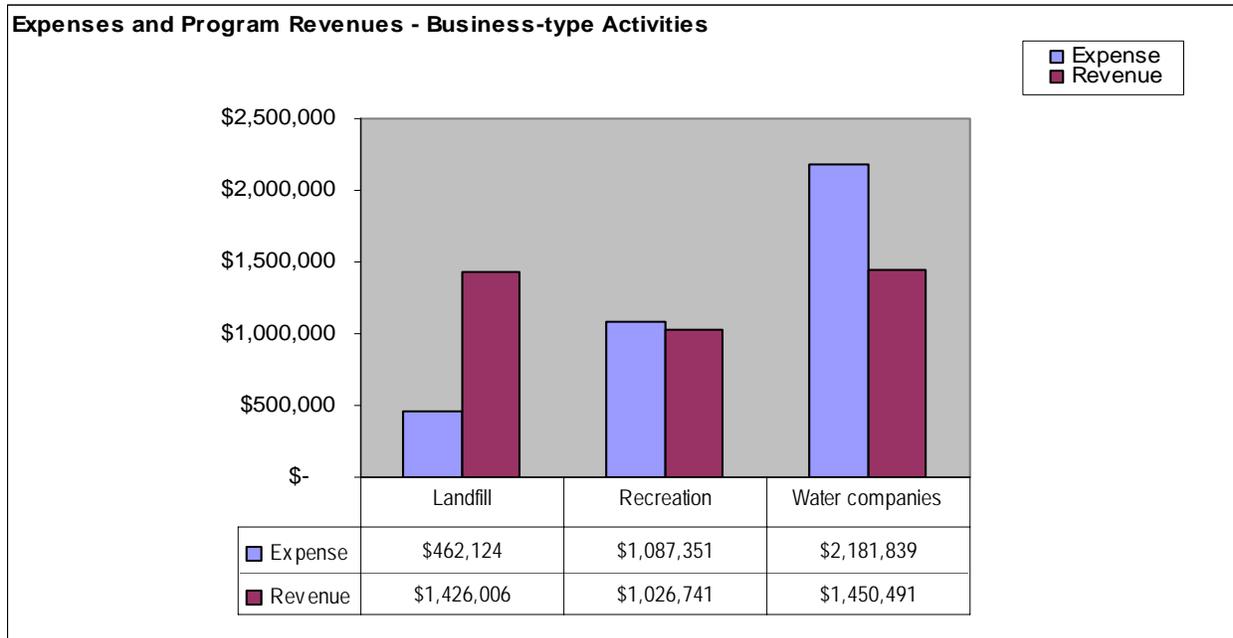
The Flood Control Fund had a total fund balance of \$6,760,666. This reflected an increase of \$86,693 from the prior year. The balance reflects funds available for ongoing flood control projects of the county, as well as the major cities in Mohave County. The county collects the tax levy for all flood control jurisdictions and distributes the funds to the cities annually when they submit a summary of expenditures.

The County Capital Improvement Fund had a fund balance of \$10,494,707 at June 30, 2003. This was an increase of \$3,274,090 from the prior year. Of that increase, \$674,090 reflected the excess revenue collected over expenditures in the current year. The balance of \$2,600,000 was a return of working capital from the General Fund. The majority of the \$4,504,795 of expenditures was used for the construction of the new sheriff's facility.

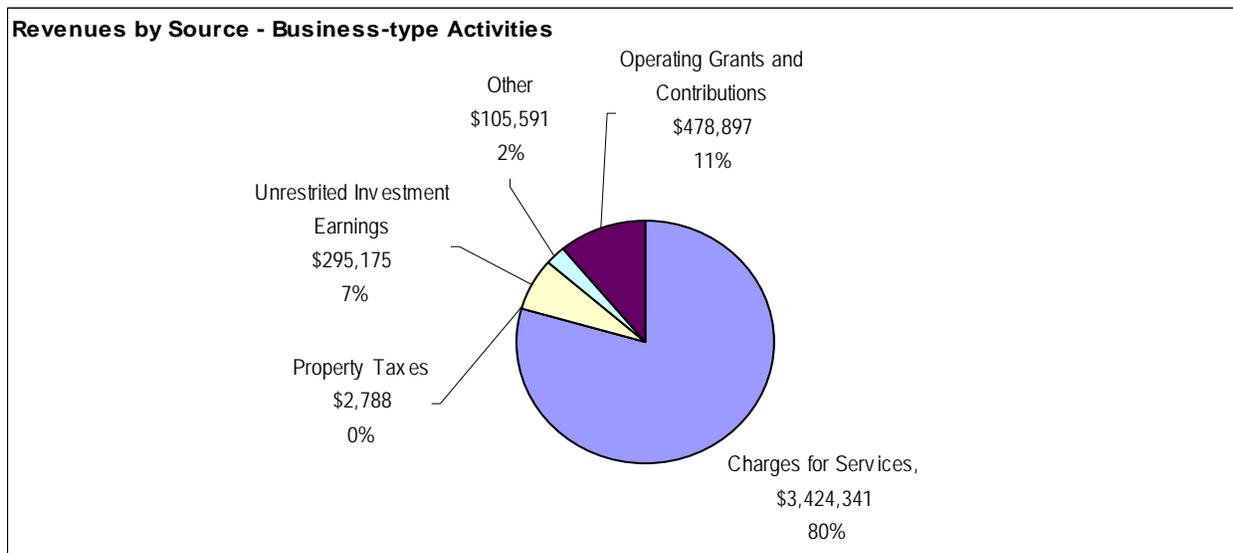
**Proprietary funds** - Mohave County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water companies, park services, and landfill operations at the end of the year amounted to \$6,325,642. The total growth in net assets for all funds was \$575,478. The only individual fund showing a profit was the landfill with a net income of \$1,198,853. However, if you add back the non-cash expense of depreciation to the other funds, they would have either a profit or a breakeven situation. The landfill has no depreciation expense because all of the landfill assets (excluding land) are owned by the landfill operator's, who are outside contractors.

The graph below represents the expenses and program revenues for Business-type Activities from the Statement of Activities. Please note that program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities.



The chart below represents all revenues collected from Business-type Activities and does include general revenues from the Statement of Activities.



## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were moving expenditures between line items and categories of budget. There were no adjustments to revenues and no changes to the net budget amount. The differences are summarized below:

- \$ 3,069,210 in decreases for general government activities: mainly contingency.
- \$ 69,408 of increases allocated to the Sheriff Department.
- \$ 147,507 of increases allocated to the health dept.-AHCCCS.
- \$ 2,852,295 of increases allocated for transfers to other funds, as follows:
 

|                                 |              |
|---------------------------------|--------------|
| Probation                       | \$ 5,295     |
| County Capital Improvement Fund | \$ 2,600,000 |
| Motor pool                      | \$ 40,000    |
| Information Technology          | \$ 207,000   |

The transfer to the County Capital Improvement Fund was a repayment of a working capital loan transferred to the General Fund the prior year. The transfers to motor pool and information technology were to cover unexpected increases in General Fund expenses incurred by those departments. The transfer to probation was to cover the matching requirement of a probation grant. During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. However, the County budgets its available unrestricted fund balance as contingency. Thus the additional transfers resulted in a draw upon existing fund balance of \$523,977.

## Capital Asset and Debt Administration

**Capital assets** - Mohave County's investment in capital assets for its governmental and business type activities as of June 30, 2003 amounts to \$119,773,963 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in Mohave County's investment in capital assets for the current fiscal year was \$6,202,719 or 5.5% (a 7.2% increase for governmental activities and a 4.4% decrease for business-type activities).

### MOHAVE COUNTY'S CAPITAL ASSETS (net of depreciation)

|                                   | Governmental<br>activities<br>2003 | Business-<br>type<br>activities<br>2003 | Total<br>2003        |
|-----------------------------------|------------------------------------|---|----------------------|
| Land                              | \$24,691,516                       | \$1,586,010                             | \$26,277,526         |
| Buildings and system              | 23,513,080                         | 1,058,453                               | 24,571,533           |
| Improvements other than buildings | 510,938                            | 12,987,623                              | 13,498,561           |
| Machinery and equipment           | 12,592,869                         | 198,740                                 | 12,791,609           |
| Infrastructure                    | 35,391,481                         | 0                                       | 35,391,481           |
| Construction in progress          | 7,243,253                          | 0                                       | 7,243,253            |
| <b>Total</b>                      | <b>\$103,943,137</b>               | <b>\$15,830,826</b>                     | <b>\$119,773,963</b> |

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

- Construction continued on the new sheriff's facility; construction in progress as of the close of the fiscal year had reached \$4,667,741. The new building is scheduled for completion in September or October of 2003.
- The Lake Havasu City Senior center was completed at a total cost of \$1,646,142. Total expenditures at year end for the Heritage Park project were \$48,354. This park is located next to the new Senior Center and is scheduled for completion in October 2004. Estimated cost to complete the park is \$667,646.
- Construction was completed on the Scenic road and bridge project with total expenditures in the amount of \$5,634,192.
- Construction continues on the Mohave Wash project with total expenditures of \$2,527,158. Completion of the project is expected in fiscal year 2006.
- Purchased land through eminent domain for eventual use as right of way, at a cost of \$93,587.

Additional information on Mohave County's capital assets can be found in Note 6 on pages 37-38 of this report.

**Long-term debt** - At the end of the current fiscal year, Mohave County had total bonded debt outstanding of \$15,656,000. Of this amount, \$9,770,000 comprises debt backed by buildings of the government used as collateral for Certificates of Participation issued and \$5,886,000 is special assessment debt for which the government can sell the taxpayer's property, to cover the debt, in the event of default by the property owners subject to the assessment. The remainder of Mohave County's debt represents claims and judgments payable, capital lease payments and compensated absences incurred during normal operations.

Mohave County's total long-term liabilities decreased by \$1,232,360 or (5%), during the current fiscal year. The key factor in this decrease was that no new debt was issued during the year

State statutes limit the amount of general obligation debt a government entity may issue to 10% of its total assessed valuation. The debt limitation for Mohave County for fiscal year 2002/2003 was \$104,479,000. Mohave County does not have any outstanding general obligation debt.

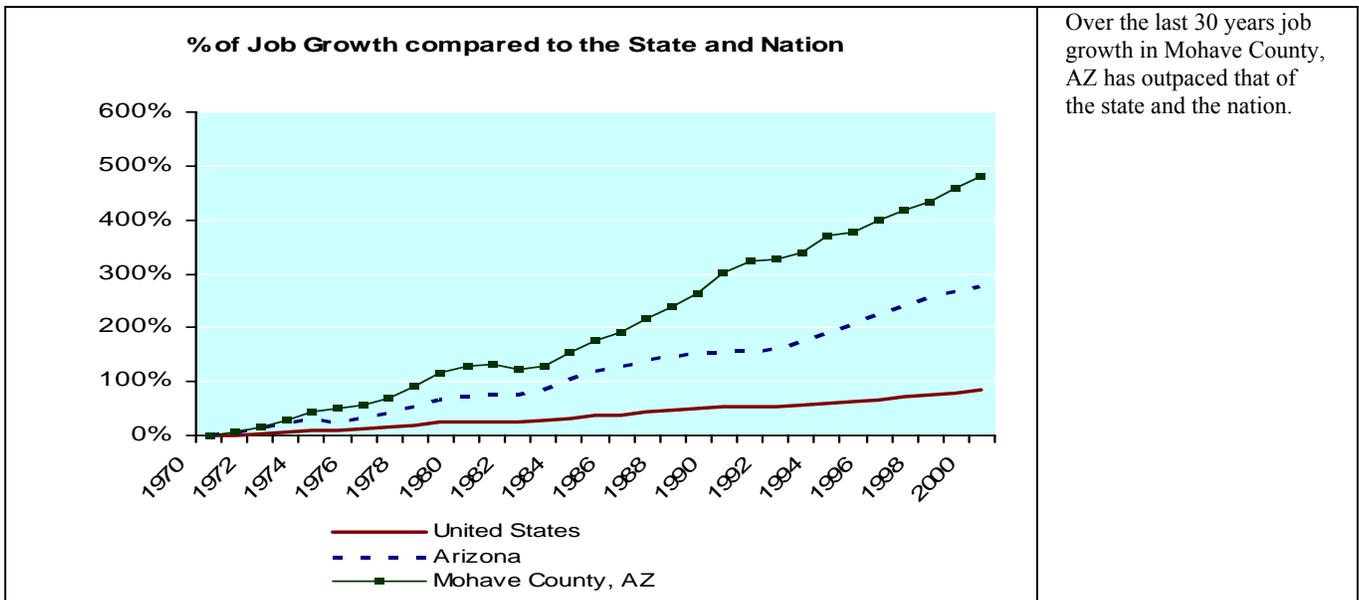
Additional information on Mohave County's long-term debt can be found in Note 8 on pages 39-44 of this report.

