



*Mohave County  
Annual Financial Report  
Fiscal Year Ended June 30, 2004*



**MOHAVE COUNTY**  
**Annual Financial Report**  
**Year Ended June 30, 2004**

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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, the business-type activities, each major fund, and the aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Mohave County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mohave Educational Services Cooperative, which represent 1% of the assets and 2% of the revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental activities, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County as of June 30, 2004, 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.

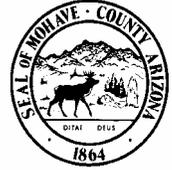
The Management's Discussion and Analysis (MD&A) on pages 3 through 14, the Budgetary Comparison Schedules on pages 52 through 57 and the Schedule of Agent Retirement Plans' Funding Progress on page 58 are not a required part of the basic financial statements but are supplementary information required 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 Budgetary Comparison Schedules of the Scenic Debt Service Fund and the County Capital Improvement Fund on pages 60 and 61 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Those schedules have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2005, on our consideration of Mohave County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Phoenix, Arizona  
March 16, 2005

# Mohave County Financial Services



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## 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, 2004. 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 \$182,907,950, of which \$21,903,401 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 \$2,436,010 (12%) during the year. Much of this is due to a larger tax base and rising assessed values. Mohave County continues to be one of the fastest growing counties in the U.S.
- At June 30, 2004, total fund balances of the governmental funds were \$83,059,259, up \$29,538,819 (55%) from the previous year's restated balances. The majority of this increase, \$19,916,632, was due to the sale of certificates of participation for construction of the Administration Building.
- General Fund revenues exceeded budgeted revenues by \$3,696,139 and expenditures were only 92% of the adopted General Fund budget.
- The County's total long-term liabilities increased by \$18,429,445 (112%) during the current fiscal year. The key factor in this increase was the issuance of certificates of participation for construction of the Administration Building.

### Overview of the Financial Statements

This discussion and analysis is 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 accrued leave).

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 blended component units. The list includes 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 two tax-levying districts and special assessment districts all of which the County's Board of Supervisors serves as the board of directors for. New this year is a finance corporation that has a separate board of directors made up of County management. The list of blended component units follows:

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

There is also a school cooperative, Mohave 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 are 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.

**Governmental funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Mohave County maintains 191 individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Scenic Debt Service 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 Nonmajor Funds.

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and the major Special Revenue Fund to demonstrate compliance with their budgets. These schedules are presented on pages 52 to 54.

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

**Proprietary funds** - Mohave County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Mohave

County uses enterprise funds to account for its water companies, park services and landfill operations. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among Mohave County's various functions. Mohave County uses internal service funds to account for its fleet of vehicles, 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 financial statements provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Funds financial statements provide separate information for the water companies, 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 funds financial statements.

The Proprietary Funds 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 statements because the resources of those funds are *not* available to support Mohave County's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The Fiduciary Funds financial statements can be found 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 27-49 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, pages 52-58 presents *required supplementary information* including budgetary comparison schedules and Mohave County's progress in funding its obligation to provide pension benefits to some of its employees. *Other supplementary information* presenting budgetary comparison schedules for the Scenic Debt Service Fund and County Capital Improvement Fund are located on pages 60-61.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mohave County, assets exceeded liabilities by \$182,907,950 at the close of the most recent fiscal year.

By far the largest portion of Mohave County's net assets (61%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Mohave County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Mohave County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

27% of Mohave County's net assets represent resources subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$21,903,401) may be used to meet the government's ongoing obligations to citizens and creditors.

**MOHAVE COUNTY'S NET ASSETS**  
**As of June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
	Restated				Restated	
Current Assets and Other Assets	\$76,858,893	\$105,272,797	\$9,231,265	\$10,379,353	\$86,090,158	\$115,652,150
Capital Assets	103,943,137	106,345,066	15,830,826	15,309,450	119,773,963	121,654,516
Total Assets	180,802,030	211,617,863	25,062,091	25,688,803	205,864,121	237,306,666
Long-Term Liabilities outstanding	19,708,241	38,699,038	2,287,597	2,843,848	21,995,838	41,542,886
Other Liabilities	12,410,553	12,410,791	331,549	445,039	12,742,102	12,855,830
Total Liabilities	32,118,794	51,109,829	2,619,146	3,288,887	34,737,940	54,398,716
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	89,433,766	95,889,805	15,830,827	15,309,450	105,264,593	111,199,255
Restricted	23,249,010	44,205,938	286,476	5,599,356	23,535,486	49,805,294
Unrestricted	36,000,460	20,412,291	6,325,642	1,491,110	42,326,102	21,903,401
Total Net Assets	\$148,683,236	\$160,508,034	\$22,442,945	\$22,399,916	\$171,126,181	\$182,907,950

**Restatement:** In the above table, the totals for the lines labeled “Current Assets and Other Assets” and “Unrestricted Net Assets” for Governmental activities were restated for June 30, 2003. This adjustment was due to a correcting entry to nonpooled cash in bank resulting in a decrease of \$177,595 to each item. In addition to this correction, the amounts in the “Invested in Capital Assets”, “Restricted” and “Unrestricted” for June 30, 2003 as presented in the prior year’s Management’s Discussion and Analysis Net Assets table did not correspond to the supporting Statement of Net Assets schedule in the Basic Financial Statements. These figures were corrected for the 2004 presentation for both Governmental Activities and Business-type Activities. The above adjustments have not been audited.

**Governmental Activities highlights:** The issuance of \$19,320,000 in Certificates of Participation to build the administration building (at the very end of the fiscal year) caused an increase in both Current Assets and Other Assets and Long-term Liabilities. The unrestricted net assets decreased and the restricted assets increased by the transfer of \$3 million to debt service for the defeasance of long-term debt and the reclassification of \$12.5 million of prior year net assets of the capital funds to restricted net assets. The restricted net assets also increased due to current year revenues exceeding expenses by \$1.5 million and \$3.5 million in the Highway and Streets Fund and Capital Projects Funds, respectively, to be used for future projects. The net increase of \$2.4 million in capital assets results from \$8.9 million in purchases less increases in accumulated depreciation of approximately \$2.7 million and net disposals of assets totaling \$3.8 million.

**Business-Type Activities highlights:** The restricted net assets increased by \$5.5 million while the unrestricted net assets decreased by \$5 million. This reflects a reclassification of the landfill funds net assets from unrestricted to restricted in the current fiscal year.

## MOHAVE COUNTY'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2003	2004	2003	2004	2003	2004
	Restated				Restated	
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$20,208,594	\$13,708,497	\$3,424,341	\$3,978,969	\$23,632,935	\$17,687,466
Operating grants & contributions*	23,612,848	26,234,215	378,897	256,265	23,991,745	26,490,480
<b>General Revenues:</b>						
Property taxes*	31,707,209	32,139,797	2,788	215	31,709,997	32,140,012
Other taxes*	27,451,660	30,871,117	100,000	100,000	27,551,660	30,971,117
Other revenues	4,377,530	2,870,239	400,766	160,314	4,778,296	3,030,553
<b>Total Revenues</b>	<b>107,357,841</b>	<b>105,823,865</b>	<b>4,306,792</b>	<b>4,495,763</b>	<b>111,664,633</b>	<b>110,319,628</b>
<b>Expenses:</b>						
General government	37,121,934	39,149,275	-	-	37,121,934	39,149,275
Public Safety	17,726,592	17,469,521	-	-	17,726,592	17,469,521
Highways and streets	15,003,084	15,509,781	-	-	15,003,084	15,509,781
Health	11,057,271	10,757,719	-	-	11,057,271	10,757,719
Welfare	3,462,500	3,786,133	-	-	3,462,500	3,786,133
Culture and recreation	2,916,505	2,687,870	-	-	2,916,505	2,687,870
Education	3,684,745	3,743,777	-	-	3,684,745	3,743,777
Interest on long-term debt	1,008,492	833,906	-	-	1,008,492	833,906
Landfill	-	-	462,124	1,432,170	462,124	1,432,170
Recreation	-	-	1,087,351	1,045,758	1,087,351	1,045,758
Water companies	-	-	2,181,839	2,121,949	2,181,839	2,121,949
<b>Total expenses</b>	<b>91,981,123</b>	<b>93,937,982</b>	<b>3,731,314</b>	<b>4,599,877</b>	<b>95,712,437</b>	<b>98,537,859</b>
Increase in net assets before transfers	15,376,718	11,885,883	575,478	(104,114)	15,952,196	11,781,769
Transfers	-	(61,085)	-	61,085	-	-
<b>Increase in net assets</b>	<b>15,376,718</b>	<b>11,824,798</b>	<b>575,478</b>	<b>(43,029)</b>	<b>15,952,196</b>	<b>11,781,769</b>
Net assets beginning of year, as restated	133,306,518	148,683,236	21,867,467	22,442,945	155,173,985	171,126,181
<b>Net assets end of year</b>	<b>148,683,236</b>	<b>\$160,508,034</b>	<b>\$22,442,945</b>	<b>\$22,399,916</b>	<b>\$171,126,181</b>	<b>\$182,907,950</b>

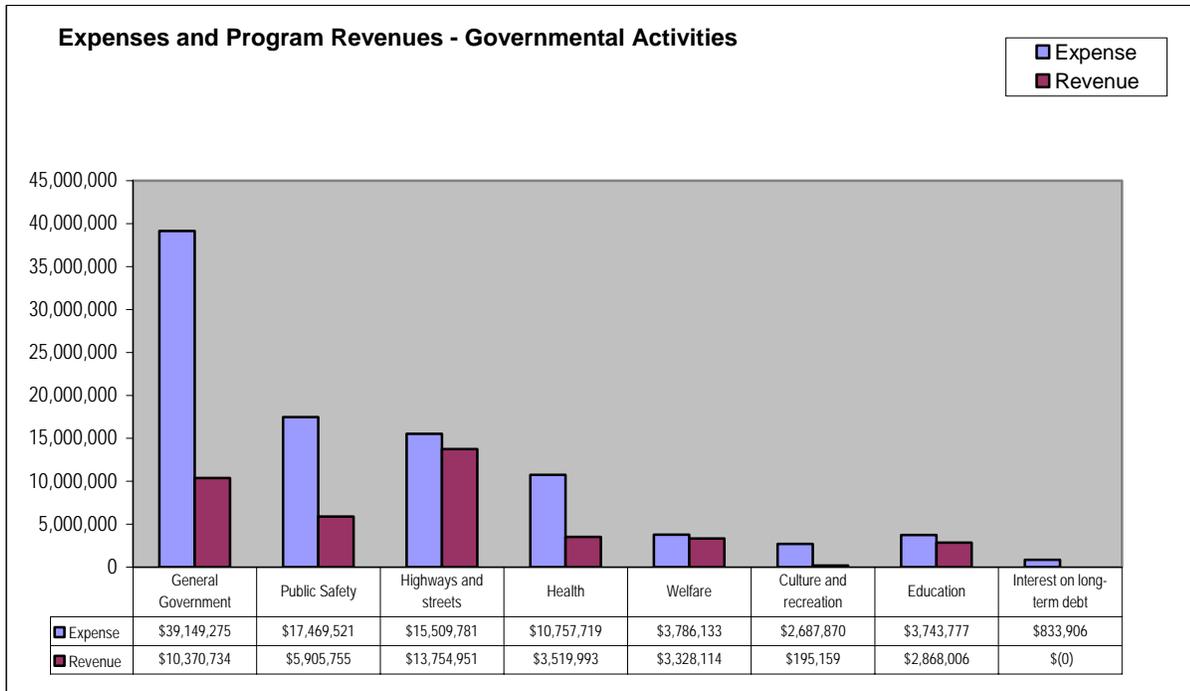
\* Corrected allocation of revenue presented on June 30, 2003 financial statements for this comparison schedule. See detail below.