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

- The unemployment rate for Mohave County as of February 2004 is 4.6%, which is a decrease from a rate of 5.3% for 2003. This compares favorably to the state's average unemployment rate for 2003 of 5.6% and the national average rate of 6%.

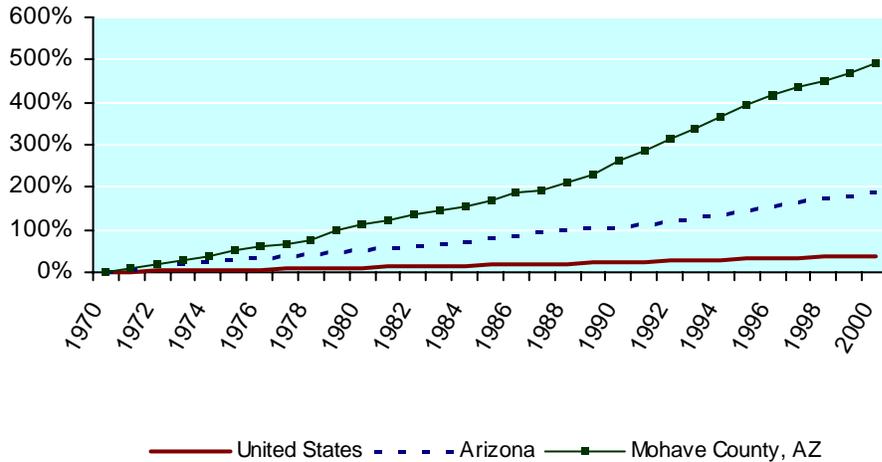
| Comparison of Local, State and Federal Unemployment Rates |       |       |       |       |
|---|-------|-------|-------|-------|
|   | 2003* | 2002* | 2001* | 2000* |
| Mohave County   | 5.3   | 5.5   | 4.5   | 4.2   |
| State of Arizona  | 5.6   | 6.2   | 4.7   | 4.0   |
| Federal   | 6.0   | 5.8   | 4.7   | 4.0   |

\*Bureau of Labor Statistics annual averages



- Continued population growth that exceeds State and national growth significantly impacts future budgets. More citizens result in more service demands. A growing and changing economy creates additional costs and additional demand for public services, requiring public revenues to keep pace with economic growth.

**% of Population Growth Between 1970 and 2000**



From 1970 to 2000 Mohave County, AZ grew by 130,052 people, a 494% increase in population.

In addition, the population in Mohave County, AZ has grown faster than the state and the nation.

\*Charts Compiled Using Data from the Bureau of Labor Statistics and the Census Bureau

All of these factors were considered in preparing Mohave County’s budget for the 2004 fiscal year.

**Requests for Information**

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

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

## **Basic Financial Statements**

**MOHAVE COUNTY**  
**Statement of Net Assets**  
**June 30, 2003**

|   | Primary Government         |                             |                       |
|---|----------------------------|-----------------------------|-----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
| <b>Assets</b>                                       |                            |                             |                       |
| <b>Current Assets</b>                               |                            |                             |                       |
| Cash and investments                                | \$ 57,601,082              | \$ 7,502,383                | \$ 65,103,465         |
| Cash and investments held by trustees               | 4,682,633                  | -                           | 4,682,633             |
| Receivables (net of allowances for uncollectibles): |                            |                             |                       |
| Property taxes                                      | 3,749,761                  | 1,880                       | 3,751,641             |
| Accounts  | 902,801                    | 188,296                     | 1,091,097             |
| Accrued interest                                    | 114,056                    | 12,577                      | 126,633               |
| Special assessments                                 | 5,834,771                  | -                           | 5,834,771             |
| Due from:   |                            |                             |                       |
| Internal balances                                   | (938,436)                  | 938,436                     | -                     |
| Other governments                                   | 4,742,834                  | 71,772                      | 4,814,606             |
| Inventories   | 273,393                    | 226,799                     | 500,192               |
| Prepaid items                                       | 73,593                     | 2,646                       | 76,239                |
| <b>Noncurrent Assets</b>                            |                            |                             |                       |
| Restricted cash                                     | -                          | 286,476                     | 286,476               |
| Capital assets not being depreciated                | 31,934,769                 | 1,586,010                   | 33,520,779            |
| Capital assets being depreciated, net               | 72,008,368                 | 14,244,816                  | 86,253,184            |
| Total assets  | <u>\$ 180,979,625</u>      | <u>\$ 25,062,091</u>        | <u>\$ 206,041,716</u> |
| <b>Liabilities</b>                                  |                            |                             |                       |
| <b>Current Liabilities</b>                          |                            |                             |                       |
| Accounts payable and other current liabilities      | \$ 2,347,637               | \$ 115,463                  | \$ 2,463,100          |
| Accrued payroll and employee benefits               | 1,759,600                  | 38,009                      | 1,797,609             |
| Accrued interest payable                            | 273,259                    | -                           | 273,259               |
| Due to other governments                            | 75,276                     | 3,660                       | 78,936                |
| Deposits held for others                            | 158,098                    | 74,417                      | 232,515               |
| Deferred revenue                                    | 7,796,683                  | 100,000                     | 7,896,683             |
| Current portion of long-term obligations            | 5,478,555                  | 66,961                      | 5,545,516             |
| <b>Noncurrent liabilities</b>                       |                            |                             |                       |
| Noncurrent portion of long-term obligations         | 14,229,686                 | 2,220,636                   | 16,450,322            |
| Total Liabilities                                   | <u>\$ 32,118,794</u>       | <u>\$ 2,619,146</u>         | <u>\$ 34,737,940</u>  |
| <b>Net Assets</b>                                   |                            |                             |                       |
| Invested in capital assets, net of related debt     | 89,433,766                 | 15,830,827                  | 105,264,593           |
| Restricted for:                                     |                            |                             |                       |
| Public safety                                       | 3,664,969                  | -                           | 3,664,969             |
| Highway & streets                                   | 13,885,316                 | -                           | 13,885,316            |
| Health  | 626,798                    | -                           | 626,798               |
| Welfare   | 418,206                    | -                           | 418,206               |
| Culture and recreation                              | 7,645                      | -                           | 7,645                 |
| Education   | 2,420,927                  | -                           | 2,420,927             |
| Debt service  | 1,942,705                  | -                           | 1,942,705             |
| Capital projects                                    | 282,444                    | 286,476                     | 568,920               |
| Unrestricted  | 36,178,055                 | 6,325,642                   | 42,503,697            |
| Total net assets                                    | <u>\$ 148,860,831</u>      | <u>\$ 22,442,945</u>        | <u>\$ 171,303,776</u> |

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

**MOHAVE COUNTY**  
**Statement of Activities**  
**Year Ended June 30, 2003**

| <u>Functions/Programs</u>                     | <u>Program Revenues</u> |                             |   | <u>Net (Expense) Revenue and Changes in Net Assets</u> |                                 |                       |
|---|-------------------------|-----------------------------|---|--|---------------------------------|-----------------------|
|   | <u>Expenses</u>         | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Primary Government</u>                              |                                 |                       |
|   |                         |                             |   | <u>Governmental Activities</u>                         | <u>Business-type Activities</u> | <u>Total</u>          |
| <b>Primary Government:</b>                    |                         |                             |   |  |                                 |                       |
| Governmental activities:                      |                         |                             |   |  |                                 |                       |
| General Government                            | \$ 37,121,934           | \$ 14,931,010               | \$ 7,945,128                              | \$ (14,245,796)  | \$ -                            | \$ (14,245,796)       |
| Public Safety                                 | 17,726,592              | 1,818,666                   | 4,284,825                                 | (11,623,101)   | -                               | (11,623,101)          |
| Highways and streets                          | 15,003,084              | 1,671,227                   | 11,756,621                                | (1,575,236)  | -                               | (1,575,236)           |
| Health  | 11,057,271              | -                           | 2,181,459                                 | (8,875,812)  | -                               | (8,875,812)           |
| Welfare                                       | 3,462,500               | 1,300,102                   | 2,483,460                                 | 321,062  | -                               | 321,062               |
| Culture and recreation                        | 2,916,505               | -                           | 240,601                                   | (2,675,904)  | -                               | (2,675,904)           |
| Education                                     | 3,684,745               | 487,589                     | 1,127,815                                 | (2,069,341)  | -                               | (2,069,341)           |
| Interest on long-term debt                    | 1,008,492               | -                           | 88,582                                    | (919,910)  | -                               | (919,910)             |
| Total governmental activities                 | <u>91,981,123</u>       | <u>20,208,594</u>           | <u>30,108,491</u>                         | <u>(41,664,038)</u>                                    | <u>-</u>                        | <u>(41,664,038)</u>   |
| Business-type activities:                     |                         |                             |   |  |                                 |                       |
| Landfill                                      | 462,124                 | 1,120,284                   | 305,722                                   | -  | 963,882                         | 963,882               |
| Recreation                                    | 1,087,351               | 926,741                     | 100,000                                   | -  | (60,610)                        | (60,610)              |
| Water companies                               | 2,181,839               | 1,377,316                   | 73,175                                    | -  | (731,348)                       | (731,348)             |
| Total business-type activities                | <u>3,731,314</u>        | <u>3,424,341</u>            | <u>478,897</u>                            | <u>-</u>   | <u>171,924</u>                  | <u>171,924</u>        |
| Total primary government                      | <u>\$ 95,712,437</u>    | <u>\$ 23,902,914</u>        | <u>\$ 30,587,388</u>                      | <u>(41,664,038)</u>                                    | <u>171,924</u>                  | <u>(41,492,114)</u>   |
| General revenues:                             |                         |                             |   |  |                                 |                       |
| Property taxes, levied for general purposes   |                         |                             |   | 32,413,694   | 2,788                           | 32,416,482            |
| Property taxes, levied for debt service       |                         |                             |   | 904,045  | -                               | 904,045               |
| Share of state sales taxes                    |                         |                             |   | 14,471,404   | -                               | 14,471,404            |
| Special County sales tax for capital projects |                         |                             |   | 4,874,083  | -                               | 4,874,083             |
| Investment earnings                           |                         |                             |   | 2,162,728  | 295,175                         | 2,457,903             |
| Rent  |                         |                             |   | 199,507  | 700                             | 200,207               |
| Fines and Forfeits                            |                         |                             |   | 1,422,792  | -                               | 1,422,792             |
| Miscellaneous                                 |                         |                             |   | 596,774  | 104,891                         | 701,665               |
| Total general revenues                        |                         |                             |   | <u>57,045,027</u>                                      | <u>403,554</u>                  | <u>57,448,581</u>     |
| Change in net assets                          |                         |                             |   | 15,380,989   | 575,478                         | 15,956,467            |
| Net assets, July 1, 2002, as restated         |                         |                             |   | 133,479,842  | 21,867,467                      | 155,347,309           |
| Net assets, June 30, 2003                     |                         |                             |   | <u>\$ 148,860,831</u>                                  | <u>\$ 22,442,945</u>            | <u>\$ 171,303,776</u> |

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

**MOHAVE COUNTY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2003**

| <b>Assets</b>                                       | General              | Road                 | Flood<br>Control    | County Capital<br>Improvement | Nonmajor<br>Funds    | Totals               |
|---|----------------------|----------------------|---------------------|-------------------------------|----------------------|----------------------|
| Cash and Investments                                | \$ 8,554,009         | \$ 9,684,908         | \$ 7,383,062        | \$ 10,372,566                 | \$ 14,794,942        | \$ 50,789,487        |
| Cash and investments held by trustee                | -                    | 2,701,453            | -                   | -                             | 1,981,180            | 4,682,633            |
| Receivables (net of allowances for uncollectibles): |                      |                      |                     |                               |                      |                      |
| Property taxes                                      | 2,565,040            | -                    | 468,849             | -                             | 715,872              | 3,749,761            |
| Accounts  | 345,590              | 35,071               | 50                  | 19,680                        | 485,309              | 885,700              |
| Accrued Interest                                    | 17,818               | 20,445               | 20,476              | 21,281                        | 19,712               | 99,732               |
| Special assessments                                 | -                    | -                    | -                   | -                             | 5,834,771            | 5,834,771            |
| Due from other funds                                | 306,519              | 278,478              | -                   | -                             | 556,314              | 1,141,311            |
| Due from other governments                          | 1,301,118            | 1,953,605            | -                   | 436,345                       | 1,050,990            | 4,742,058            |
| Inventories   | -                    | 268,665              | -                   | -                             | -                    | 268,665              |
| Prepaid items                                       | 6,084                | -                    | -                   | -                             | 31,083               | 37,167               |
| <b>Total assets</b>                                 | <b>\$ 13,096,178</b> | <b>\$ 14,942,625</b> | <b>\$ 7,872,437</b> | <b>\$ 10,849,872</b>          | <b>\$ 25,470,173</b> | <b>\$ 72,231,285</b> |
| <b>Liabilities and Fund Balances</b>                |                      |                      |                     |                               |                      |                      |
| <b>Liabilities:</b>                                 |                      |                      |                     |                               |                      |                      |
| Accrued liabilities                                 | \$ 547,209           | \$ 400,293           | \$ 650,105          | \$ 347,790                    | \$ 333,391           | \$ 2,278,788         |
| Accrued payroll and employee benefits               | 1,064,092            | 193,431              | 9,761               | -                             | 599,666              | 1,866,950            |
| Due to other funds                                  | 1,160,115            | 192,221              | 90,693              | -                             | 711,950              | 2,154,979            |
| Due to other governments                            | 785                  | 2,699                | 2                   | 7,375                         | 64,415               | 75,276               |
| Deposits held for others                            | 53,501               | -                    | -                   | -                             | 104,597              | 158,098              |
| Claims and judgements payable                       | 19,182               | -                    | -                   | -                             | -                    | 19,182               |
| Certificates of participation:                      |                      |                      |                     |                               |                      |                      |
| Principal payable                                   | -                    | -                    | -                   | -                             | 1,165,000            | 1,165,000            |
| Interest payable                                    | -                    | -                    | -                   | -                             | 273,259              | 273,259              |
| Deferred revenues                                   | 3,769,792            | -                    | 361,210             | -                             | 6,410,716            | 10,541,718           |
| <b>Total liabilities</b>                            | <b>6,614,676</b>     | <b>788,644</b>       | <b>1,111,771</b>    | <b>355,165</b>                | <b>9,662,994</b>     | <b>18,533,250</b>    |
| <b>Fund balances:</b>                               |                      |                      |                     |                               |                      |                      |
| <b>Reserved for:</b>                                |                      |                      |                     |                               |                      |                      |
| Indigent defense - ARS 11-584(D)                    | 227,651              | -                    | -                   | -                             | -                    | 227,651              |
| Inventories   | -                    | 268,665              | -                   | -                             | -                    | 268,665              |
| <b>Unreserved, reported in:</b>                     |                      |                      |                     |                               |                      |                      |
| General fund  | 6,253,851            | -                    | -                   | -                             | -                    | 6,253,851            |
| Special revenue                                     | -                    | 13,885,316           | 6,760,666           | -                             | 11,500,301           | 32,146,283           |
| Capital projects                                    | -                    | -                    | -                   | 10,494,707                    | 2,364,173            | 12,858,880           |
| Debt service  | -                    | -                    | -                   | -                             | 1,942,705            | 1,942,705            |
| <b>Total fund balances</b>                          | <b>6,481,502</b>     | <b>14,153,981</b>    | <b>6,760,666</b>    | <b>10,494,707</b>             | <b>15,807,179</b>    | <b>53,698,035</b>    |
| <b>Total liabilities and fund balances</b>          | <b>\$ 13,096,178</b> | <b>\$ 14,942,625</b> | <b>\$ 7,872,437</b> | <b>\$ 10,849,872</b>          | <b>\$ 25,470,173</b> | <b>\$ 72,231,285</b> |

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

**MOHAVE COUNTY**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**June 30, 2003**

Fund balances - total governmental funds \$ 53,698,035

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 101,400,950

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds

Property taxes receivable 2,745,035

Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 8,670,348

Long term debt, including bonds payable, is not due and payable in the current period and therefore, is not reported in the funds. (17,653,537)

Net assets of governmental activities \$ 148,860,831

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

**MOHAVE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2003**

|   | <u>General</u>      | <u>Road</u>          | <u>Flood Control</u> | <u>County Capital Improvement</u> | <u>Nonmajor Funds</u> | <u>Totals</u>        |
|---|---------------------|----------------------|----------------------|-----------------------------------|-----------------------|----------------------|
| <b>Revenues:</b>  |                     |                      |                      |                                   |                       |                      |
| Taxes   | \$ 20,569,862       | \$ -                 | \$ 4,444,596         | \$ 4,874,083                      | \$ 4,652,392          | \$ 34,540,933        |
| Special Assessments                                       | -                   | -                    | 28,902               | -                                 | 876,819               | 905,721              |
| Licenses and permits                                      | 797,921             | -                    | 442                  | -                                 | 28,460                | 826,823              |
| Intergovernmental   | 21,134,101          | 11,698,611           | -                    | -                                 | 11,821,795            | 44,654,507           |
| Charges for services                                      | 4,649,361           | 1,662,260            | -                    | -                                 | 6,106,304             | 12,417,925           |
| Fines and forfeits  | 1,361,971           | -                    | -                    | -                                 | 60,821                | 1,422,792            |
| Investment income   | 339,625             | 335,608              | 331,478              | 304,802                           | 602,502               | 1,914,015            |
| Rents   | 103,307             | 96,200               | -                    | -                                 | -                     | 199,507              |
| Contributions   | 19,588              | 57,569               | -                    | -                                 | 83,128                | 160,285              |
| Miscellaneous   | 412,525             | 19,573               | 2,420                | -                                 | 130,022               | 564,540              |
| Total revenues  | <u>49,388,261</u>   | <u>13,869,821</u>    | <u>4,807,838</u>     | <u>5,178,885</u>                  | <u>24,362,243</u>     | <u>97,607,048</u>    |
| <b>Expenditures:</b>                                      |                     |                      |                      |                                   |                       |                      |
| Current:  |                     |                      |                      |                                   |                       |                      |
| General government  | 23,701,853          | -                    | -                    | -                                 | 3,257,424             | 26,959,277           |
| Public Safety   | 13,387,460          | -                    | -                    | -                                 | 5,112,777             | 18,500,237           |
| Highways and streets                                      | -                   | 11,608,615           | 4,465,224            | -                                 | 25,543                | 16,099,382           |
| Health  | 7,470,798           | -                    | -                    | -                                 | 3,829,208             | 11,300,006           |
| Welfare   | -                   | -                    | -                    | -                                 | 3,684,344             | 3,684,344            |
| Culture and recreation                                    | -                   | -                    | -                    | -                                 | 3,114,259             | 3,114,259            |
| Education   | 285,119             | -                    | -                    | -                                 | 3,478,668             | 3,763,787            |
| Capital outlay  | -                   | -                    | -                    | 4,504,795                         | 1,441,818             | 5,946,613            |
| Debt service:   |                     |                      |                      |                                   |                       |                      |
| Principal retirement                                      | -                   | -                    | -                    | -                                 | 2,439,000             | 2,439,000            |
| Interest and fiscal charges                               | -                   | -                    | -                    | -                                 | 1,008,492             | 1,008,492            |
| Total expenditures  | <u>44,845,230</u>   | <u>11,608,615</u>    | <u>4,465,224</u>     | <u>4,504,795</u>                  | <u>27,391,533</u>     | <u>92,815,397</u>    |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,543,031</u>    | <u>2,261,206</u>     | <u>342,614</u>       | <u>674,090</u>                    | <u>(3,029,290)</u>    | <u>4,791,651</u>     |
| <b>Other financing sources (uses)</b>                     |                     |                      |                      |                                   |                       |                      |
| Transfers in  | 1,377,458           | -                    | -                    | 2,600,000                         | 4,877,002             | 8,854,460            |
| Transfers out   | <u>(6,444,466)</u>  | <u>(48,000)</u>      | <u>(255,921)</u>     | <u>-</u>                          | <u>(3,082,895)</u>    | <u>(9,831,282)</u>   |
| Total other financing sources and uses                    | <u>(5,067,008)</u>  | <u>(48,000)</u>      | <u>(255,921)</u>     | <u>2,600,000</u>                  | <u>1,794,107</u>      | <u>(976,822)</u>     |
| Net change in fund balances                               | (523,977)           | 2,213,206            | 86,693               | 3,274,090                         | (1,235,183)           | 3,814,829            |
| Fund balances, July 1, 2002, as restated                  | 7,005,479           | 11,930,307           | 6,673,973            | 7,220,617                         | 17,042,362            | 49,872,738           |
| Increase in reserve for inventory of supplies             | -                   | 10,468               | -                    | -                                 | -                     | 10,468               |
| Fund balances, June 30, 2003                              | <u>\$ 6,481,502</u> | <u>\$ 14,153,981</u> | <u>\$ 6,760,666</u>  | <u>\$ 10,494,707</u>              | <u>\$ 15,807,179</u>  | <u>\$ 53,698,035</u> |

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

**MOHAVE COUNTY**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**Year Ended June 30, 2003**

|  |             |               |
|--|-------------|---------------|
| Net change in fund balances - total governmental funds   |             | \$ 3,814,829  |
| Amounts reported for governmental activities in the Statement of Activities are different because:   |             |               |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, expenditures, such as supply inventories, are recorded as expenditures when purchased, in the governmental funds. In the Statement of Activities, however, inventories are expensed when consumed.</p> |             |               |
| Capital outlay   | 10,744,703  |               |
| Depreciation expense   | (4,193,372) |               |
| Increase in supply inventory   | 10,468      | 6,561,799     |
| <p>Debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>  |             |               |
| Accrued long-term liabilities-net (excluding Internal service)   | (1,181,992) |               |
| Principal repaid on long-term debt   | 2,555,137   | 1,373,145     |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.   |             | 2,745,035     |
| Certain interdepartmental revenues and expenditures and transfers between Internal Service and general government funds are eliminated.  |             | 4,348,916     |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.   |             | (3,462,735)   |
| Change in net assets of governmental activities  |             | \$ 15,380,989 |

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

**MOHAVE COUNTY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2003**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                     |                     |                                       |                      | <b>Governmental<br/>Activities-<br/>Internal Service<br/>Funds</b> |
|---|--|---------------------|---------------------|---------------------------------------|----------------------|--|
|   | <b>I-40 Water<br/>Corridor</b>                     | <b>Landfill</b>     | <b>G.V.I.D.</b>     | <b>Other<br/>Enterprise<br/>Funds</b> | <b>Total</b>         |  |
| <b>Assets</b>                                       |  |                     |                     |                                       |                      |  |
| Current assets:                                     |  |                     |                     |                                       |                      |  |
| Cash and cash equivalents                           | \$ -   | \$ 5,988,108        | \$ 1,016,536        | \$ 497,739                            | \$ 7,502,383         | \$ 6,811,595   |
| Receivables (net of allowances for uncollectibles): |  |                     |                     |                                       |                      |  |
| Property taxes                                      | -  | -                   | 1,880               | -                                     | 1,880                | -  |
| Accounts  | 83,045   | 99,994              | -                   | 5,257                                 | 188,296              | 17,101   |
| Accrued interest                                    | -  | 9,578               | 2,641               | 358                                   | 12,577               | 14,324   |
| Special assessments                                 | -  | -                   | -                   | -                                     | -                    | -  |
| Due from:   |  |                     |                     |                                       |                      |  |
| Other funds   | 1,941  | -                   | 7,035               | 1,721                                 | 10,697               | 422,289  |
| Other governments                                   | -  | 71,772              | -                   | -                                     | 71,772               | 776  |
| Inventories   | 226,799  | -                   | -                   | -                                     | 226,799              | 4,728  |
| Prepaid items                                       | -  | -                   | -                   | 2,646                                 | 2,646                | 36,426   |
| <b>Total current assets</b>                         | <b>311,785</b>                                     | <b>6,169,452</b>    | <b>1,028,092</b>    | <b>507,721</b>                        | <b>8,017,050</b>     | <b>7,307,239</b>   |
| Noncurrent assets:                                  |  |                     |                     |                                       |                      |  |
| Cash - restricted                                   | 168,678  | -                   | 117,798             | -                                     | 286,476              | -  |
| Due from other funds                                | -  | 1,000,000           | -                   | -                                     | 1,000,000            | -  |
| Land  | -  | 106,818             | -                   | 1,479,192                             | 1,586,010            | -  |
| Infrastructure                                      | 6,338,294  | -                   | 10,001,104          | 963,968                               | 17,303,366           | -  |
| Buildings   | -  | -                   | 60,613              | 1,579,333                             | 1,639,946            | -  |
| Accumulated depreciation                            | (589,241)  | -                   | (3,241,475)         | (1,066,520)                           | (4,897,236)          | -  |
| Machinery and equipment                             | 25,748   | -                   | 192,070             | 243,382                               | 461,200              | 8,516,758  |
| Accumulated depreciation                            | (11,399)   | -                   | (63,322)            | (187,739)                             | (262,460)            | (5,974,571)  |
| <b>Total noncurrent assets</b>                      | <b>5,932,080</b>                                   | <b>1,106,818</b>    | <b>7,066,788</b>    | <b>3,011,616</b>                      | <b>17,117,302</b>    | <b>2,542,187</b>   |
| <b>Total assets</b>                                 | <b>6,243,865</b>                                   | <b>7,276,270</b>    | <b>8,094,880</b>    | <b>3,519,337</b>                      | <b>25,134,352</b>    | <b>9,849,426</b>   |
| <b>Liabilities</b>                                  |  |                     |                     |                                       |                      |  |
| Current liabilities:                                |  |                     |                     |                                       |                      |  |
| Accrued liabilities                                 | 52,655   | 16,110              | 18,576              | 28,122                                | 115,463              | 68,849   |
| Accrued payroll and employee benefits               | 4,448  | 1,148               | 7,964               | 24,449                                | 38,009               | 52,904   |
| Due to:   |  |                     |                     |                                       |                      |  |
| Other funds   | 2,000  | 50,688              | 12,204              | 7,369                                 | 72,261               | 347,057  |
| Other governments                                   | 104  | -                   | 3,547               | 9                                     | 3,660                | -  |
| Deposits held for others                            | 14,985   | -                   | 59,082              | 350                                   | 74,417               | -  |
| Deferred revenues                                   | -  | -                   | -                   | 100,000                               | 100,000              | -  |
| Current portion of long-term debt                   | 11,813   | 1,529               | 12,472              | 41,147                                | 66,961               | -  |
| Claims and judgements payable                       | -  | -                   | -                   | -                                     | -                    | 602,952  |
| <b>Total current liabilities</b>                    | <b>86,005</b>                                      | <b>69,475</b>       | <b>113,845</b>      | <b>201,446</b>                        | <b>470,771</b>       | <b>1,071,762</b>   |
| Noncurrent Liabilities:                             |  |                     |                     |                                       |                      |  |
| Landfill closure & postclosure care costs           | -  | 2,220,636           | -                   | -                                     | 2,220,636            | -  |
| Compensated Absences                                | -  | -                   | -                   | -                                     | -                    | 107,316  |
| <b>Total noncurrent liabilities</b>                 | <b>-</b>   | <b>2,220,636</b>    | <b>-</b>            | <b>-</b>                              | <b>2,220,636</b>     | <b>107,316</b>   |
| <b>Total liabilities</b>                            | <b>86,005</b>                                      | <b>2,290,111</b>    | <b>113,845</b>      | <b>201,446</b>                        | <b>2,691,407</b>     | <b>1,179,078</b>   |
| <b>Net Assets</b>                                   |  |                     |                     |                                       |                      |  |
| Investment in capital assets, net of related debt   | 5,763,403  | 106,818             | 6,948,990           | 3,011,616                             | 15,830,827           | 2,542,187  |
| Restricted for capital projects                     | 168,678  | -                   | 117,798             | -                                     | 286,476              | -  |
| Unrestricted  | 225,779  | 4,879,341           | 914,247             | 306,275                               | 6,325,642            | 6,128,161  |
| <b>Total net assets</b>                             | <b>\$ 6,157,860</b>                                | <b>\$ 4,986,159</b> | <b>\$ 7,981,035</b> | <b>\$ 3,317,891</b>                   | <b>\$ 22,442,945</b> | <b>\$ 8,670,348</b>  |