**Correction of revenue presentation:** The statement of activities amount under Operating Grants and Contributions on the June 30, 2003 Statement of Activities reflected \$6,495,643 of revenue that would be better classified as tax revenue. The total included Auto lieu taxes of \$4,879,983, Federal in lieu taxes of \$1,588,356, and local in lieu tax of \$27,304. The Property taxes included Utilities franchise tax of \$618,485 and County equalization revenue of \$88,000. These taxes were all shown under general revenues in the June 30, 2004 financial statements. In order to present a meaningful comparison, the prior year numbers have been restated to reflect the same presentation as the current year.

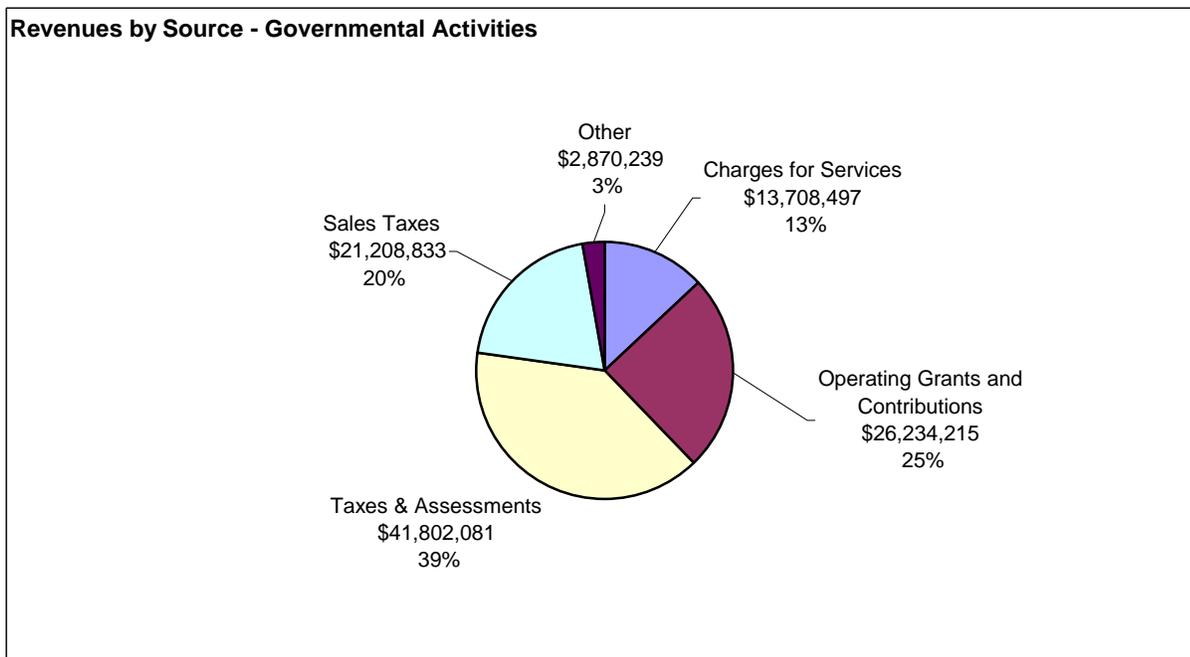
**Governmental Activities Highlights:** The current year government-wide financial statements reflect an additional elimination of charges for services revenue and various expenses, between governmental funds and internal service funds of \$6.8 million. In addition, \$1/2 million of other revenues were reclassified to charges for services to better reflect the nature of the revenue. The balance of the decrease in other revenues results from recording an unrealized investment loss of \$800,000. The \$2.6 million increase in operating grants and contributions resulted from approximately \$1 million in state shared sales tax, 1 million in HURF revenue, \$770,000 increase in auto lieu tax and a net decrease of \$170,000 in all other funds. The \$3.4 million increase in other taxes reflects approximately \$1.1 million in Sales tax, \$767,000 in Auto lieu tax, and \$726,000 capital projects sales tax. In addition, County equalization increased about \$54,000, special assessments \$430,000 and miscellaneous other taxes \$308,000.

**Business-type Activities highlights:** Landfill expenses increased a total of \$970,000 from the following: \$410,000 increase in accrued closure costs, \$410,000 increase in costs related to waste tire disposal and \$150,000 costs for a new trash clean-up program.

The following graph 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. Total revenues generated by Governmental Activities (program revenues and general revenues) were \$105,823,865. The \$65,881,153 of general revenues, which are not included in this graph, represents 55% of total revenues generated by Governmental Activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues produced an increase to net assets of \$11,824,798 for the fiscal year.



The chart below represents all revenues collected from Governmental Activities, including 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 \$83,059,259, an increase of \$29,538,819 in comparison with the prior year, as restated. Most of this amount (\$77,050,762) 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 \$5,556,413 restricted for debt service, \$136,264 restricted by Arizona Revised Statute 11-584(D) to pay for indigent defense and \$315,820 invested in inventory. Of the \$29,538,819 increase, \$19,916,632 was due to the issuance of certificates of participation to build the Administration Building. The remainder is the result of revenues exceeding expenditures for the Governmental Funds.

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 \$7,467,191, while total fund balance reached \$7,603,455. 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 32% of total General Fund expenditures, while total fund balance represents 33% of that same amount.

During the current fiscal year, the fund balance of Mohave County's General Fund increased by \$1,299,594. This represents a 21% increase from the fiscal year 2003 ending balance. Revenues increased by \$5,256,590 (10%), while expenditures only increased \$1,375,936 (3%) over the previous year. Total expenditures as a percentage of the total budget represented only 92% in fiscal year 2004, a 1% increase from fiscal year 2003. This increase is the result of unexpected revenues due to rapid growth in the county. The county delayed addressing personnel requirements based on projected revenues. Excess revenues from fiscal year 2004 will be utilized to address the need for additional personnel to provide services to a growing Mohave County population.

The Road Fund had a total fund balance of \$15,303,471, of which \$315,820 is reserved for inventories and \$14,987,651 is unreserved and will be used for road maintenance. The net increase in fund balance during the current year in the Road Fund was \$1,149,490 of which \$47,155 represents an increase to inventories. 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 was included as a major fund in the 2003 financials; however, for the 2004 financials, this fund no longer qualifies as a major fund and is included in the Nonmajor Funds totals.

The Scenic Debt Service Fund accounts for collections of special district assessments from taxpayers, and semi-annual bond payments.

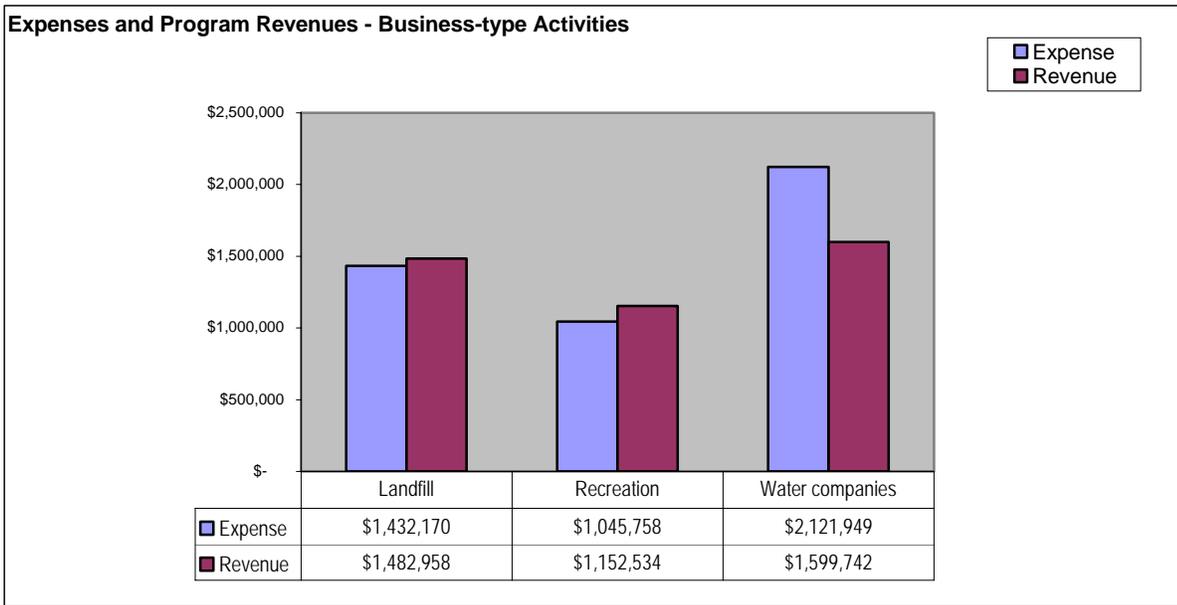
The County Capital Improvement Fund had a fund balance of \$32,910,391 at June 30, 2004. This was an increase of \$22,415,684 from the prior year. Of that increase, \$19,916,632 represents proceeds from sale of certificates of participation to fund the construction of the Administrative Building. The additional \$2,499,052 represents excess sales tax collected, which will be used for future capital projects. Revenues increased by \$538,529, while expenditures decreased by \$1,371,433 over the prior year.