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

**MOHAVE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2003**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                     |                     |                                       | <b>Totals</b>        | <b>Governmental<br/>Activities-<br/>Internal<br/>Service Funds</b> |
|---|--|---------------------|---------------------|---------------------------------------|----------------------|--|
|   | <b>I-40 Water<br/>Corridor</b>                     | <b>Landfill</b>     | <b>G.V.I.D.</b>     | <b>Other<br/>Enterprise<br/>Funds</b> |                      |  |
| Operating revenues:                         |  |                     |                     |                                       |                      |  |
| Taxes                                       | \$ -   | \$ -                | \$ 2,788            | \$ -                                  | \$ 2,788             | \$ -   |
| Charges for services                        | 934,123  | 1,120,284           | 443,893             | 926,741                               | 3,425,041            | 10,089,363   |
| Miscellaneous                               | 99,332   | -                   | 60,284              | 18,450                                | 178,066              | 32,157   |
| Total operating revenues                    | <u>1,033,455</u>                                   | <u>1,120,284</u>    | <u>506,965</u>      | <u>945,191</u>                        | <u>3,605,895</u>     | <u>10,121,520</u>  |
| Operating expenses:                         |  |                     |                     |                                       |                      |  |
| Personal services                           | 128,155  | 118,908             | 240,580             | 633,162                               | 1,120,805            | 1,403,622  |
| Supplies                                    | 16,794   | 1,314               | 51,060              | 125,273                               | 194,441              | 589,440  |
| Professional services                       | 12,155   | 144,218             | 37,250              | 37,829                                | 231,452              | 299,270  |
| Communication                               | 3,250  | 529                 | 11,127              | 512                                   | 15,418               | 579,008  |
| Insurance                                   | -  | -                   | 5,288               | -                                     | 5,288                | -  |
| Landfill closure/postclosure care costs     | -  | 119,894             | -                   | -                                     | 119,894              | -  |
| Insurance claims                            | -  | -                   | -                   | -                                     | -                    | 5,173,570  |
| Lawsuit judgements                          | -  | -                   | -                   | -                                     | -                    | 94,715   |
| Repairs and maintenance                     | 58,583   | 4,411               | 106,294             | 11,529                                | 180,817              | 131,377  |
| Public utility service                      | 602,899  | 47,793              | 54,570              | 170,243                               | 875,505              | 27,307   |
| Rents and leases                            | 4,200  | -                   | -                   | 14,276                                | 18,476               | 783,192  |
| Depreciation                                | 484,229  | -                   | 265,969             | 66,618                                | 816,816              | 522,216  |
| Other                                       | 20,709   | 25,057              | 47,284              | 59,352                                | 152,402              | 531,936  |
| Total operating expenses                    | <u>1,330,974</u>                                   | <u>462,124</u>      | <u>819,422</u>      | <u>1,118,794</u>                      | <u>3,731,314</u>     | <u>10,135,653</u>  |
| Operating income (loss)                     | <u>(297,519)</u>                                   | <u>658,160</u>      | <u>(312,457)</u>    | <u>(173,603)</u>                      | <u>(125,419)</u>     | <u>(14,133)</u>  |
| Nonoperating revenues (expenses):           |  |                     |                     |                                       |                      |  |
| Investment Earnings                         | 2,140  | 234,971             | 48,050              | 10,014                                | 295,175              | 250,135  |
| Intergovernmental                           | -  | 305,722             | -                   | 100,000                               | 405,722              | -  |
| Loss on disposal of fixed assets            | -  | -                   | -                   | -                                     | -                    | (326,643)  |
| Total nonoperating revenues (expenses)      | <u>2,140</u>                                       | <u>540,693</u>      | <u>48,050</u>       | <u>110,014</u>                        | <u>700,897</u>       | <u>(76,508)</u>  |
| Income (loss) before transfers              | (295,379)  | 1,198,853           | (264,407)           | (63,589)                              | 575,478              | (90,641)   |
| Transfers in                                | -  | -                   | -                   | -                                     | -                    | 1,144,186  |
| Transfers out                               | -  | -                   | -                   | -                                     | -                    | (167,364)  |
| Increase (Decrease) in net assets           | <u>(295,379)</u>                                   | <u>1,198,853</u>    | <u>(264,407)</u>    | <u>(63,589)</u>                       | <u>575,478</u>       | <u>886,181</u>   |
| Total net assets, July 1, 2002, as restated | <u>6,453,239</u>                                   | <u>3,787,306</u>    | <u>8,245,442</u>    | <u>3,381,480</u>                      | <u>21,867,467</u>    | <u>7,784,167</u>   |
| Total net assets, June 30, 2003             | <u>\$ 6,157,860</u>                                | <u>\$ 4,986,159</u> | <u>\$ 7,981,035</u> | <u>\$ 3,317,891</u>                   | <u>\$ 22,442,945</u> | <u>\$ 8,670,348</u>  |

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

**MOHAVE COUNTY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2003**

|  | Business-Type Activities - Enterprise Funds |                     |                     |                              | Totals              | Governmental<br>Activities-<br>Internal<br>Service Funds |
|--|---|---------------------|---------------------|------------------------------|---------------------|--|
|  | I-40 Water<br>Corridor                      | Landfill            | G.V.I.D.            | Other<br>Enterprise<br>Funds |                     |  |
| Cash flows from operating activities:  |   |                     |                     |                              |                     |  |
| Receipts from customers and users  | \$ 998,398                                  | \$ 1,161,080        | \$ 441,826          | \$ 945,121                   | \$ 3,546,425        | \$ 25,547  |
| Receipts from interfund services provided  | 85,572                                      | -                   | 62,488              | -                            | 148,060             | 9,924,735  |
| Payments to suppliers  | (737,864)                                   | (216,032)           | (258,587)           | (367,464)                    | (1,579,947)         | (8,147,403)  |
| Payments to employees  | (128,555)                                   | (67,030)            | (221,155)           | (580,946)                    | (997,686)           | (1,365,305)  |
| Payments for interfund services used   | (20,550)                                    | (5,388)             | (40,418)            | (54,846)                     | (121,202)           | (382,760)  |
| Deposits held for others   | -   | -                   | 4,341               | (50)                         | 4,291               | -  |
| Net cash provided by (used for) operating activities   | <u>197,001</u>                              | <u>872,630</u>      | <u>(11,505)</u>     | <u>(58,185)</u>              | <u>999,941</u>      | <u>54,815</u>  |
| Cash flows from noncapital financing activities:   |   |                     |                     |                              |                     |  |
| Transfer to other funds  | -   | -                   | -                   | -                            | -                   | 297,234  |
| Advances from / Due to other funds   | -   | -                   | -                   | -                            | -                   | 892,902  |
| Subsidy from federal grant   | -   | 295,213             | -                   | 100,000                      | 395,213             | -  |
| Net cash provided by (used for) capital and related<br>financing activities                                  | <u>-</u>                                    | <u>295,213</u>      | <u>-</u>            | <u>100,000</u>               | <u>395,213</u>      | <u>1,190,136</u>   |
| Cash flows from capital and related financing activities:  |   |                     |                     |                              |                     |  |
| Purchases of capital assets  | -   | -                   | -                   | -                            | -                   | (782,310)  |
| Acquisition and construction of capital assets   | -   | -                   | (80,792)            | -                            | (80,792)            | -  |
| Proceeds from sales of capital assets  | -   | -                   | -                   | -                            | -                   | 63,436   |
| Net cash provided by (used for) capital and related<br>financing activities                                  | <u>-</u>                                    | <u>-</u>            | <u>(80,792)</u>     | <u>-</u>                     | <u>(80,792)</u>     | <u>(718,874)</u>   |
| Cash flows from investing activities:  |   |                     |                     |                              |                     |  |
| Interest and dividends received  | 2,140                                       | 225,393             | 48,726              | 10,278                       | 286,537             | 249,542  |
| Net cash provided by (used for) investing activities   | <u>2,140</u>                                | <u>225,393</u>      | <u>48,726</u>       | <u>10,278</u>                | <u>286,537</u>      | <u>249,542</u>   |
| Net increase in cash and cash equivalents  | 199,141                                     | 1,393,236           | (43,571)            | 52,093                       | 1,600,899           | 775,619  |
| Cash and cash equivalents, July 1, 2002, as restated   | (30,463)                                    | 4,594,872           | 1,177,905           | 445,646                      | 6,187,960           | 6,035,976  |
| Cash and cash equivalents, June 30, 2003   | <u>\$ 168,678</u>                           | <u>\$ 5,988,108</u> | <u>\$ 1,134,334</u> | <u>\$ 497,739</u>            | <u>\$ 7,788,859</u> | <u>\$ 6,811,595</u>                                      |
| Reconciliation of operating income (loss) to net cash<br>provided by (used for) operating activities:        |   |                     |                     |                              |                     |  |
| Operating income (loss)  | \$ (297,519)                                | \$ 658,160          | \$ (312,457)        | \$ (173,603)                 | \$ (125,419)        | \$ (14,133)  |
| Adjustments to reconcile operating income (loss) to net<br>cash provided by (used for) operating activities: |   |                     |                     |                              |                     |  |
| Depreciation expense   | 484,229                                     | -                   | 265,969             | 66,618                       | 816,816             | 522,216  |
| Landfill closure and postclosure care costs  | -   | 119,894             | -                   | -                            | 119,894             | -  |
| Change in assets/liabilities:  |   |                     |                     |                              |                     |  |
| Receivables, net (increase) decrease   | 58,186                                      | 40,397              | 1,157               | (4,680)                      | 95,060              | (16,611)   |
| Due from other funds   | (1,941)                                     | -                   | (1,174)             | (1,721)                      | (4,836)             | (362,102)  |
| Due from other governments   | -   | -                   | -                   | 3,247                        | 3,247               | 78   |
| Inventories  | (26,067)                                    | -                   | -                   | -                            | (26,067)            | 5,285  |
| Prepaid items  | -   | -                   | 135                 | (1,948)                      | (1,813)             | (6,061)  |
| Accrued liabilities  | (34,607)                                    | 1,924               | 6,454               | 688                          | (25,541)            | (23,488)   |
| Due to other funds   | 1,826                                       | 50,668              | 10,701              | 6,663                        | 69,858              | 29,912   |
| Due to other governments   | 243   | -                   | 2,518               | 9                            | 2,770               | -  |
| Accrued payroll and related benefits   | (155)                                       | 58                  | 1,167               | 5,444                        | 6,514               | 3,321  |
| Compensated absences   | 2,821                                       | 1,529               | 12,472              | 41,148                       | 57,970              | 44,014   |
| Deferred revenue   | -   | -                   | (2,788)             | -                            | (2,788)             | -  |
| Customer deposits  | 9,985                                       | -                   | 4,341               | (50)                         | 14,276              | -  |
| Claims payable   | -   | -                   | -                   | -                            | -                   | (39,877)   |
| Obligations from lease agreements  | -   | -                   | -                   | -                            | -                   | (87,739)   |
| Total adjustments  | <u>494,520</u>                              | <u>214,470</u>      | <u>300,952</u>      | <u>115,418</u>               | <u>1,125,360</u>    | <u>68,948</u>  |
| Net cash provided by (used for) operating activities   | <u>\$ 197,001</u>                           | <u>\$ 872,630</u>   | <u>\$ (11,505)</u>  | <u>\$ (58,185)</u>           | <u>\$ 999,941</u>   | <u>\$ 54,815</u>   |

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

**MOHAVE COUNTY**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2003**

|   | <b>Investment<br/>Trust<br/>Funds</b> | <b>Agency<br/>Funds</b> |
|---|---------------------------------------|-------------------------|
| <b>Assets</b>                                       |                                       |                         |
| Cash and cash equivalents                           | \$ 33,243,489                         | \$ 203,404              |
| Investments held by trustee(s)                      | 1,075,675                             | -                       |
| Receivables (net of allowances for uncollectibles): |                                       |                         |
| Accrued interest                                    | 1,593                                 | -                       |
| Other funds   | -                                     | 2,650                   |
|   | <u>\$ 34,320,757</u>                  | <u>\$ 206,054</u>       |
| Total assets  |                                       |                         |
|   | <u>\$ 34,320,757</u>                  | <u>\$ 206,054</u>       |
| <b>Liabilities</b>                                  |                                       |                         |
| Accounts payable                                    | -                                     | \$ 12                   |
| Overdraft of cash                                   | -                                     | 2,638                   |
| Deposits held for others                            | -                                     | 203,404                 |
|   | <u>-</u>                              | <u>203,404</u>          |
| Total liabilities                                   |                                       | \$ 206,054              |
|   | <u>-</u>                              | <u>\$ 206,054</u>       |
| <b>Net Assets</b>                                   |                                       |                         |
| Held in trust for investment trust participants     | <u>\$ 34,320,757</u>                  |                         |

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

**MOHAVE COUNTY**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2003**

|                                 | <u><b>Investment<br/>Trust<br/>Funds</b></u> |
|---------------------------------|--|
| Additions:                      |  |
| Contributions from participants | \$ 507,564,751                               |
| Investment income:              |  |
| Interest and dividend income    | <u>2,788,463</u>                             |
| Net investment income           | <u>2,788,463</u>                             |
| Total additions                 | <u>510,353,214</u>                           |
| Deductions:                     |  |
| Distributions to participants   | <u>(517,051,097)</u>                         |
| Total deductions                | <u>(517,051,097)</u>                         |
| Change in net assets            | (6,697,883)                                  |
| Net assets, beginning of year   | <u>41,018,640</u>                            |
| Net assets, end of year         | <u>\$ 34,320,757</u>                         |

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

The accounting policies of Mohave County conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). During the year ended June 30, 2003, the County implemented GASB Statement No. 34, as amended by GASB Statement No. 37, which prescribes a new reporting model consisting of both government-wide and fund financial statements. The County also implemented GASB Statement No. 38, which prescribes new and revised note disclosures.

**A. Reporting Entity**

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

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

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

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

In addition, a school cooperative-M.E.S.C. is also included in the financial statements. This is an independently managed purchasing cooperative for school-related equipment and services. The M.E.S.C. primarily serves school districts, however, other governmental entities in the State can purchase through the cooperative. All entities purchasing through the cooperative's contracts are required to pay their monies to the cooperative, which then distributes the money to the appropriate vendors. The County acts merely as the conduit between the purchaser and the vendor and is not obligated in any manner for the debt resulting from those purchases. Therefore, except for amounts held in an agency capacity by the County Treasurer at June 30, 2003, the accompanying financial statements do not report such monies collected or disbursed to vendors. However, entities outside Mohave County pay a 1 % administrative fee which helps to cover the cost of M.E.S.C. operations, and the accompanying financial statements do report such administrative fee revenues and the operating expenditures of M.E.S.C. in the Non-major Governmental Funds.

**B. Basis of Presentation**

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

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

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

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

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

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

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

reported as non-major funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund's principal activity in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as non-operating revenues.

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

- **General** fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Road** fund accounts for all taxes on gas and auto license fees collected for building and maintaining County roads.
- **Flood Control** fund accounts for all taxes specifically collected to be used for flood control projects throughout the county.
- **County Capital Improvement-Sales Tax** fund accounts for a ¼ cent sales tax collected for major capital improvements made around the county.

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

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

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

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

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

**C. Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

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

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

**D. Cash Equivalents and Investments**

For purposes of its statement of cash flows, the County considers all cash and investments to be cash equivalents. Otherwise, the County considers only those highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

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

**E. Inventories**

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

Inventories of the Proprietary Funds are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in, first-out method.

**F. Property Tax Calendar**

The County levies real 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.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

During the year, the County also levies various personal property taxes that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later.

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 costs if historical records are not available. Certain infrastructure costs were estimated by calculating the current replacement cost of a similar asset and deflating this cost through the use of price-level indexes. Donated assets are reported at estimated fair value at the time received.

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

|                          | <b>Capitalization<br/>Threshold</b> | <b>Depreciation<br/>Method</b> | <b>Estimated<br/>Useful Life</b> |
|--------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land                     | All                                 |                                |                                  |
| Construction in progress | \$5,000                             |                                |                                  |
| Buildings                | \$5,000                             | Straight Line                  | 20-50 years                      |
| Equipment                | \$5,000                             | Straight Line                  | 3-15 years                       |
| Infrastructure           | \$5,000                             | Straight Line                  | 10-50 years                      |

**H. Investment Income**

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

**I. Compensated Absences**

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

Employees may accumulate an unlimited number of hours of PTO depending on years of service. Upon termination of employment, all unused and un-forfeited benefits, up to 400 hours, are paid to employees. Accordingly, benefits are accrued as a liability in the financial statements.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

As a result of implementing GASB Statement No. 34, the County’s governmental fund-type fund balances as of June 30, 2002, have been restated as net assets as of July 1, 2002, in the government-wide Statement of Activities and its Proprietary Funds retained earnings have been relabeled net assets as of July 1, 2002, on the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets.

The reconciliations below; first adjust the beginning fund balance for adjustments not related to GASB 34, then summarize the differences between governmental fund-type fund balances as of June 30, 2002, as previously reported, to net assets as of July 1, 2002, reported on the government-wide Statement of Activities.

|   |             |               |
|---|-------------|---------------|
| Aggregate fund balances of governmental fund types as of June 30, 2002, as previously reported          |             | \$55,009,257  |
| <b>Prior Period adjustments:</b>  |             |               |
| Add: Trust fund not previously reported   | 2,793,399   |               |
| Less: Funds reclassified as enterprise funds  | (7,195,749) |               |
| Prior year corrections  | (734,169)   | (5,136,519)   |
| Aggregate fund balances of governmental fund types as of June 30, 2002, as restated                     |             | \$49,872,738  |
| <b>GASB 34 statement adjustments:</b>   |             |               |
| Add: Capital assets, net of accumulated depreciation  | 94,775,339  |               |
| Internal Service Funds net assets   | 7,784,167   | 102,559,506   |
| Less: Long-term liabilities   |             | (18,952,402)  |
| Net assets of governmental activities as of July 1, 2002, as restated                                   |             | \$133,479,842 |
| Aggregate retained earnings balances of Business-type funds as of June 30, 2002, as previously reported |             | \$ 6,453,239  |
| <b>Prior Period adjustments:</b>  |             |               |
| Add: Funds Reclassified as Enterprise funds   | 7,195,749   |               |
| Add: Capital assets, net of accumulated depreciation  | 2,808,243   |               |
| Infrastructure, net, added as of July 1, 2002   | 7,510,977   | 17,514,969    |
| Less: Long-term liabilities   |             | (2,100,741)   |
| Net assets of Business-type funds as of July 1, 2002, as restated                                       |             | \$ 21,867,467 |

**Prior Period reclassifications:** The following funds had been presented as special revenue funds in prior years and were reclassified as proprietary for the current year financials; Landfill, Parks, GVID, and Horizon six. These funds all operate as businesses and should be classified as enterprise.

**Prior Period correction:** In addition, an expense accrual was missed the prior year for construction expense of infrastructure. The accrual accounted for most of the adjustment, which was made due to adding of infrastructure in the current year financials.

**Prior Period fund not reported:** Trust funds-being held at the state level, were recorded by us upon notification of the funds, after year-end.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

Deficit fund balances or net assets--At June 30, 2003, the following funds reported deficits in fund balances or net assets;

| <u>Fund</u>             | <u>Deficit</u> |
|-------------------------|----------------|
| Internal Service funds: |                |
| Central services        | \$8,387        |

The County is evaluating whether the Central services print shop is capable of being profitable and overcoming the deficit. If it is determined that it is not able to overcome the deficit, it will be closed.

**Note 4 – Deposits and Investments**

Arizona Revised Statutes authorize the County to invest public monies in the State Treasurer's investment pool; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investments such as saving accounts, certificates of deposit, and repurchase agreements in eligible depositories. The Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 % of all deposits not covered by federal depository insurance.

**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 (see note 13). Those monies are pooled with the County monies for investment purposes.

**Deposits**--At June 30, 2003, the investment pool had cash on hand of \$10,377. The carrying amount of the investment pool's total cash in bank was \$2,108,823 and the bank balance was \$1,945,880. The investment pool's deposits at June 30, 2003, were entirely covered by federal depository insurance or by collateral held by the County's custodial bank in the County's name.

**Investments**--The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of those participants' pool shares. Those shares are not identified with specific investments and are not subject to custodial credit risk.

The investment pool's investments at June 30, 2003, are categorized below to give an indication of the level of risk assumed by the County at year-end. These investments are stated at fair value.

- Category 1- insured or registered in the County's name, or securities held by the County or its agent in the County's name.
- Category 2- uninsured and unregistered with securities held by the counter party's trust department or agent in the County's name.
- Category 3- uninsured and unregistered with securities held by the counter party, or by its trust department or agent but not in the County's name.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

| <u>Category</u>                               | <u>1</u> | <u>2</u>      | <u>3</u> | <u>Fair Value</u>       |
|---|----------|---------------|----------|-------------------------|
| U.S. Government Securities                    |          | \$ 90,887,034 |          | \$90,887,034            |
| Investments not subject to<br>Categorization: |          |               |          |                         |
| State Treasurer's<br>investment pool          |          |               |          | <u>4,781,165</u>        |
| <br>Total                                     |          |               |          | <br><u>\$95,668,199</u> |

**Other Deposits-** At June 30, 2003, the total nonpooled cash on hand was \$860. The carrying amount of the County's total nonpooled cash in bank was \$2,124,250, and the bank balance was \$2,542,260. Of the bank balance, \$792,269 was covered by federal depository insurance or by collateral held by the County or its agent in the County's name; and \$1,749,991 was covered by collateral held by the pledging financial institution's trust department or agent in the County's name.

**Other Investments -** At June 30, 2003, the County's nonpooled investments, totaling \$4,682,633 in fair value of U.S. Government Securities, were uninsured and unregistered with securities held by the counterparty in the County's name.

A reconciliation of cash and investments to amounts shown on the Statement of Net Assets follows.

Cash and Investments:

|                                | County<br>Treasurer's<br>Investment Pool | Other              | Total                 |
|--------------------------------|--|--------------------|-----------------------|
| Cash on hand                   | \$ 10,377                                | \$ 860             | \$ 11,237             |
| Carrying amount of deposits    | 2,108,823                                | 2,124,250          | 4,233,073             |
| Reported amount of investments | <u>95,668,199</u>                        | <u>4,682,633</u>   | <u>100,350,832</u>    |
| Total                          | <u>\$ 97,787,399</u>                     | <u>\$6,807,743</u> | <u>\$ 104,595,142</u> |

Statement of Net Assets:

|                                       | Total Primary        | Total Fiduciary      | Total                 |
|---------------------------------------|----------------------|----------------------|-----------------------|
| Cash and investments                  | \$ 65,103,465        | \$ 33,446,893        | \$ 98,550,358         |
| Cash and investments held by trustees | 4,682,633            | 1,075,675            | 5,758,308             |
| Restricted Cash                       | 286,476              | 0                    | 286,476               |
| Total                                 | <u>\$ 70,072,574</u> | <u>\$ 34,522,568</u> | <u>\$ 104,595,142</u> |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 5 – Property Taxes Receivable**

The County levies real 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.