The nonmajor Funds had a combined fund balance of \$26,067,249 at June 30, 2004. This was an increase of \$10,260,070 from the prior year. \$6,760,666 represents an increase due to the transfer of the Flood Control fund balance from a major fund to the nonmajor fund category and a decrease of \$662,770 for transferring the Scenic debt service fund balance to a major fund classification. \$2,990,000 of this increase was the transfer from the general fund to debt service for defeasance of the 2000 Certificates of Participation. \$914,945 represents an increase to the capital projects fund for proceeds from the sale of County property. The remaining \$257,229 increase is due to minor increases and decreases in the Special Revenue, Debt Service, and nonmajor Capital Improvement funds.

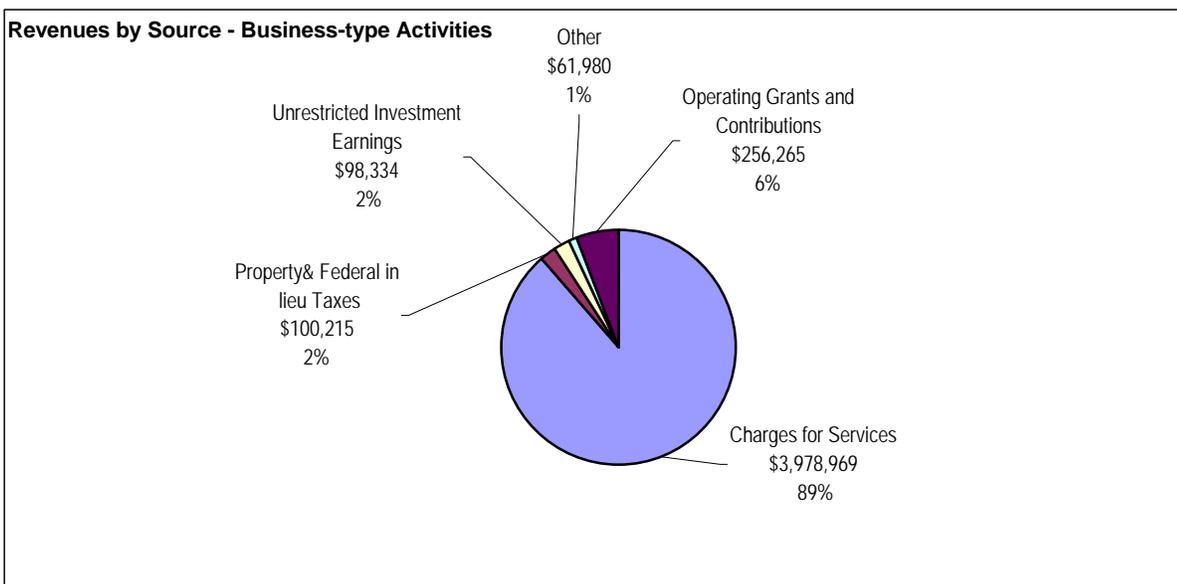
**Proprietary funds** - Mohave County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the water companies, park services, and landfill operations at the end of the year amounted to \$1,491,110. The total decrease in net assets for all enterprise funds was \$43,029. The only individual fund showing a profit was the landfill with a net income of \$133,011. 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 operators, who are outside contractors.

Net assets for the Internal service funds decreased by \$928,727. The Employee Benefit Trust Board intentionally reduced the County's contribution rate to the Health Insurance Trust to reduce the fund balance.

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, including general revenues from the Statement of Activities.



## General Fund Budgetary Highlights

**Revenues:** The Jail received a SCAAP Grant resulting in a \$30,248 increase to budgeted revenues.

**Expenditures:** Differences between the original budget and the final amended budget were created by moving expenditures between line items and categories of budget. The net difference for expenditures was \$2,889,751. There were \$3,574,444 in decreases to general government activities, \$2,990,000 of this was the transfer out to debt service for defeasance of the 2000 Certificates of Participation. \$684,693 was transferred from contingency to cover increases to public safety and education activities. Public safety activities received allocations of \$356,967 for personnel services, \$18,058 for supplies and \$299,493 for other services and charges of which \$228,500 represented an increase to inmate health services costs and \$41,967 of increases to utilities. \$2,958 was allocated to education activities for an increase to the elected officials retirement contribution.

**Transfers out:** The increase of \$2,990,000 was the result of an allocation to the debt service trust fund for defeasance of the 2000 Certificates of Participation at the first call date, July 1, 2007.

Overall, during the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. As permitted by State statutes, the County budgets its available unrestricted fund balance at the end of the prior fiscal year as contingency for the next year. This accounts for the expenses being less than budgeted, overall. The budget for personnel services exceeded actual expenditures by \$1,178,554 due to vacancies. Other charges and services exceeded actual expenditures by \$2,932,343 due to unused contingency carry forwards.

## 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, 2004 amounts to \$121,654,516 (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 net increase in Mohave County’s investment in capital assets for the current fiscal year was 1,880,553 or 2%.

### MOHAVE COUNTY'S CAPITAL ASSETS

(net of accumulated depreciation)

As of June 30,

	Governmental activities		Business-type activities		Total	
	2003	2004	2003	2004	2003	2004
Land	\$ 24,691,516	\$ 24,830,278	\$ 1,586,010	\$ 1,586,010	\$ 26,277,526	\$ 26,416,288
Buildings	23,513,080	28,450,342	1,058,453	1,059,186	24,571,533	29,509,528
Infrastructure and improvements other than buildings	35,902,419	33,706,566	-	-	35,902,419	33,706,566
Utility Systems	-	-	12,987,623	12,275,416	12,987,623	12,275,416
Machinery and equipment	12,592,869	14,453,497	198,740	281,799	12,791,609	14,735,296
Construction in progress	7,243,253	4,904,383	-	107,039	7,243,253	5,011,422
<b>Total</b>	<b>\$ 103,943,137</b>	<b>\$ 106,345,066</b>	<b>\$ 15,830,826</b>	<b>\$ 15,309,450</b>	<b>\$ 119,773,963</b>	<b>\$ 121,654,516</b>

(Continued)

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

- Total expenditures at year-end for the Heritage Park project were \$383,929. This park is located next to the new Senior Center and was completed in October 2004. The projected cost to complete the park, as of June 30, 2004, was \$67,079.
- Total expenditures at year-end for the Sheriff's facility project were \$2,073,742. The building was completed and added to the Capital Assets inventory for a total amount of \$5,634,797.
- In January 2004, through a formal bidding process, the Administration Building contract was awarded to OPUS International. Total expenditures at year-end were \$565,947, most of which was for engineering services.
- Bullhead City Court Building addition was in the architectural design phase of the project and had expenditures of \$21,600 for the year. Completion is scheduled for 2006, at an estimated cost of \$773,400.
- Construction continues on the Mohave Wash project with total expenditures in 2004 of \$1,378,214. Completion of the project is expected in fiscal year 2006.

Additional information on Mohave County's capital assets can be found in Note 6 on pages 36-37 of this report.

**Long-term debt** - At the end of the current fiscal year, Mohave County had total bonded debt outstanding of \$33,111,000. Of this amount, \$27,925,000 comprises debt backed by buildings of the government used as collateral for Certificates of Participation issued and \$5,186,000 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 long-term liabilities represents claims and judgments payable, capital leases payable, landfill closure and postclosure care costs, and compensated absences payable incurred during normal operations.

Mohave County's total long-term liabilities increased by \$18,429,445 or 112%, during the current fiscal year. The key factor in this increase was due to the issuance of \$19,320,000 in Certificates of Participation during the year to fund the new Administration Building Project.

State statutes limit the amount of general obligation debt a government entity may issue to 6% of its total secondary assessed valuation, without taxpayer approval, and up to 15% with the approval of a majority of taxpayers. The debt limitation for Mohave County, for fiscal year 2003/2004, was \$71 million (6% of \$1.2 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt and therefore has its full debt limit capacity available for future needs.

Additional information on Mohave County's long-term debt can be found in Note 8 on pages 38-43 of this report.

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

The unemployment rate for Mohave County for 2004 was 3.8%, which is a decrease from a rate of 5.3% in 2003. This compares favorably to the state's average unemployment rate for 2004 of 4.8% and the national average rate of 5.5%.

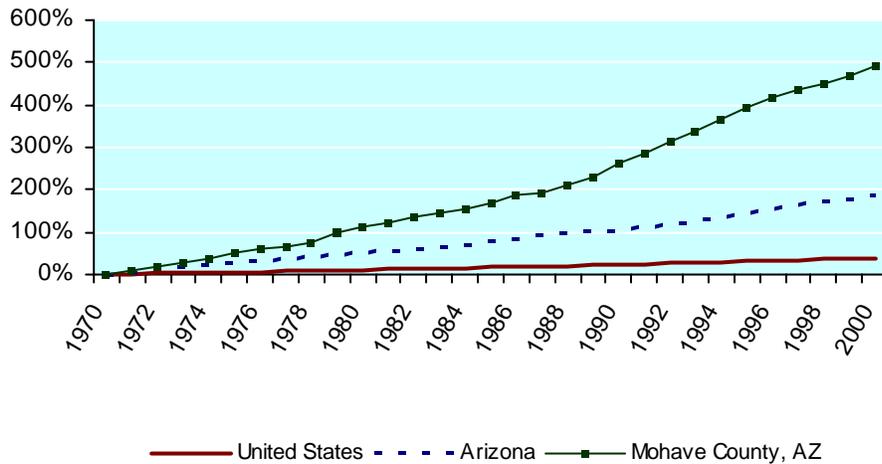
#### **Comparison of Local, State and Federal Unemployment Rates**

\*Bureau of Statistics averages

	2004*	2003*	2002*	2001*	2000*
Mohave County	3.8	5.3	5.5	4.5	4.2
State of Arizona	4.8	5.6	6.2	4.7	4.0
Federal	5.5	6.0	5.8	4.7	4.0

Continued population growth that exceeds State and national growth significantly influences 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.