During the year, the County also levies various personal property taxes that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later.

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

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, 2003, were as follows:

| <u>Fiscal Year</u> | <u>General<br/>Fund</u> | <u>Flood<br/>Control<br/>Fund</u> | <u>Other<br/>Non-Major<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------|-------------------------|-----------------------------------|--------------------------------------|---|
| 2002-03            | \$ 1,761,610            | \$ 468,849                        | \$ 485,687                           | \$ 2,716,146                            |
| Prior              | 803,430                 |                                   | 230,185                              | 1,033,615                               |
| Totals             | <u>\$ 2,565,040</u>     | <u>\$ 468,849</u>                 | <u>\$ 715,872</u>                    | <u>\$ 3,749,761</u>                     |

That portion of property taxes receivable, not collected within 30 days after June 30, 2003, has been deferred and, consequently, is not included in current-year revenues on the fund statements. On the government-wide statements the entire receivable is reflected as revenue.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 6 – Capital Assets**

Capital asset activity for the year ended June 30, 2003, was as follows:

|   | Balance<br>July 1, 2002,<br>as restated | Increases           | Decreases            | Balance<br>June 30, 2003 |
|---|---|---------------------|----------------------|--------------------------|
| <b>Governmental activities:</b>                                       |   |                     |                      |                          |
| Capital assets not being depreciated:                                 |   |                     |                      |                          |
| Land  | \$24,691,516                            |                     |                      | \$24,691,516             |
| Construction in progress (estimated cost<br>to complete \$ 6,072,747) | 6,751,883                               | \$7,771,704         | (\$7,280,334)        | 7,243,253                |
| <b>Total capital assets not being depreciated</b>                     | <b>\$31,443,399</b>                     | <b>\$7,771,704</b>  | <b>(\$7,280,334)</b> | <b>\$31,934,769</b>      |
| Capital assets being depreciated:                                     |   |                     |                      |                          |
| Buildings   | \$31,054,130                            | \$1,630,424         |                      | \$32,684,554             |
| Improvements other than buildings                                     | 894,648                                 | 255,853             | (\$415,920)          | 734,581                  |
| Equipment   | 26,403,747                              | 4,167,155           | (1,163,235)          | 29,407,667               |
| Infrastructure  | 80,523,747                              | 5,634,191           |                      | 86,157,938               |
| Total   | \$138,876,272                           | \$11,687,623        | (\$1,579,155)        | \$148,984,740            |
| Less accumulated depreciation for:                                    |   |                     |                      |                          |
| Buildings   | (\$8,518,664)                           | (\$652,810)         |                      | (\$9,171,474)            |
| Improvements other than Buildings                                     | (433,034)                               | (32,685)            | \$242,076            | (223,643)                |
| Equipment   | (15,712,537)                            | (1,914,678)         | 812,417              | (16,814,798)             |
| Infrastructure  | (48,651,042)                            | (2,115,415)         |                      | (50,766,457)             |
| Total   | (\$73,315,277)                          | (\$4,715,588)       | \$1,054,493          | (\$76,976,372)           |
| <b>Total capital assets being depreciated, net</b>                    | <b>\$65,560,995</b>                     | <b>\$6,972,035</b>  | <b>(\$524,662)</b>   | <b>\$72,008,368</b>      |
| <b>Governmental activities capital assets, net</b>                    | <b>\$97,004,394</b>                     | <b>\$14,743,739</b> | <b>(\$7,804,996)</b> | <b>\$103,943,137</b>     |
| <b>Business-type activities:</b>                                      |   |                     |                      |                          |
| Capital assets not being depreciated:                                 |   |                     |                      |                          |
| Land  | \$1,586,010                             |                     |                      | \$1,586,010              |
| <b>Total capital assets not being depreciated</b>                     | <b>\$1,586,010</b>                      | <b>\$0</b>          | <b>\$0</b>           | <b>\$1,586,010</b>       |
| Capital assets being depreciated:                                     |   |                     |                      |                          |
| Buildings   | \$1,639,946                             |                     |                      | \$1,639,946              |
| Utility systems   | 17,303,366                              |                     |                      | 17,303,366               |
| Equipment   | 380,408                                 | \$80,792            | \$0                  | 461,200                  |
| Total   | \$19,323,720                            | \$80,792            | \$0                  | \$19,404,512             |
| Less accumulated depreciation for:                                    |   |                     |                      |                          |
| Buildings   | (\$549,068)                             | (\$32,425)          |                      | (\$581,493)              |
| Utility systems   | (3,564,580)                             | (751,163)           |                      | (4,315,743)              |
| Equipment   | (229,232)                               | (33,228)            | 0                    | (262,460)                |
| Total   | (\$4,342,880)                           | (\$816,816)         | \$0                  | (\$5,159,696)            |
| <b>Total capital assets being depreciated, net</b>                    | <b>\$14,980,840</b>                     | <b>(\$736,024)</b>  | <b>\$0</b>           | <b>\$14,244,816</b>      |
| <b>Business-type activities capital assets, net</b>                   | <b>\$16,566,850</b>                     | <b>(\$736,024)</b>  | <b>\$0</b>           | <b>\$15,830,826</b>      |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 6 – Capital Assets (concl'd)**

Depreciation expense was charged to functions as follows:

|   |               |
|---|---------------|
| Governmental activities:                            |               |
| General Government                                  | (\$670,873)   |
| Public safety                                       | (294,167)     |
| Highways and streets                                | (2,840,595)   |
| Health  | (24,113)      |
| Welfare   | (171,284)     |
| Culture and recreation                              | (81,979)      |
| Education   | (110,361)     |
| Internal service funds                              | (522,216)     |
| Total governmental activities depreciation expense  | (\$4,715,588) |
| Business-type activities:                           |               |
| Golden Valley improvement district                  | (\$265,969)   |
| Horizon 6 - water project                           | (16,777)      |
| I-40 water project                                  | (484,229)     |
| Parks   | (49,841)      |
| Total business-type activities depreciation expense | (\$816,816)   |

**Note 7 – Restricted Assets**

|                       |           |  |
|-----------------------|-----------|--|
| Governmental assets:  |           |  |
| Net assets            | \$227,651 | Per Arizona Revised Statute Section 11-584(D) revenues to be used for specific operations of the public defender's office                            |
|                       |           |  |
| Business-type assets: |           |  |
| Cash                  | \$117,798 | GVID collections restricted for future repairs of infrastructure per agreement with customers requiring contributions to a reserve fund.             |
|                       |           |  |
| Cash                  | \$168,678 | I-40 water corridor collections restricted for future infrastructure repairs per agreement with customer, requiring contributions to a reserve fund. |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 8 – Long-Term Liabilities**

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2003.

|  | Balance<br>July 1,<br>2002, as<br><u>restated</u> | <u>Additions</u>           | <u>Reductions</u>             | Balance<br>June 30,<br><u>2003</u> | Due Within<br><u>1 Year</u> |
|--|---|----------------------------|-------------------------------|------------------------------------|-----------------------------|
| Governmental activities:                       |   |                            |                               |                                    |                             |
| Special assessment bonds payable               | \$ 7,160,000                                      | \$ 0                       | \$ (1,274,000)                | \$ 5,886,000                       | \$ 700,000                  |
| Certificates of participation payable          | 10,905,000  | 0                          | (1,135,000)                   | 9,770,000                          | 1,165,000                   |
| Capital leases payable                         | 192,729   | 0                          | (146,137)                     | 46,592                             | 38,767                      |
| Compensated absences payable                   | 2,217,906   | 3,933,623                  | (2,768,014)                   | 3,383,515                          | 2,952,654                   |
| Claims and judgments payable                   | <u>642,829</u>                                    | <u>5,684,895</u>           | <u>(5,705,590)</u>            | <u>622,134</u>                     | <u>622,134</u>              |
| Governmental activities long-term liabilities  | <b><u>\$21,118,464</u></b>                        | <b><u>\$ 9,618,518</u></b> | <b><u>\$ (11,028,741)</u></b> | <b><u>\$ 19,708,241</u></b>        | <b><u>\$ 5,478,555</u></b>  |
| Business-type activities:                      |   |                            |                               |                                    |                             |
| Landfill closure and postclosure care costs    | \$ 2,100,742                                      | \$ 119,894                 | \$ 0                          | \$ 2,220,636                       | \$ 0                        |
| Compensated absences payable                   | <u>8,992</u>                                      | <u>128,614</u>             | <u>(70,645)</u>               | <u>66,961</u>                      | <u>66,961</u>               |
| Business-type activities long-term liabilities | <b><u>\$ 2,109,734</u></b>                        | <b><u>\$ 248,508</u></b>   | <b><u>\$ (70,645)</u></b>     | <b><u>\$ 2,287,597</u></b>         | <b><u>\$ 66,961</u></b>     |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

**Bonds** - The County's bonded debt consists of special assessment bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for constructing infrastructure assets. Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The County is not obligated in any manner for the special assessment debt. However, if the property owner defaults on their payment of the debt, the County places a lien on the property. In the event that the lien is not cleared, the property is sold and the proceeds are used to pay off the debt. The original amount of special assessment bonds issued in prior years was \$6,995,000.

Bonds outstanding at June 30, 2003, were as follows:

| Outstanding<br>Principal<br><u>June 30, 2003</u> | Original<br><u>Amount</u> | <u>Maturities</u> | Interest<br><u>Rates</u> | Outstanding<br>Principal<br><u>June 30, 2003</u> |
|--|---------------------------|-------------------|--------------------------|--|
| G.V.I.D. No. 1 Phase II                          | \$726,000                 | 1/91-1/06         | 7.25%                    | \$225,000  |
| G.V.I.D. No. 1 Phase III                         | 396,000                   | 1/98-1/07         | 6.70%                    | 160,000  |
| G.V.I.D. No. 1 Phase IV                          | 409,000                   | 1/03-1/12         | 5.60%                    | 365,000  |
| Rainbow Acres Street<br>Improvement              | 226,000                   | 1/98-1/07         | 6.40%                    | 90,000   |
| Horizon Six Street<br>Improvement                | 647,000                   | 7/00-1/10         | 6.375%                   | 455,000  |
| Scenic Road & Bridge<br>Project Improvement      | 4,500,000                 | 1/04-1/13         | 6.30%                    | 4,500,000  |
| Mohave County<br>Improvement District            | <u>91,000</u>             | in arrears        | 5.50%                    | <u>91,000</u>                                    |
| Total  | <u>\$6,995,000</u>        |                   |                          | <u>\$5,886,000</u>                               |

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2003.

| Year<br>Ending<br>June 30 | Governmental<br><u>Activities</u><br>Special<br>Assessment Bonds |                    |
|---------------------------|--|--------------------|
|                           | Principal  | Interest           |
| 2004                      | \$ 700,000   | \$ 346,705         |
| 2005                      | 695,000  | 301,975            |
| 2006                      | 781,000  | 257,683            |
| 2007                      | 615,000  | 216,270            |
| 2008                      | 555,000  | 179,556            |
| 2009-13                   | <u>2,540,000</u>   | <u>389,207</u>     |
| Total                     | <u>\$5,886,000</u>   | <u>\$1,691,396</u> |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

**Certificates of participation** - The County has issued certificates of participation that are generally noncallable with interest payable semiannually to purchase or construct capital facilities. The original amount of certificates issued in prior years was \$15,200,000.

Certificates outstanding at June 30, 2003, were as follows:

| <u>Description</u>                       | <u>Original<br/>Amount</u> | <u>Maturity<br/>Ranges</u> | <u>Interest<br/>Rate(s)</u> | <u>Outstanding<br/>Principal<br/>June 30, 2003</u> |
|--|----------------------------|----------------------------|-----------------------------|--|
| Certificate of Participation series 1998 | \$10,330,000               | 7/1997-7/2013              | 3.75%-4.9%                  | \$5,900,000  |
| Certificate of Participation series 2000 | <u>4,870,000</u>           | 7/2000-7/2010              | 6.75%-7.375%                | <u>3,870,000</u>                                   |
| Total                                    | <u>\$15,200,000</u>        |                            |                             | <u>\$ 9,770,000</u>                                |

The following schedule details debt service requirements to maturity for the County's certificates of participation payable at June 30, 2003.

| Year<br>Ending<br>June 30 | <u>Governmental Activities</u> |                    |
|---------------------------|--------------------------------|--------------------|
|                           | Principal                      | Interest           |
| 2004                      | \$1,165,000                    | \$ 515,634         |
| 2005                      | 770,000                        | 467,602            |
| 2006                      | 670,000                        | 432,547            |
| 2007                      | 840,000                        | 390,712            |
| 2008                      | 1,050,000                      | 334,907            |
| 2009-13                   | 4,675,000                      | 701,822            |
| 2014-18                   | <u>600,000</u>                 | <u>14,700</u>      |
| Total                     | <u>\$9,770,000</u>             | <u>\$2,857,924</u> |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

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

The assets acquired through capital leases are as follows:

|                               | Governmental<br>Activities |
|-------------------------------|----------------------------|
| Machinery and equipment       | \$ 299,557                 |
| Less accumulated depreciation | <u>(146,119)</u>           |
| Carrying value                | <u>\$ 153,438</u>          |

The following schedule details debt service requirements to maturity for the county's capital leases payable at June 30, 2003.

| Year ending June 30                         | Governmental<br><u>Activities</u> |
|---|-----------------------------------|
| 2004  | \$41,177                          |
| 2005  | 8,046                             |
| 2006  | 123                               |
| Total minimum lease payments                | <u>49,346</u>                     |
| Less amount representing interest           | <u>2,754</u>                      |
| Present value of net minimum lease payments | <u>\$46,592</u>                   |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

**Landfill closure and postclosure care costs** - The County owns two 160-acre landfill sites, Cerbat and Mohave Valley, which are operated by independent contractors under contract with the County. Both landfills began operations in January 1989.

The County operates its landfills on a cell basis. The County owns additional unused parcels of land adjacent to the existing landfill sites that will (or may) be used, as needed, to open additional cells.

State and federal laws and regulations require the County to place a final cover on its Cerbat and Mohave Valley landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports the long-term portion of these closure and postclosure care costs in each operating period even though actual payouts will not occur until the landfill is closed. These costs will be paid from the Enterprise Fund.

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$2,220,636 reported as landfill closure and postclosure care liability at June 30, 2003, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 71% and 61%, respectively, of the estimated capacity of the open cells of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$916,355 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 2003. The County expects to close the landfills in the years 2005 and 2028 respectively, and the actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

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

The Health Insurance Fund accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive major medical, prescriptions, dental, life/accidental death and dismemberment, and short-term disability) to eligible employees and their dependents, through a combination of commercial insurance and self insurance. The County is self insured, up to certain limits, with commercial insurance to cover losses above the limits. The life insurance is 100% commercial insurance. Under the health insurance program, the employees have a PPO program. The County is fully self insured for dental, which is administered through Delta Dental. The short term disability became administered by a third party, effective October of 2001. Settled claims have not exceeded available self insurance funds or the purchased commercial insurance in any of the past three fiscal years.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

The insurance claims payable liability of the self-insurance fund and health insurance fund of \$622,134, reported below at June 30, 2003, is the estimated ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. These estimates are based on estimates received from our healthcare administrator (based on claims received subsequent to June 30, 2003) and Arizona Counties Insurance Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences).

Changes in the claims payable liability amount for the years ended June 30, 2002 and 2003 were as follows:

|   | <u>2002</u>        | <u>2003</u>        |
|---|--------------------|--------------------|
| Claims Payable - Beginning of Year            | \$ 657,550         | \$ 642,829         |
| Add: Claims incurred and changes in estimates | 4,162,069          | 5,684,895          |
| Deduct: Claims paid                           | <u>(4,176,790)</u> | <u>(5,705,590)</u> |
| Claims Payable - End of Year                  | <u>\$ 642,829</u>  | <u>\$ 622,134</u>  |

Compensated absences and claims and judgments – Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2003, the County paid from compensated absences as follows: 57 % from the General Fund, 12 % from major funds, and 31 % from other funds. The County paid for claims and judgments as follows: 2 % from the General Fund and 98 % from the self insurance trust fund. However, the self insurance trust fund is funded by the general fund, except when reimbursed by other major funds. The health insurance retention trust paid all claims, but was reimbursed 100% from the other funds for all claims and judgments paid.

**Note 9 – Risk Management**

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

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of \$50,000 for each occurrence. The County is also responsible for any payments in excess of the maximum coverage of \$100 million per occurrence for property claims and \$10 million for liability claims. A County must participate in the pool at least three years after becoming a member; however, it may withdraw after the initial three-year period. If the pool were to become insolvent, the County would be assessed an additional contribution.

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 9 – Risk Management (concl'd)**

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

**Note 10 – Operating Leases**

The County leases buildings, copiers and a parking lot under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$870,868 for the year ended June 30, 2003. The operating leases have remaining noncancellable lease terms from one to twelve years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2003, were as follows:

| Year ending June 30,         | <u>Governmental<br/>Activities</u> |
|------------------------------|------------------------------------|
| 2004                         | \$618,665                          |
| 2005                         | 385,766                            |
| 2006                         | 68,814                             |
| 2007                         | 64,314                             |
| 2008                         | 36,654                             |
| 2009-2013                    | 72,117                             |
| 2014-2018                    | 12,015                             |
| 2019-2023                    | 12,015                             |
| 2024-2102*                   | 2,629                              |
| Total minimum lease payments | \$1,272,989                        |

\*Includes a \$1 per year lease for the Meadview library expiring 2096, a \$2 per year lease on the library in Dolan Springs expiring 2102, and one year at \$2,400 per year for the Chloride library expiring 2024.

**Note 11 – Retirement Plans**

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

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

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 11- Retirement Plans (cont'd)**

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

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

**ASRS**

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

**PSPRS, CORP, and EORP**

1020 E. Missouri Avenue  
Phoenix, AZ 85014-2613  
(602) 255-5575

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

*Cost-sharing plans* - For the year ended June 30, 2003, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 2.49 % (2.00 % retirement and 0.49 % long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2003, 2002, and 2001, were \$1,379,148, \$1,208,183, and \$1,364,611 respectively, which were equal to the required contributions for the year.

*Agent plans* - For the year ended June 30, 2003, active PSPRS members were required by statute to contribute 7.65 % of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 2.34 %. Active CORP members were required by statute to contribute 8.50 % of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 2.00 %.

**Annual Pension Costs** - The County's pension cost for the two agent plans for the year ended June 30, 2003, and related information follow.

|                     | <u>PSPRS</u> | <u>CORP</u> |
|---------------------|--------------|-------------|
| Contribution rates: |              |             |
| County              | 2.34%        | 2.00%       |
| Plan members        | 7.65%        | 8.5%        |
| Annual Pension cost | \$80,336     | \$35,669    |
| Contributions made  | \$80,336     | \$35,669    |

The current-year annual required contributions for both the PSPRS and CORP were determined as part of their June 30, 2001 actuarial valuations using the entry-age actuarial cost method. The actuarial assumptions included (a) 9 % investment rate of return and (b) projected salary increases ranging from 6.5 % to 9.5 % per year. Both (a) and (b) included an inflation component of 5.5 %. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 4-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2001, was 20 years.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

**Note 11- Retirement Plans (concl'd)**

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

| <u>Plan</u> | <u>Year Ended<br/>June 30</u> | <u>Annual<br/>Pension<br/>Cost (APC)</u> | <u>Percentage of<br/>APC<br/>Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|-------------|-------------------------------|--|--|-----------------------------------|
| PSPRS       | 2003                          | \$ 80,336                                | 100%   | \$ 0                              |
|             | 2002                          | 200,532                                  | 100%   | \$ 0                              |
|             | 2001                          | 212,472                                  | 100%   | \$ 0                              |
| CORP        | 2003                          | 35,669                                   | 100%   | \$ 0                              |
|             | 2002                          | 31,662                                   | 100%   | \$ 0                              |
|             | 2001                          | \$ 4,722                                 | 100%   | \$ 0                              |

**Note 12 – Interfund Balances and Activity**

The interfund assets and liabilities by fund are as follows at June 30, 2003:

|                               | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|-------------------------------|---------------------------------|-------------------------------|
| <b>Governmental funds</b>     |                                 |                               |
| General fund                  | \$ 306,519                      | \$ 1,160,115                  |
| Road Fund                     | 278,478                         | 192,221                       |
| Flood Control                 |                                 | 90,693                        |
| Non-major governmental funds  | 556,314                         | 711,950                       |
| <b>Internal Service Funds</b> | 422,289                         | 347,057                       |
| <b>Enterprise Funds</b>       |                                 |                               |
| I-40 Water Corridor           | 1,941                           | 2,000                         |
| G.V.I.D.                      | 7,035                           | 12,204                        |
| Landfills                     | 1,000,000                       | 50,688                        |
| Non-major Enterprise funds    | 1,721                           | 7,369                         |
|                               | <u>\$ 2,574,297</u>             | <u>\$ 2,574,297</u>           |

The majority of the interfund receivables and payables result from year-end accruals and adjustments. The cash is transferred within the first two months of the next fiscal year for these transactions. The one exception is the \$1,000,000 receivable due the Landfill from the General fund. The money was borrowed to make two principal payments on the 2000 C.O.P. This loan is expected to be repaid within the next 3 years when the general fund is expected to start receiving tax revenue from the I-40 projects.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

The interfund transfers by fund are as follows at June 30, 2003:

|                        | Transfer To        |                            |                              |                        | Total              |
|------------------------|--------------------|----------------------------|------------------------------|------------------------|--------------------|
|                        | General Fund       | County Capital Improvement | Non-major governmental funds | Internal Service Funds |                    |
| Transfer From          |                    |                            |                              |                        |                    |
| General Fund           |                    | \$2,600,000                | \$2,700,280                  | \$1,144,186            | \$6,444,466        |
| Road                   |                    |                            | 48,000                       |                        | 48,000             |
| Flood Control          | \$255,921          |                            |                              |                        | 255,921            |
| Non-major funds        | 954,173            |                            | 2,128,722                    |                        | 3,082,895          |
| Internal Service funds | 167,364            |                            |                              |                        | 167,364            |
| Total                  | <u>\$1,377,458</u> | <u>\$2,600,000</u>         | <u>\$4,877,002</u>           | <u>\$1,144,186</u>     | <u>\$9,998,646</u> |

The majority of interfund transfers result from interfund billing for services, products, or shared expenses. The General fund also does transfers 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. There are some transfers that result from errors in posting of expenditures or revenue that require corrections.

**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 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. Details of each major investment classification follow.

| Investment Type                                    | Principal           | Interest Rate(s) | Maturities | Fair Value          |
|--|---------------------|------------------|------------|---------------------|
| Fed Farm Credit Bank                               | \$8,205,000         | 2.50-5.72%       | 4/05-05/08 | \$8,219,328         |
| Fed Home Loan Bank                                 | 31,275,000          | 2.00-6.29%       | 1/04-06/08 | 31,778,547          |
| Fed Home Loan Mtge. Corp                           | 33,050,000          | 2.00-7.00%       | 3/04-6/08  | 33,573,799          |
| Fed National Mtge. Assoc                           | 15,030,000          | 2.25-6.21%       | 8/03-11/09 | 15,129,844          |
| Other  | 2,000,000           | 5.25%            | 03/15/06   | 2,185,516           |
| State Treasurer’s Local Government Investment Pool | 4,781,165           |                  |            | 4,781,165           |
|  | <u>\$94,341,165</u> |                  |            | <u>\$95,668,199</u> |

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2003**

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

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

**Statement of Net Assets**

|                                |              |
|--------------------------------|--------------|
| Assets                         | \$97,915,625 |
| Liabilities                    |              |
| Net assets                     | \$97,915,625 |
| Net assets held in trust for:  |              |
| Internal participants          | \$65,037,234 |
| External participants          | 32,878,391   |
| Total net assets held in trust | \$97,915,625 |

**Statement of Changes in Net Assets**

|                           |               |
|---------------------------|---------------|
| Total additions           | \$744,848,329 |
| Total deductions          | (746,131,306) |
| Net increase              | (\$1,282,977) |
| Net assets held in trust: |               |
| July 1, 2002              | 99,198,602    |
| June 30, 2003             | \$97,915,625  |

**Note 14 – Subsequent Events**

**Capital Projects**

Sheriff’s building - Construction was completed on the new Sheriff’s building on October 1, 2003. The majority of the cost is reflected in the construction in progress at June 30, 2003. The total cost of the facility, including furniture & fixtures, was \$ 6,382,166. The building was 100% funded from the County’s ¼ cent sales tax, recorded in the Capital improvement fund.

Administration building - The Board of Supervisor’s approved going forward with the pre-design planning evaluation and preparation of an RFP for a “design build” project for construction of a new General Government building. The County is in the final stages of planning. The construction is to start in June of 2004 and is projected to be complete in September of 2005. The total cost is not to exceed \$20,000,000. The project is to be financed through a 15 year capital lease. The payments will be made from the capital improvements fund, from the ¼ cent sales tax revenue.