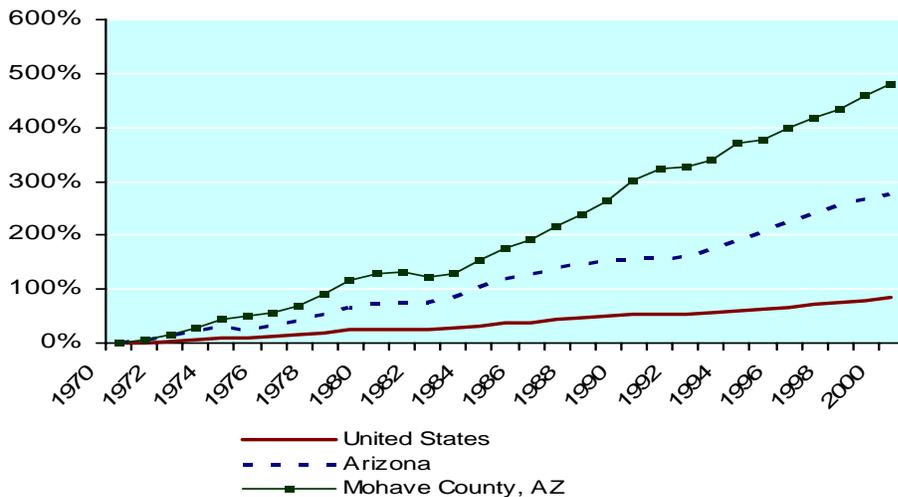
**% of Population Growth Between 1970 and 2000**



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.

**% of Job Growth compared to the State and Nation**



Over the last 30 years job growth in Mohave County, AZ has outpaced that of 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 2005 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, 2004**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 68,719,424	\$ 8,212,057	\$ 76,931,481
Cash and investments held by trustees	23,248,225	-	23,248,225
Receivables (net of allowances for uncollectibles):			
Property taxes	3,320,807	1,439	3,322,246
Accounts	752,778	261,472	1,014,250
Accrued interest	177,445	22,067	199,512
Special assessments	4,994,072	-	4,994,072
Internal balances	(991,817)	991,817	-
Due from other governments	4,602,151	3,344	4,605,495
Inventories	317,851	228,402	546,253
Prepaid items	131,861	50,038	181,899
<b>Noncurrent Assets</b>			
Restricted cash	-	608,717	608,717
Capital assets not being depreciated	29,734,661	1,693,049	31,427,710
Capital assets being depreciated, net	76,610,405	13,616,401	90,226,806
Total assets	<u>\$ 211,617,863</u>	<u>\$ 25,688,803</u>	<u>\$ 237,306,666</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	\$ 2,143,062	\$ 207,581	\$ 2,350,643
Accrued payroll and employee benefits	2,312,929	50,112	2,363,041
Accrued interest payable	242,376	-	242,376
Due to other governments	250,097	3,239	253,336
Deposits held for others	373,253	84,107	457,360
Deferred revenue	7,089,074	100,000	7,189,074
Current portion of long-term obligations	6,581,079	82,040	6,663,119
<b>Noncurrent liabilities</b>			
Noncurrent portion of long-term obligations	32,117,959	2,761,808	34,879,767
Total liabilities	<u>\$ 51,109,829</u>	<u>\$ 3,288,887</u>	<u>\$ 54,398,716</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 95,889,805	\$ 15,309,450	\$ 111,199,255
Restricted for:			
Public safety	3,813,629	-	3,813,629
Highways and streets	14,986,114	-	14,986,114
Health	526,775	-	526,775
Welfare	342,785	-	342,785
Culture and recreation	9,275	-	9,275
Education	2,388,607	-	2,388,607
Debt service	5,556,413	-	5,556,413
Capital projects	16,446,076	608,717	17,054,793
Other purposes	136,264	4,990,639	5,126,903
Unrestricted	20,412,291	1,491,110	21,903,401
Total net assets	<u>\$ 160,508,034</u>	<u>\$ 22,399,916</u>	<u>\$ 182,907,950</u>

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

**MOHAVE COUNTY**  
**Statement of Activities**  
**Year Ended June 30, 2004**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>						
Governmental activities:						
General government	\$ 39,149,275	\$ 7,430,820	\$ 2,939,914	\$ (28,778,541)	\$ -	\$ (28,778,541)
Public safety	17,469,521	1,825,236	4,080,519	(11,563,766)	-	(11,563,766)
Highways and streets	15,509,781	914,543	12,840,408	(1,754,830)	-	(1,754,830)
Health	10,757,719	1,206,932	2,313,061	(7,237,726)	-	(7,237,726)
Welfare	3,786,133	400,119	2,927,995	(458,019)	-	(458,019)
Culture and recreation	2,687,870	15,759	179,400	(2,492,711)	-	(2,492,711)
Education	3,743,777	1,915,088	952,918	(875,771)	-	(875,771)
Interest on long-term debt	833,906	-	-	(833,906)	-	(833,906)
Total governmental activities	93,937,982	13,708,497	26,234,215	(53,995,270)	-	(53,995,270)
Business-type activities:						
Landfill	1,432,170	1,230,803	252,155	-	50,788	50,788
Recreation	1,045,758	1,148,424	4,110	-	106,776	106,776
Water companies	2,121,949	1,599,742	-	-	(522,207)	(522,207)
Total business-type activities	4,599,877	3,978,969	256,265	-	(364,643)	(364,643)
Total primary government	\$ 98,537,859	\$ 17,687,466	\$ 26,490,480	(53,995,270)	(364,643)	(54,359,913)

General revenues:

Taxes:				
Property taxes, levied for general purposes		32,139,797	215	32,140,012
Property taxes, levied for debt service		1,331,048	-	1,331,048
Share of state sales taxes		15,608,009	-	15,608,009
Special County sales tax for capital projects		5,600,824	-	5,600,824
Auto lieu taxes		5,646,891	-	5,646,891
Federal in lieu tax		1,819,798	100,000	1,919,798
Local in lieu tax		25,261	-	25,261
Utilities franchise tax		697,228	-	697,228
County equalization revenue		142,058	-	142,058
Investment earnings		805,994	98,334	904,328
Miscellaneous		245,563	59,040	304,603
Fines and forfeits		1,619,425	-	1,619,425
Rent		199,257	2,940	202,197
Transfers		(61,085)	61,085	-
Total general revenues and transfers		65,820,068	321,614	66,141,682
Change in net assets		11,824,798	(43,029)	11,781,769
Net assets, July 1, 2003, as restated		148,683,236	22,442,945	171,126,181
Net assets, June 30, 2004		\$ 160,508,034	\$ 22,399,916	\$ 182,907,950

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

**MOHAVE COUNTY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2004**

<b>Assets</b>	General	Road	Scenic Debt Service	County Capital Improvement	Nonmajor Funds	Total
Cash and investments	\$ 10,655,802	\$ 12,031,883	\$ 876,153	\$ 13,039,252	\$ 25,921,621	\$ 62,524,711
Cash and investments held by trustees	-	2,306,826	-	19,441,847	1,499,552	23,248,225
Receivables (net of allowances for uncollectibles):						
Property taxes	2,469,208	-	-	-	851,599	3,320,807
Accounts	295,655	20,265	-	-	426,490	742,410
Accrued interest	30,830	34,755	2,098	36,463	55,192	159,338
Special assessments	-	-	3,982,397	-	1,011,675	4,994,072
Due from other funds	87,203	63,751	296,867	-	495,670	943,491
Due from other governments	1,568,441	1,102,805	-	525,525	1,405,363	4,602,134
Inventories	-	315,820	-	-	-	315,820
Prepaid items	9,036	20,324	-	-	66,238	95,598
<b>Total assets</b>	<b>\$ 15,116,175</b>	<b>\$ 15,896,429</b>	<b>\$ 5,157,515</b>	<b>\$ 33,043,087</b>	<b>\$ 31,733,400</b>	<b>\$ 100,946,606</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accrued liabilities	\$ 557,821	\$ 305,885	\$ -	\$ 47,696	\$ 1,146,450	\$ 2,057,852
Accrued payroll and employee benefits	1,435,546	262,442	-	-	537,484	2,235,472
Due to other funds	1,143,097	13,094	425	85,000	766,842	2,008,458
Due to other governments	111,708	-	-	-	138,389	250,097
Deposits held for others	306,583	10,000	-	-	54,925	371,508
Claims and judgments payable	1,156	-	-	-	-	1,156
Accrued compensated absences	-	-	-	-	132,594	132,594
Certificates of participation:						
Principal payable	-	-	-	-	770,000	770,000
Interest payable	-	-	-	-	242,376	242,376
Deferred revenues	3,956,809	1,537	3,982,397	-	1,877,091	9,817,834
<b>Total liabilities</b>	<b>7,512,720</b>	<b>592,958</b>	<b>3,982,822</b>	<b>132,696</b>	<b>5,666,151</b>	<b>17,887,347</b>
Fund balances:						
Reserved for:						
Indigent defense - ARS 11-584(D)	136,264	-	-	-	-	136,264
Inventories	-	315,820	-	-	-	315,820
Debt service	-	-	1,174,693	-	4,381,720	5,556,413
Unreserved, reported in:						
General fund	7,467,191	-	-	-	-	7,467,191
Special revenue funds	-	14,987,651	-	-	18,233,212	33,220,863
Capital projects funds	-	-	-	32,910,391	3,452,317	36,362,708
<b>Total fund balances</b>	<b>7,603,455</b>	<b>15,303,471</b>	<b>1,174,693</b>	<b>32,910,391</b>	<b>26,067,249</b>	<b>83,059,259</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,116,175</b>	<b>\$ 15,896,429</b>	<b>\$ 5,157,515</b>	<b>\$ 33,043,087</b>	<b>\$ 31,733,400</b>	<b>\$ 100,946,606</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, 2004**

Fund balances - total governmental funds	\$ 83,059,259
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.	103,863,005
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	2,728,760
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.	7,741,621
Long term debt, including bonds and certificates of participation payable, is not due and payable in the current period and therefore, is not reported in the funds.	<u>(36,884,611)</u>
Net assets of governmental activities	<u><u>\$ 160,508,034</u></u>

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**  
**Year Ended June 30, 2004**

	General	Road	Scenic Debt Service	County Capital Improvement	Nonmajor Funds	Total
<b>Revenues:</b>						
Taxes	\$ 23,005,872	\$ -	\$ -	\$ 5,600,824	\$ 9,989,382	\$ 38,596,078
Special assessments	-	-	918,421	-	412,627	1,331,048
Licenses and permits	1,215,795	-	-	-	40,808	1,256,603
Intergovernmental	23,421,961	12,792,805	-	-	12,002,082	48,216,848
Charges for services	5,241,952	873,736	-	-	6,296,367	12,412,055
Fines and forfeits	1,560,264	-	-	-	59,161	1,619,425
Investment income	20,272	103,660	17,056	116,590	472,752	730,330
Rents	103,057	96,200	-	-	-	199,257
Contributions	2,062	-	-	-	202,846	204,908
Miscellaneous	73,616	44,736	-	-	122,128	240,480
Total revenues	<u>54,644,851</u>	<u>13,911,137</u>	<u>935,477</u>	<u>5,717,414</u>	<u>29,598,153</u>	<u>104,807,032</u>
<b>Expenditures:</b>						
Current:						
General government	24,629,351	-	-	-	3,559,953	28,189,304
Public safety	14,282,249	-	-	-	4,901,320	19,183,569
Highways and streets	-	12,352,330	-	-	5,437,066	17,789,396
Health	7,039,495	-	-	-	4,299,354	11,338,849
Welfare	-	-	-	-	3,944,615	3,944,615
Culture and recreation	-	-	-	-	3,243,053	3,243,053
Education	270,071	-	-	-	3,594,854	3,864,925
Capital outlay	-	-	-	3,133,362	765,269	3,898,631
Debt service:						
Principal retirement	-	-	450,000	-	1,020,000	1,470,000
Interest and fiscal charges	-	-	270,189	-	563,717	833,906
Total expenditures	<u>46,221,166</u>	<u>12,352,330</u>	<u>720,189</u>	<u>3,133,362</u>	<u>31,329,201</u>	<u>93,756,248</u>
Excess (deficiency) of revenues over expenditures	<u>8,423,685</u>	<u>1,558,807</u>	<u>215,288</u>	<u>2,584,052</u>	<u>(1,731,048)</u>	<u>11,050,784</u>
<b>Other financing sources (uses)</b>						
Transfers in	776,780	-	296,589	-	7,468,108	8,541,477
Transfers out	(7,900,871)	(456,472)	-	(85,000)	(2,518,730)	(10,961,073)
Proceeds from sale of certificates of participation	-	-	-	19,916,632	-	19,916,632
Capital lease agreements	-	-	-	-	28,899	28,899
Proceeds from sale of County property	-	-	-	-	914,945	914,945
Total other financing sources (uses)	<u>(7,124,091)</u>	<u>(456,472)</u>	<u>296,589</u>	<u>19,831,632</u>	<u>5,893,222</u>	<u>18,440,880</u>
Net change in fund balances	1,299,594	1,102,335	511,877	22,415,684	4,162,174	29,491,664
Fund balances, July 1, 2003, as restated	6,303,861	14,153,981	662,816	10,494,707	21,905,075	53,520,440
Increase in reserve for inventory of supplies	-	47,155	-	-	-	47,155
Fund balances, June 30, 2004	<u>\$ 7,603,455</u>	<u>\$ 15,303,471</u>	<u>\$ 1,174,693</u>	<u>\$ 32,910,391</u>	<u>\$ 26,067,249</u>	<u>\$ 83,059,259</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, 2004**

Net change in fund balances - total governmental funds		\$29,491,664
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 in the governmental funds when purchased. In the Statement of Activities, however, inventories are expensed when consumed.</p>		
Capital outlay	7,336,229	
Depreciation expense	(4,874,174)	
Increase in supply inventory	47,155	2,509,210
<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>		
Debt Issued	(19,945,531)	
Principal repaid on long-term debt.	1,511,230	(18,434,301)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as as expenditures in governmental funds.</p>		
Compensated absences payable		(796,773)
<p>Collections of deferred revenues plus current-year revenues recorded in the governmental funds exceeded revenues reported in the Statement of Activities.</p>		
		(16,275)
<p>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 expense of certain internal service funds is reported with governmental activities.</p>		
		(928,727)
Change in net assets of governmental activities		\$11,824,798

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

**MOHAVE COUNTY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2004**

	<b>Business-Type Activities - Enterprise Funds</b>					<b>Governmental Activities- Internal Service Funds</b>
	<b>I-40 Water Corridor</b>	<b>Landfill</b>	<b>G.V.I.D.</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 6,656,985	\$ 856,318	\$ 698,754	\$ 8,212,057	\$ 6,194,713
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	1,439	-	1,439	-
Accounts	152,076	108,755	-	641	261,472	10,368
Accrued interest	1,231	16,675	3,243	918	22,067	18,107
Due from:						
Other funds	-	124	6,669	-	6,793	146,126
Other governments	-	-	-	3,344	3,344	17
Inventories	226,799	-	1,603	-	228,402	2,031
Prepaid items	46,967	-	-	3,071	50,038	36,263
Total current assets	<u>427,073</u>	<u>6,782,539</u>	<u>869,272</u>	<u>706,728</u>	<u>8,785,612</u>	<u>6,407,625</u>
Noncurrent assets:						
Cash - restricted	475,241	-	133,476	-	608,717	-
Due from other funds	-	1,000,000	-	-	1,000,000	-
Land	-	106,818	-	1,479,192	1,586,010	-
Infrastructure, net of accumulated depreciation	5,307,122	-	6,519,127	449,168	12,275,417	-
Buildings, net of accumulated depreciation	-	-	55,721	1,003,464	1,059,185	-
Machinery and equipment, net of accumulated depreciation	8,878	21,713	151,305	99,903	281,799	2,482,061
Construction in progress	-	-	107,039	-	107,039	-
Total noncurrent assets	<u>5,791,241</u>	<u>1,128,531</u>	<u>6,966,668</u>	<u>3,031,727</u>	<u>16,918,167</u>	<u>2,482,061</u>
Total assets	<u>6,218,314</u>	<u>7,911,070</u>	<u>7,835,940</u>	<u>3,738,455</u>	<u>25,703,779</u>	<u>8,889,686</u>
<b>Liabilities</b>						
Current liabilities:						
Accrued liabilities	6,190	24,422	150,858	26,111	207,581	85,210
Accrued payroll and employee benefits	8,217	4,108	11,942	25,845	50,112	77,457
Due to:						
Other funds	430	2,036	2,580	9,930	14,976	72,976
Other governments	107	-	3,132	-	3,239	-
Deposits held for others	14,985	-	68,822	300	84,107	1,745
Deferred revenues	-	-	-	100,000	100,000	-
Current portion of:						
Compensated absences payable	17,284	7,778	12,014	44,964	82,040	145,807
Claims and judgments payable	-	-	-	-	-	764,870
Total current liabilities	<u>47,213</u>	<u>38,344</u>	<u>249,348</u>	<u>207,150</u>	<u>542,055</u>	<u>1,148,065</u>
Noncurrent liabilities:						
Landfill closure and postclosure care costs	-	2,752,692	-	-	2,752,692	-
Compensated absences payable	1,921	864	1,335	4,996	9,116	-
Total noncurrent liabilities	<u>1,921</u>	<u>2,753,556</u>	<u>1,335</u>	<u>4,996</u>	<u>2,761,808</u>	<u>-</u>
Total liabilities	<u>49,134</u>	<u>2,791,900</u>	<u>250,683</u>	<u>212,146</u>	<u>3,303,863</u>	<u>1,148,065</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	5,316,000	128,531	6,833,192	3,031,727	15,309,450	2,482,061
Restricted for capital projects	475,241	-	133,476	-	608,717	-
Restricted for sanitation	-	4,990,639	-	-	4,990,639	-
Unrestricted	377,939	-	618,589	494,582	1,491,110	5,259,560
Total net assets	<u>\$ 6,169,180</u>	<u>\$ 5,119,170</u>	<u>\$ 7,585,257</u>	<u>\$ 3,526,309</u>	<u>\$ 22,399,916</u>	<u>\$ 7,741,621</u>