## **Required Supplementary Information**

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2003**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                           |                                       |
| Revenues:  |                         |                     |                           |                                       |
| Property Taxes   | \$ 19,454,993           | \$ 19,454,993       | \$ 20,569,862             | \$ 1,114,869                          |
| Licenses and permits   | 685,393                 | 685,393             | 797,921                   | 112,528                               |
| Intergovernmental  | 21,247,177              | 21,247,177          | 21,134,101                | (113,076)                             |
| Charges for services   | 4,467,300               | 4,467,300           | 4,649,361                 | 182,061                               |
| Fines and forfeits   | 1,177,426               | 1,177,426           | 1,361,971                 | 184,545                               |
| Investment income  | 215,309                 | 215,309             | 339,625                   | 124,316                               |
| Rents  | 64,252                  | 64,252              | 103,307                   | 39,055                                |
| Contributions  | -                       | -                   | 19,588                    | 19,588                                |
| Miscellaneous  | 445,797                 | 445,797             | 412,525                   | (33,272)                              |
| Total revenues   | <u>47,757,647</u>       | <u>47,757,647</u>   | <u>49,388,261</u>         | <u>1,630,614</u>                      |
| Expenditures:  |                         |                     |                           |                                       |
| Current:   |                         |                     |                           |                                       |
| General government   | 30,231,769              | 27,162,559          | 23,701,853                | 3,460,706                             |
| Public safety  | 13,641,464              | 13,710,872          | 13,387,460                | 323,412                               |
| Health   | 7,449,682               | 7,597,189           | 7,470,798                 | 126,391                               |
| Education  | 296,549                 | 296,549             | 285,119                   | 11,430                                |
| Total expenditures   | <u>51,619,464</u>       | <u>48,767,169</u>   | <u>44,845,230</u>         | <u>3,921,939</u>                      |
| Excess of revenues over (under) expenditures                                     | <u>(3,861,817)</u>      | <u>(1,009,522)</u>  | <u>4,543,031</u>          | <u>5,552,553</u>                      |
| Other financing sources (uses):  |                         |                     |                           |                                       |
| Transfers in   | 551,177                 | 551,177             | 1,377,458                 | 826,281                               |
| Transfers out  | <u>(3,931,360)</u>      | <u>(6,783,655)</u>  | <u>(6,444,466)</u>        | <u>339,189</u>                        |
| Total other financing sources (uses)   | <u>(3,380,183)</u>      | <u>(6,232,478)</u>  | <u>(5,067,008)</u>        | <u>1,165,470</u>                      |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | <u>(7,242,000)</u>      | <u>(7,242,000)</u>  | <u>(523,977)</u>          | <u>6,718,023</u>                      |
| Fund balances, July 1, 2002, as restated   | <u>8,169,797</u>        | <u>7,005,479</u>    | <u>7,005,479</u>          | <u>-</u>                              |
| Fund balances, June 30, 2003   | <u>\$ 927,797</u>       | <u>\$ (236,521)</u> | <u>\$ 6,481,502</u>       | <u>\$ 6,718,023</u>                   |

See accompanying notes to budgetary comparison schedule

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**Year Ended June 30, 2003**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                           |                                       |
| Revenues:  |                         |                     |                           |                                       |
| Property Taxes   |                         |                     |                           |                                       |
| Licenses and permits   |                         |                     |                           |                                       |
| Intergovernmental  | \$ 10,056,500           | \$ 10,056,500       | \$ 11,698,611             | \$ 1,642,111                          |
| Charges for services   | 1,520,000               | 1,520,000           | 1,662,260                 | 142,260                               |
| Investment income  | 467,000                 | 467,000             | 335,608                   | (131,392)                             |
| Rents  | 95,000                  | 95,000              | 96,200                    | 1,200                                 |
| Contributions  | 2,475,000               | 2,475,000           | 57,569                    | (2,417,431)                           |
| Miscellaneous  | 115,000                 | 115,000             | 19,573                    | (95,427)                              |
| Total revenues   | <u>14,728,500</u>       | <u>14,728,500</u>   | <u>13,869,821</u>         | <u>(858,679)</u>                      |
| Expenditures:  |                         |                     |                           |                                       |
| Current:   |                         |                     |                           |                                       |
| Highways and streets   | 20,642,086              | 20,642,086          | 11,608,615                | 9,033,471                             |
| Total expenditures   | <u>20,642,086</u>       | <u>20,642,086</u>   | <u>11,608,615</u>         | <u>9,033,471</u>                      |
| Excess of revenues over (under) expenditures                                     | <u>(5,913,586)</u>      | <u>(5,913,586)</u>  | <u>2,261,206</u>          | <u>8,174,792</u>                      |
| Other financing sources (uses):  |                         |                     |                           |                                       |
| Transfers out  | -                       | -                   | (48,000)                  | (48,000)                              |
| Total other financing sources (uses)   | <u>-</u>                | <u>-</u>            | <u>(48,000)</u>           | <u>(48,000)</u>                       |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | (5,913,586)             | (5,913,586)         | 2,213,206                 | 8,126,792                             |
| Fund balances, July 1, 2002, as restated   | 9,136,908               | 11,930,307          | 11,930,307                | -                                     |
| Increase (decrease) in reserve for inventory                                     | <u>-</u>                | <u>-</u>            | <u>10,468</u>             | <u>10,468</u>                         |
| Fund balances, June 30, 2003   | <u>\$ 3,223,322</u>     | <u>\$ 6,016,721</u> | <u>\$ 14,153,981</u>      | <u>\$ 8,137,260</u>                   |

See accompanying notes to budgetary comparison schedule

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Flood Control**  
**Year Ended June 30, 2003**

|  | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>       |                           |                                       |
| Revenues:  |                         |                    |                           |                                       |
| Property Taxes   | \$ 4,572,369            | \$ 4,572,369       | \$ 4,444,596              | \$ (127,773)                          |
| Special Assessments  | -                       | -                  | 28,902                    | 28,902                                |
| Licenses and permits   | 30,000                  | 30,000             | 442                       | (29,558)                              |
| Investment income  | 200,000                 | 200,000            | 331,478                   | 131,478                               |
| Contributions  | -                       | -                  | 2,420                     | 2,420                                 |
| Miscellaneous  | 3,246,000               | 3,246,000          | -                         | (3,246,000)                           |
| Total revenues   | <u>8,048,369</u>        | <u>8,048,369</u>   | <u>4,807,838</u>          | <u>(3,240,531)</u>                    |
| Expenditures:  |                         |                    |                           |                                       |
| Current:   |                         |                    |                           |                                       |
| Highways and streets   | 14,750,388              | 14,750,388         | 4,465,224                 | 10,285,164                            |
| Total expenditures   | <u>14,750,388</u>       | <u>14,750,388</u>  | <u>4,465,224</u>          | <u>10,285,164</u>                     |
| Excess of revenues over (under) expenditures                                     | <u>(6,702,019)</u>      | <u>(6,702,019)</u> | <u>342,614</u>            | <u>7,044,633</u>                      |
| Other financing sources (uses):  |                         |                    |                           |                                       |
| Transfers out  | -                       | -                  | (255,921)                 | (255,921)                             |
| Total other financing sources (uses)   | <u>-</u>                | <u>-</u>           | <u>(255,921)</u>          | <u>(255,921)</u>                      |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | (6,702,019)             | (6,702,019)        | 86,693                    | 6,788,712                             |
| Fund balances, July 1, 2002, as restated   | <u>6,673,973</u>        | <u>6,673,973</u>   | <u>6,673,973</u>          | <u>-</u>                              |
| Fund balances, June 30, 2003   | <u>\$ (28,046)</u>      | <u>\$ (28,046)</u> | <u>\$ 6,760,666</u>       | <u>\$ 6,788,712</u>                   |

See accompanying notes to budgetary comparison schedule

**Mohave County**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**June 30, 2003**

**Note 1 – Budgeting and Budgetary Control**

A.R.S require the County to prepare and adopt a balanced budget annually for each Governmental fund. The Board of Supervisors must approve such operating budgets on, or before, the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibit 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 Board of Supervisors' approval.

Encumbrance accounting, under which purchase orders, contracts, and other commitments to expend monies are recorded to reserve that portion of the applicable fund balance, is employed as an extension of formal budgetary control. Encumbrances outstanding at year-end for goods or services that were not received before fiscal year-end are cancelled. However, the County may draw warrants against encumbered amounts for goods or services received but unpaid at June 30, for 60 days immediately following the close of the fiscal year. After 60 days the remaining encumbered balances lapse.

**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.

The favorable variances for revenues result from the conservative approach used by the County in budgeting less for revenues than projected. The favorable variances reflected for expenses in the budgetary comparisons, represent cash balances budgeted as contingency as well as good fiscal management.

The only Fund that is not budgeted is the Fire district Assistance Tax fund, which is a pass through fund. The Treasurer collects tax revenues for the fire districts, in a County fund, and remits them to the respective fire districts, usually within the same month.

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

There were no expenditures in excess of appropriations at the department level. Any General fund departments that encountered unexpected expenditures received Board of Supervisor approval for contingency transfers or adjusted other expenditures to compensate. There were no other major funds that had any departments that had expenditures in excess of appropriations.

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Schedule of Agent Retirement Plans' Funding Progress**  
**June 30, 2003**

**Public Safety Personnel Retirement System**

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (b) | Funding (Liability) Excess (a-b) | Funded Ratio (a/b) | Annual Covered Payroll (c) | Unfunded Liability as Percentage of Covered Payroll ([a-b]/c) |
|--------------------------|------------------------------------|---------------------------------|----------------------------------|--------------------|----------------------------|---|
| 6/30/2003                | 14,522,243                         | 13,093,219                      | 1,429,024                        | 110.9%             | 3,359,877                  | 42.5%   |
| 6/30/2002                | 14,357,706                         | 11,473,155                      | 2,884,551                        | 125.1%             | 3,035,539                  | 95.0%   |
| 6/30/2001                | 14,403,410                         | 10,204,990                      | 4,198,420                        | 141.1%             | 3,332,859                  | 126.0%  |

**Corrections Officer Retirement System**

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (b) | Funding (Liability) Excess (a-b) | Funded Ratio (a/b) | Annual Covered Payroll (c) | Unfunded Liability as Percentage of Covered Payroll ([a-b]/c) |
|--------------------------|------------------------------------|---------------------------------|----------------------------------|--------------------|----------------------------|---|
| 6/30/2003                | 3,926,013                          | 2,118,188                       | 1,807,825                        | 185.3%             | 1,870,693                  | 96.6%   |
| 6/30/2002                | 3,795,255                          | 1,793,433                       | 2,001,822                        | 211.6%             | 1,601,298                  | 125.0%  |
| 6/30/2001                | 3,825,686                          | 1,735,357                       | 2,090,329                        | 220.5%             | 1,522,321                  | 137.3%  |

## **Other Supplementary Information**

**MOHAVE COUNTY**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**County Capital Improvement**  
**Year Ended June 30, 2003**

|  | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>       |                           |                                       |
| Revenues:  |                         |                    |                           |                                       |
| Intergovernmental  | \$ 4,400,000            | \$ 4,400,000       | \$ 4,874,083              | \$ 474,083                            |
| Investment income  | 160,000                 | 160,000            | 304,802                   | 144,802                               |
| Total revenues   | <u>4,560,000</u>        | <u>4,560,000</u>   | <u>5,178,885</u>          | <u>618,885</u>                        |
| Expenditures:  |                         |                    |                           |                                       |
| Capital outlay   | 13,943,691              | 13,943,691         | 4,504,795                 | 9,438,896                             |
| Total expenditures   | <u>13,943,691</u>       | <u>13,943,691</u>  | <u>4,504,795</u>          | <u>9,438,896</u>                      |
| Excess of revenues over (under) expenditures                                     | <u>(9,383,691)</u>      | <u>(9,383,691)</u> | <u>674,090</u>            | <u>10,057,781</u>                     |
| Other financing sources (uses):  |                         |                    |                           |                                       |
| transfers in   | -                       | 2,600,000          | 2,600,000                 | -                                     |
| Total other financing sources (uses)   | <u>-</u>                | <u>2,600,000</u>   | <u>2,600,000</u>          | <u>-</u>                              |
| Excess of revenues and other sources over<br>(under) expenditures and other uses | (9,383,691)             | (6,783,691)        | 3,274,090                 | 10,057,781                            |
| Fund balances, July 1, 2002, as restated   | 7,220,617               | 7,220,617          | 7,220,617                 | -                                     |
| Fund balances (deficits), June 30, 2003  | <u>\$ (2,163,074)</u>   | <u>\$ 436,926</u>  | <u>\$ 10,494,707</u>      | <u>\$ 10,057,781</u>                  |