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

**MOHAVE COUNTY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2004**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>	
	<b>I-40 Water Corridor</b>	<b>Landfill</b>	<b>G.V.I.D.</b>	<b>Other Enterprise Funds</b>		<b>Total</b>
Operating revenues:						
Taxes	\$ -	\$ -	\$ 215	\$ -	\$ 215	\$ 104
Charges for services	1,051,900	1,230,803	534,628	1,161,638	3,978,969	9,288,390
Miscellaneous	-	19,473	27,933	10,102	57,508	5,083
Total operating revenues	<u>1,051,900</u>	<u>1,250,276</u>	<u>562,776</u>	<u>1,171,740</u>	<u>4,036,692</u>	<u>9,293,577</u>
Operating expenses:						
Personal services	138,359	117,209	241,542	588,672	1,085,782	1,532,235
Supplies	5,541	15,158	71,779	98,183	190,661	674,836
Professional services	5,718	601,117	60,630	34,079	701,544	514,179
Communication	3,666	1,220	10,200	13,832	28,918	504,635
Insurance	55,809	-	6,326	3,123	65,258	1,213,374
Insurance claims	-	-	-	-	-	6,064,145
Landfill closure and postclosure care costs	-	532,056	-	-	532,056	-
Lawsuit judgements	-	-	-	-	-	68,147
Repairs and maintenance	45,667	10,155	20,729	21,530	98,081	128,324
Public utility service	392,254	40,172	72,524	183,710	688,660	1,927
Rents and leases	1,801	553	3,266	7,052	12,672	708,311
Depreciation	447,402	5,642	304,659	73,708	831,411	612,331
Other	13,518	108,888	191,641	50,787	364,834	585,157
Total operating expenses	<u>1,109,735</u>	<u>1,432,170</u>	<u>983,296</u>	<u>1,074,676</u>	<u>4,599,877</u>	<u>12,607,601</u>
Operating income (loss)	<u>(57,835)</u>	<u>(181,894)</u>	<u>(420,520)</u>	<u>97,064</u>	<u>(563,185)</u>	<u>(3,314,024)</u>
Nonoperating revenues (expenses):						
Investment income	5,970	62,750	22,695	6,919	98,334	75,664
Rent	2,100	-	840	-	2,940	-
Intergovernmental	-	252,155	-	104,110	356,265	11,698
Gain (loss) on disposal of capital assets	-	-	1,207	325	1,532	(60,576)
Total nonoperating revenues	<u>8,070</u>	<u>314,905</u>	<u>24,742</u>	<u>111,354</u>	<u>459,071</u>	<u>26,786</u>
Income (loss) before transfers	<u>(49,765)</u>	<u>133,011</u>	<u>(395,778)</u>	<u>208,418</u>	<u>(104,114)</u>	<u>(3,287,238)</u>
Transfers in	61,085	-	-	-	61,085	2,358,511
Increase (decrease) in net assets	<u>11,320</u>	<u>133,011</u>	<u>(395,778)</u>	<u>208,418</u>	<u>(43,029)</u>	<u>(928,727)</u>
Total net assets, July 1, 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>
Total net assets, June 30, 2004	<u>\$ 6,169,180</u>	<u>\$ 5,119,170</u>	<u>\$ 7,585,257</u>	<u>\$ 3,526,309</u>	<u>\$ 22,399,916</u>	<u>\$ 7,741,621</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, 2004**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>I-40 Water Corridor</b>	<b>Landfill</b>	<b>G.V.I.D.</b>	<b>Other Enterprise Funds</b>		
Cash flows from operating activities:						
Receipts from customers and users	\$ 948,217	\$ 1,241,115	\$ 574,111	\$ 1,171,661	\$ 3,935,104	\$ 14,464
Receipts from interfund services provided	34,652	-	-	-	34,652	8,896,167
Payments to suppliers	(605,805)	(754,462)	(286,104)	(380,402)	(2,026,773)	(9,040,229)
Payments to employees	(126,790)	(153,071)	(240,139)	(551,211)	(1,071,211)	(1,409,314)
Payments for interfund services used	(11,635)	(16,930)	(59,669)	(57,374)	(145,608)	(648,403)
Net cash provided by (used for) operating activities	<u>238,639</u>	<u>316,652</u>	<u>(11,801)</u>	<u>182,674</u>	<u>726,164</u>	<u>(2,187,315)</u>
Cash flows from noncapital financing activities:						
Transfer to other funds	-	-	-	-	-	(272,992)
Rent income	2,100	-	840	-	2,940	-
Advances from / Due to other funds	61,085	-	-	-	61,085	2,423,215
Subsidy from federal grant	-	323,927	-	100,000	423,927	-
Net cash provided by noncapital financing activities	<u>63,185</u>	<u>323,927</u>	<u>840</u>	<u>100,000</u>	<u>487,952</u>	<u>2,150,223</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	-	(27,355)	(156,879)	(88,343)	(272,577)	(708,911)
Proceeds from sales of capital assets	-	-	1,207	325	1,532	57,240
Net cash used for capital and related financing activities	<u>-</u>	<u>(27,355)</u>	<u>(155,672)</u>	<u>(88,018)</u>	<u>(271,045)</u>	<u>(651,671)</u>
Cash flows from investing activities:						
Interest and dividends received	4,739	55,653	22,093	6,359	88,844	71,881
Net cash provided by investing activities	<u>4,739</u>	<u>55,653</u>	<u>22,093</u>	<u>6,359</u>	<u>88,844</u>	<u>71,881</u>
Net increase (decrease) in cash and cash equivalents	306,563	668,877	(144,540)	201,015	1,031,915	(616,882)
Cash and cash equivalents, July 1, 2003	168,678	5,988,108	1,134,334	497,739	7,788,859	6,811,595
Cash and cash equivalents, June 30, 2004	<u>\$ 475,241</u>	<u>\$ 6,656,985</u>	<u>\$ 989,794</u>	<u>\$ 698,754</u>	<u>\$ 8,820,774</u>	<u>\$ 6,194,713</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (57,835)	\$ (181,894)	\$ (420,520)	\$ 97,064	\$ (563,185)	\$ (3,314,024)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	447,402	5,642	304,659	73,708	831,411	612,331
Landfill closure and postclosure care costs	-	532,056	-	-	532,056	-
Changes in assets/liabilities:						
Receivables, net (increase) decrease	(69,031)	(8,761)	441	3,252	(74,099)	6,733
Due from other funds (increase) decrease	1,941	(124)	366	1,721	3,904	276,162
Due from other governments (increase)	-	-	-	(3,344)	(3,344)	759
Inventories (increase)	-	-	(1,603)	-	(1,603)	2,697
Prepaid items (increase)	(46,967)	-	-	(425)	(47,392)	163
Accrued liabilities increase (decrease)	(46,465)	8,312	132,281	(2,011)	92,117	16,335
Due to other funds increase (decrease)	(1,570)	(48,652)	(9,623)	2,559	(57,286)	(13,435)
Due to other governments increase (decrease)	3	-	(415)	(9)	(421)	-
Accrued payroll and related benefits increase	3,769	2,960	3,978	1,396	12,103	24,554
Compensated absences increase	7,392	7,113	877	8,813	24,195	38,491
Deposits held for others increase (decrease)	-	-	9,740	(50)	9,690	-
Claims and judgments payable increase	-	-	-	-	-	161,919
Obligations from lease agreements (decrease)	-	-	(31,982)	-	(31,982)	-
Total adjustments	<u>296,474</u>	<u>498,546</u>	<u>408,719</u>	<u>85,610</u>	<u>1,289,349</u>	<u>1,126,709</u>
Net cash provided by (used for) operating activities	<u>\$ 238,639</u>	<u>\$ 316,652</u>	<u>\$ (11,801)</u>	<u>\$ 182,674</u>	<u>\$ 726,164</u>	<u>\$ (2,187,315)</u>

**MOHAVE COUNTY**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2004**

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 39,139,070	\$ 471,590
Receivables (net of allowances for uncollectibles):		
Accrued interest	933	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 39,140,003</u>	<u>\$ 471,590</u>
<b>Liabilities</b>		
Deposits held for others	<u>-</u>	<u>\$ 471,590</u>
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>\$ 471,590</u>
<b>Net Assets</b>		
Held in trust for investment trust participants	<u>\$ 39,140,003</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, 2004**

	<u><b>Investment Trust Funds</b></u>
Additions:	
Contributions from participants	\$ 510,453,023
Investment income:	
Interest and dividend income	2,011,767
Net decrease in fair value of investments	<u>(476,340)</u>
Net investment income	<u>1,535,427</u>
Total additions	<u>511,988,450</u>
Deductions:	
Distributions to participants	<u>(507,169,204)</u>
Total deductions	<u>(507,169,204)</u>
Change in net assets	4,819,246
Net assets, beginning of year	<u>34,320,757</u>
Net assets, end of year	<u><u>\$ 39,140,003</u></u>

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

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

**A. Reporting Entity**

Mohave County is a general purpose local government that is governed by a separately elected board of three county supervisors. 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 Administration Building- Finance Corporation	A corporation set up to provide financing and oversight of the construction of the Mohave County administration building; management of Mohave County serve as the board of directors of the corporation.	Blended	(928) 753-6945

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

In addition, a school cooperative-M.E.S.C. (Mohave Educational Services Cooperative) is also included in the financial statements. This is an independently managed purchasing cooperative for school-related equipment and services. 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, 2004, 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 nonmajor 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. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

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

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

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

**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.
- **Scenic Debt Service** fund accounts for collections of special district assessments from taxpayers, and semiannual bond payments.
- **County Capital Improvement** fund accounts for a ¼ cent sales tax collected to provide for major capital improvements of the county.

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

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

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

The investment trust funds account for pooled assets held and invested by the County Treasurer on behalf of the County's 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 or the Courts and for property taxes collected and distributed to the State.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

**C. Basis of Accounting**

The government-wide, proprietary funds, and fiduciary funds 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.

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 Statements 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 held by the County Treasurer to be cash equivalents.

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

**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.

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 Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	All		
Construction in progress	\$5,000		
Buildings	\$5,000	Straight Line	20-50 years
Equipment	\$5,000	Straight Line	3-15 years
Infrastructure and improvements other than buildings	\$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 and those employees covered under the Judicial Merit System have a one year probationary period. All other employees have a six month probationary period.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

Employees may accumulate an unlimited number of PTO hours. Upon termination of employment, unused PTO hours, up to a limit of 400, are paid to employees. Any PTO balance in excess of 400 hours is forfeited. Accordingly, benefits are accrued as a liability in the financial statements.

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

**Prior Period Corrections:** The beginning fund balance of the governmental funds and the beginning net assets of the governmental activities were restated to record the effect of an incorrect entry to nonpooled cash in bank as of June 30, 2003. The correction of this error resulted in a decrease of \$177,641 to the beginning fund balance of the General fund, \$46 increase to the beginning fund balance of the nonmajor funds, and a \$177,595 decrease to beginning net assets of the governmental funds.

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

**Deficit fund balances or net assets-**At June 30, 2004, the following fund reported a deficit in net assets:

<u>Fund</u>	<u>Deficit</u>
Internal Service funds:	
Central services	\$ 30,489

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, 2004, the investment pool had cash on hand of \$14,434. The carrying amount of the investment pool's total cash in bank was \$3,542,791 and the bank balance was \$9,124,690. The investment pool's deposits at June 30, 2004, were entirely covered by \$100,000 federal depository insurance and by \$22,505,923 of collateral held by the pledging financials institution's trust department or agent 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.

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

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

The investment pool's investments at June 30, 2004, 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 counterparty's trust department or agent in the County's name.

Category 3- Uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the County's name.

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$-	\$ 111,864,720	\$-	\$ 111,864,720
Investments not subject to categorization: State Treasurer's investment pool				18,692
Total				\$ 111,883,412

**Other Deposits** - At June 30, 2004, the total nonpooled cash on hand was \$1,815. The carrying amount of the County's total nonpooled cash in bank was \$1,708,406, and the bank balance was \$2,288,978. Of the bank balance, \$290,922 was covered by federal depository insurance or by collateral held by the County or its agent in the County's name and \$1,943,248 was covered by collateral held by the pledging financial institution's trust department or agent in the County's name. A balance of \$54,808, held at Bank One, was uncollateralized and uninsured.

**Other Investments** - At June 30, 2004, the County's nonpooled investments, totaling \$23,248,225 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 Treasurer's Investment Pool	Other	Total
Cash on hand	\$ 14,434	\$ 1,815	\$ 16,249
Carrying amount of deposits	3,542,791	1,708,406	5,251,197
Reported amount of investments	111,883,412	23,248,225	135,131,637
Total	\$ 115,440,637	\$ 24,958,446	\$ 140,399,083

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

Statement of Net Assets:

	Total Primary Government	Total Fiduciary Funds	Total
Cash and investments	\$ 76,931,481	\$ 39,610,660	\$ 116,542,141
Cash and investments held by trustees	23,248,225	-	23,248,225
Restricted cash	<u>608,717</u>	<u>-</u>	<u>608,717</u>
Total	<u>\$ 100,788,423</u>	<u>\$ 39,610,660</u>	<u>\$ 140,399,083</u>

**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, 2004, were as follows:

<u>Fiscal Year</u>	General Fund	Nonmajor Funds	Total Governmental Funds
2003-04	\$ 827,401	\$ 441,764	\$ 1,269,165
Prior	<u>1,641,807</u>	<u>409,835</u>	<u>2,051,642</u>
Total	<u>\$ 2,469,208</u>	<u>\$ 851,599</u>	<u>\$ 3,320,807</u>

That portion of property taxes receivable, not collected within 60 days after June 30, 2004, 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, 2004**

**Note 6 – Capital Assets**

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 24,691,516	\$ 348,198	\$ (209,436)	\$ 24,830,278
Construction in progress (estimated cost to complete \$ 21,748,542)	7,243,253	4,402,613	(6,741,483)	4,904,383
<b>Total capital assets not being depreciated</b>	<b><u>31,934,769</u></b>	<b><u>4,750,811</u></b>	<b><u>(6,950,919)</u></b>	<b><u>29,734,661</u></b>
Capital assets being depreciated:				
Buildings	32,684,554	5,822,477	(348,731)	38,158,300
Infrastructure and improvements other than buildings	86,892,519	23,732	-	86,916,251
Equipment	29,407,667	5,238,759	(3,442,559)	31,203,867
Total	<u>148,984,740</u>	<u>11,084,968</u>	<u>(3,791,290)</u>	<u>156,278,418</u>
Less accumulated depreciation for:				
Buildings	(9,171,474)	(780,596)	244,112	(9,707,958)
Infrastructure and improvements other than buildings	(50,990,100)	(2,219,585)	-	(53,209,685)
Equipment	(16,814,798)	(2,486,324)	2,550,752	(16,750,370)
Total	<u>(76,976,372)</u>	<u>(5,486,505)</u>	<u>2,794,864</u>	<u>(79,668,013)</u>
<b>Total capital assets being depreciated, net</b>	<b><u>72,008,368</u></b>	<b><u>5,598,463</u></b>	<b><u>(996,426)</u></b>	<b><u>76,610,405</u></b>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 103,943,137</u></b>	<b><u>\$ 10,349,274</u></b>	<b><u>\$ (7,947,345)</u></b>	<b><u>\$ 106,345,066</u></b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,586,010	\$ -	\$ -	\$ 1,586,010
Construction in progress (estimated cost to complete \$ 210,000)	-	107,039	-	107,039
<b>Total capital assets not being depreciated</b>	<b><u>1,586,010</u></b>	<b><u>107,039</u></b>	<b><u>-</u></b>	<b><u>1,693,049</u></b>
Capital assets being depreciated:				
Buildings	1,639,946	33,720	-	1,673,666
Utility systems	17,303,366	36,977	-	17,340,343
Equipment	461,200	155,591	-	616,791
Total	<u>19,404,512</u>	<u>226,288</u>	<u>-</u>	<u>19,630,800</u>
Less accumulated depreciation for:				
Buildings	(581,493)	(32,987)	-	(614,480)
Utility systems	(4,315,743)	(749,184)	-	(5,064,927)
Equipment	(262,460)	(49,240)	(23,292)	(334,992)
Total	<u>(5,159,696)</u>	<u>(831,411)</u>	<u>(23,292)</u>	<u>(6,014,399)</u>
<b>Total capital assets being depreciated, net</b>	<b><u>14,244,816</u></b>	<b><u>(605,123)</u></b>	<b><u>(23,292)</u></b>	<b><u>13,616,401</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 15,830,826</u></b>	<b><u>\$ (498,084)</u></b>	<b><u>\$ (23,292)</u></b>	<b><u>\$ 15,309,450</u></b>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 6 – Capital Assets (concl'd)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	(\$3,184,550)
Public safety	(464,265)
Highways and streets	(963,846)
Health	(20,590)
Welfare	(69,610)
Culture and recreation	(64,403)
Education	(106,910)
Internal service funds	(612,331)
Total governmental activities depreciation expense	(\$5,486,505)
Business-type activities:	
Landfill	(\$5,642)
Golden Valley improvement district	(304,659)
Horizon 6 - water project	(19,009)
I-40 water project	(447,402)
Parks	(54,699)
Total business-type activities depreciation expense	(\$831,411)

**Note 7 – Restricted Assets**

As of June 30, 2004 the County had restricted assets as follows:

Business-type activities assets:		
Cash	\$ 133,476	GVID collections restricted for future repairs of infrastructure by agreement with customers.
Cash	<u>475,241</u>	I-40 water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities assets	<u>\$ 608,717</u>	

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 8 – Long-Term Liabilities**

The following schedule details the County’s long-term liability and obligation activity for the year ended June 30, 2004:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2004</u>	<u>Due Within</u> <u>1 Year</u>
<b><u>Governmental Activities:</u></b>					
Special assessment bonds payable	\$ 5,886,000	\$ -	\$ (700,000)	\$5,186,000	\$ 695,000
Certificates of participation payable	9,770,000	19,320,000	(1,165,000)	27,925,000	1,180,000
Certificates of participation premium- unamortized	-	596,632	-	596,632	39,775
Capital leases payable	46,592	28,899	(41,230)	34,261	12,634
Compensated absences payable	3,383,515	4,212,192	(3,404,588)	4,191,119	3,887,644
Claims and judgments payable	<u>622,134</u>	<u>6,461,849</u>	<u>(6,317,957)</u>	<u>766,026</u>	<u>766,026</u>
Governmental activities long-term liabilities	<u>\$19,708,241</u>	<u>\$30,619,572</u>	<u>\$ (11,628,775)</u>	<u>\$38,699,038</u>	<u>\$ 6,581,079</u>
<b><u>Business-type activities:</u></b>					
Landfill closure and postclosure care costs	\$ 2,220,636	\$ 532,056	\$ -	\$ 2,752,692	\$ -
Compensated absences payable	<u>66,961</u>	<u>228,455</u>	<u>(204,260)</u>	<u>91,156</u>	<u>82,040</u>
Business-type activities long-term liabilities	<u>\$ 2,287,597</u>	<u>\$ 760,511</u>	<u>\$ (204,260)</u>	<u>\$ 2,843,848</u>	<u>\$ 82,040</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**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, 2004, were as follows:

<u>District</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2004</u>
G.V.I.D. No. 1 Phase II	\$ 726,000	1/05-1/06	7.25%	\$150,000
G.V.I.D. No. 1 Phase III	396,000	1/05-1/07	6.70%	120,000
G.V.I.D. No. 1 Phase IV	409,000	1/05-1/12	5.60%	320,000
Rainbow acres street improvement	226,000	1/05-1/07	6.40%	65,000
Horizon six street improvement	647,000	7/04-1/10	6.375%	390,000
Scenic road and bridge project improvement	4,500,000	1/05-1/13	6.30%	4,050,000
Mohave County improvement District	<u>91,000</u>	in arrears	5.50%	<u>91,000</u>
Total	<u>\$6,995,000</u>			<u>\$5,186,000</u>

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2004:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 695,000	\$ 301,975
2006	781,000	257,683
2007	615,000	216,270
2008	555,000	179,556
2009	555,000	144,823
2010-13	<u>1,985,000</u>	<u>244,383</u>
Total	<u>\$5,186,000</u>	<u>\$1,344,690</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**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, 2004, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2004</u>
Certificate of participation series 1998	\$10,330,000	7/2004-7/2013	3.75%-4.9%	\$5,235,000
Certificate of participation series 2000	4,870,000	7/2004-7/2010	6.75%-7.375%	3,370,000
Certificate of participation series 2004	<u>19,320,000</u>	1/2005-7/2019	2.0%-5.0%	<u>19,320,000</u>
Total	<u>\$34,520,000</u>			<u>\$27,925,000</u>

The following schedule details debt service requirements to maturity for the County's certificates of participation payable at June 30, 2004:

Year Ending <u>June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,180,000	\$ 973,726
2006	1,650,000	1,287,089
2007	1,845,000	1,218,154
2008	2,090,000	1,131,974
2009	2,195,000	1,030,236
2010-14	10,295,000	3,484,729
2015-19	7,775,000	1,389,600
2020	<u>895,000</u>	<u>23,494</u>
Total	<u>\$27,925,000</u>	<u>\$10,539,002</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

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

**Capital leases** –A blended component unit of Mohave County, M.E.S.C., 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:

	<u>Governmental Activities</u>
Machinery and equipment (net)	\$ 134,553

The following schedule details debt service requirements to maturity for the capital leases payable at June 30, 2004:

	<u>Governmental Activities</u>
<u>Year ending June 30</u>	
2005	\$15,487
2006	7,594
2007	7,471
2008	7,471
2009	<u>3,409</u>
Net minimum lease payments	41,432
Less amount representing interest	<u>(7,171)</u>
Present value of net minimum lease payments	<u>\$34,261</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**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 \$2,752,692 reported as landfill closure and postclosure care liability at June 30, 2004, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 98% and 69%, respectively, of the estimated capacity of the open cells of the landfills. The County will recognize the remaining estimated cost of closure and postclosure care of \$436,372 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 2004. 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 Workers' Compensation Pool for workers' 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, 2004**

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

The insurance claims payable liability of the self insurance fund and health insurance fund of \$764,870 included in the balance below at June 30, 2004, 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 amounts are based on estimates provided by the County's healthcare administrator (based on claims received subsequent to June 30, 2004) and Arizona County Insurance Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences). The balance of \$1,156 is the liability due at June 30, 2004 from the General fund for claims and judgments.

Changes in the claims payable liability amount for the years ended June 30, 2003 and 2004 were as follows:

	<u>2003</u>	<u>2004</u>
Claims payable - beginning of year	\$ 642,829	\$ 622,134
Add: Claims incurred and changes in estimates	5,684,895	6,461,849
Deduct: Claims paid	<u>(5,705,590)</u>	<u>(6,317,957)</u>
Claims payable - end of year	<u>\$ 622,134</u>	<u>\$ 766,026</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 2004, the County paid for 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, 2004**

**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 \$1,097,523 for the year ended June 30, 2004. 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, 2004, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>
2005	\$948,479
2006	257,266
2007	27,063
2008	7,203
2009	6,003
2010-2014	12,015
2015-2019	12,015
2020-2024	12,015
2025-2102*	226
Total minimum lease payments	\$1,282,285

\*Consists of \$1 per year lease for the Meadview library expiring 2096 and a \$2 per year lease on the library in Dolan Springs expiring 2102.

**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, 2004**

**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.

<u>ASRS</u>	<u>PSPRS, CORP, and EORP</u>
3300 N. Central Avenue	1020 E. Missouri Avenue
P. O. Box 33910	Phoenix, AZ 85014-2613
Phoenix, AZ 85067-3910	
(602) 240-2000 or (800) 621-3778	(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, 2004, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 5.7% (5.20% retirement and 0.50% long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2004, 2003, and 2002, were \$1,649,976, \$1,379,148 and \$1,208,183, respectively, which were equal to the required contributions for the year.

*Agent plans* - For the year ended June 30, 2004, 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 5.47%. 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 costs for the two agent plans for the year ended June 30, 2004 and related information follow.

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
County	5.47%	2.00%
Plan members	7.65%	8.5%
Annual pension cost	\$193,838	\$36,042
Contributions made	\$193,838	\$36,042

The current-year annual required contributions for both the PSPRS and CORP were determined as part of their June 30, 2002 actuarial valuations using the individual 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, 2002, was 20 years.

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**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 June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS	2004	\$193,838	100%	\$ 0
	2003	80,336	100%	\$ 0
	2002	200,532	100%	\$ 0
CORP	2004	\$36,042	100%	\$ 0
	2003	35,669	100%	\$ 0
	2002	31,662	100%	\$ 0

**Note 12 – Interfund Balances and Activity**

The interfund receivables and payables by fund are as follows at June 30, 2004:

<b>Due From Other Funds</b>								
	<u>General</u>	<u>Road</u>	<u>Scenic debt service</u>	<u>Nonmajor governmental</u>	<u>Landfill</u>	<u>G.V.I.D.</u>	<u>Internal service</u>	<u>Total</u>
General	\$ -	\$ 4,515	\$ -	\$ 15,275	\$1,000,000	\$ -	\$ 123,307	\$1,143,097
Road	2,630	-	-	528	-	6,669	3,267	13,094
Scenic debt service	-	-	-	425	-	-	-	425
County capital improvement	-	-	-	85,000	-	-	-	85,000
Nonmajor Governmental funds	54,055	12,886	296,867	394,442	-	-	8,592	766,842
Landfill	1,541	495	-	-	-	-	-	2,036
I-40 Water corridor	-	430	-	-	-	-	-	430
G.V.I.D.	376	1,984	-	-	-	-	220	2,580
Nonmajor enterprise	-	1,220	-	-	124	-	8,586	9,930
Internal service	28,601	42,221	-	-	-	-	2,154	72,976
<b>Total</b>	<u>\$87,203</u>	<u>\$ 63,751</u>	<u>\$ 296,867</u>	<u>\$ 495,670</u>	<u>\$1,000,124</u>	<u>\$ 6,669</u>	<u>\$146,126</u>	<u>\$2,096,410</u>

The majority of the interfund receivables and payables result from year-end accruals and adjustments. All cash is transferred within the first two months of the next fiscal year for these transactions. The 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 series 2000 certificates of participation. This loan is expected to be repaid within the next 2 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, 2004**

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

The interfund transfers by fund are as follows for the year ended June 30, 2004:

		<b>Transfer To Other Funds</b>					
		General	Scenic debt service	Nonmajor governmental	Internal service	I-40 water corridor	Total
<b>Transfer From Other Funds</b>	General	\$ -	\$ -	\$5,881,275	\$1,958,511	\$61,085	\$7,900,871
	Road	-	-	56,472	400,000	-	456,472
	Nonmajor	776,780	296,589	1,445,361	-	-	2,518,730
	County capital improvement	-	-	85,000	-	-	85,000
	<b>Total</b>	<b>\$776,780</b>	<b>\$296,589</b>	<b>\$7,468,108</b>	<b>\$2,358,511</b>	<b>\$61,085</b>	<b>\$10,961,073</b>

The majority of interfund transfers result from interfund billings for services, products, or shared expenses. The General Fund also transfers monies to other funds to provide support for such items as matching funds for grants or to make up the shortfall of grant-funded programs that the County feels are important. There are some transfers that result from errors in posting of expenditures or revenues 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.

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Fed Farm Credit Bank	\$7,350,000	2.74-3.62%	2/07-03/09	\$7,224,187
Fed Home Loan Bank	43,270,000	2.00-4.18%	8/06-05/09	42,708,533
Fed Home Loan Mtge. Corp	29,955,000	2.00-4.01%	11/05-3/09	29,546,153
Fed National Mtge. Assoc	31,530,000	2.00-6.21%	10/04-5/09	31,112,847
Other	1,315,000	2.10-2.45%	4/06-5/08	1,273,000
State Treasurer’s Local Government Investment Pool	18,692	1.59%	N/A	18,692
	<u>\$113,438,692</u>			<u>\$111,883,412</u>

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**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	\$115,641,082
Liabilities	-
Net assets	<u>\$115,641,082</u>
Net assets held in trust for:	
Internal participants	\$77,058,685
External participants	38,582,397
Total net assets held in trust	<u>\$115,641,082</u>

**Statement of Changes in Net Assets**

Total additions	\$755,087,366
Total deductions	(737,361,909)
Net increase	<u>17,725,457</u>
Net assets held in trust:	
July 1, 2003	97,915,625
June 30, 2004	<u>\$115,641,082</u>

**Note 14 – Subsequent Events**

Administration building - The construction of a county administration building was started 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 was financed through certificates of participation. The payments will be made from the ¼ cent sales tax revenue accumulated in the County Capital Improvement Fund.

State declared emergency - Beaver Dam, AZ - In February 2005, a disaster was declared in several counties in Arizona, including Mohave County, as the result of a winter storm. There was major flooding experienced in the strip area of Mohave County (Beaver Dam), which caused damage to roads, bridges, private residences and other infrastructure. There was also road and building damage in other areas of the county. The damage is estimated to be in the millions of dollars. The County is expected to recover 75 to 90 percent of the cost to repair County property from state and federal agencies.

M.E.S.C. Incorporation –The following statement was extracted from the audited financial statements of M.E.S.C. as of June 30, 2004.

“Subsequent to June 30, 2004, Mohave Educational Services Cooperative incorporated into a new Arizona Nonprofit Corporation organized under Title 10, Chapter 25, Arizona Revised Statutes as Mohave Educational Services Cooperative, Inc. As of that date, Mohave County executed quit claim deeds to clarify that Mohave County claims no interest in the property of Mohave Educational Services, Inc., as no Mohave County funds

**MOHAVE COUNTY**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 14 – Subsequent Events, (concl'd)**

were used in the acquisition of the assets. All assets and liabilities under the Mohave Educational Services, a component unit of Mohave County, Arizona, were transferred to Mohave Educational Services, Inc. with the approval of Mohave County.

In addition, subsequent to June 30, 2004, Mohave Educational Services Cooperative entered into a consent judgment with the State of Arizona to resolve the alleged violations of the Arizona Education Act, A.R.S. 15-101 *et seq.* the Arizona Administrative Code, A.A.C. R7-2-1001, *et seq.* and the Arizona Procurement Code, A.R.S. 471-2501, *et seq.* Under the terms of the consent judgment, M.E.S.C. is required to pay to the State of Arizona \$179,304; the State will distribute these funds to member Districts that were overcharged during the period that was investigated. In addition, M.E.S.C. will be required to have an independent auditor review the organization's procurement practices every six months from January 1, 2005 through December 31, 2006."

The effective date of the incorporation was January 1, 2005. Mohave County will include the six months of activity from July 1, 2004 to December 31, 2004 in the June 30, 2005 financial statements. Subsequent to June 30, 2005, Mohave County will no longer include any information concerning M.E.S.C. in the annual financial statements, as they will no longer be a component unit of the County.

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## **Required Supplementary Information**

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2004**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 22,187,835	\$ 22,187,835	\$ 23,005,872	\$ 818,037
Licenses and permits	705,133	705,133	1,215,795	510,662
Intergovernmental	21,898,472	21,928,720	23,421,961	1,493,241
Charges for services	4,192,836	4,192,836	5,241,952	1,049,116
Fines and forfeits	1,280,426	1,280,426	1,560,264	279,838
Investment income	333,000	333,000	20,272	(312,728)
Rents	98,000	98,000	103,057	5,057
Contributions	-	-	2,062	2,062
Miscellaneous	222,762	222,762	73,616	(149,146)
Total revenues	<u>50,918,464</u>	<u>50,948,712</u>	<u>54,644,851</u>	<u>3,696,139</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				
Assessor	2,700,319	2,769,777	2,734,935	34,842
County Attorney	2,775,570	2,836,122	2,757,239	78,883
Risk Management	159,916	159,916	146,877	13,039
Board of Supervisors	469,716	478,593	429,213	49,380
Clerk of the Board	169,366	169,366	154,073	15,293
Housing and Community Development	161,228	161,228	159,966	1,262
General Administrative	1,735,199	1,759,199	1,026,032	733,167
Clerk of Superior Court	1,068,414	1,114,320	1,089,440	24,880
Constables	260,238	273,741	272,179	1,562
Contingency	6,445,566	2,287,842	-	2,287,842
Elections	323,476	323,476	308,595	14,881
Finance	937,156	937,156	893,041	44,115
Building Grounds and Maintenance	1,142,464	1,151,597	1,155,953	(4,356)
Justice Courts	2,020,601	2,103,117	2,094,867	8,250
Juvenile Detention	842,691	873,451	879,806	(6,355)
Personnel	497,213	497,213	487,626	9,587
Planning & Zoning	1,513,260	1,513,260	1,261,460	251,800
Public Land Use	20,171	20,171	5,595	14,576
Public Fiduciary	360,873	392,873	371,780	21,093
Public Defender	2,240,275	2,269,975	2,146,785	123,190
Public Legal Defender	657,818	628,118	611,961	16,157
Building Inspector	562,008	562,008	436,257	125,751
Public Works	40,128	40,128	32,643	7,485
Purchasing	207,530	210,940	212,234	(1,294)
Recorder	495,714	509,172	483,446	25,726
Superior Courts	2,587,727	2,764,477	2,727,167	37,310
Treasurer	1,407,317	1,420,275	1,339,860	80,415
Voter Registration	223,004	223,004	196,440	26,564
Supervisory Districts	254,262	254,262	213,881	40,381
Total general government	<u>\$ 32,279,221</u>	<u>\$ 28,704,777</u>	<u>\$ 24,629,351</u>	<u>\$ 4,075,426</u>

(Continued)

See accompanying notes to budgetary comparison schedules

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2004**  
**(Concluded)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Public safety:				
Animal control	\$ 431,573	\$ 433,643	\$ 436,982	\$ (3,339)
Jail	5,752,516	6,317,290	6,357,422	(40,132)
Medical Examiner	206,400	206,400	206,400	-
Probation	1,295,815	1,295,815	1,180,343	115,472
Sheriff	5,937,819	6,052,710	6,101,102	(48,392)
Total Public safety	<u>13,624,123</u>	<u>14,305,858</u>	<u>14,282,249</u>	<u>23,609</u>
Health:				
A.H.C.C.C.S.	<u>7,040,653</u>	<u>7,040,653</u>	<u>7,039,495</u>	<u>1,158</u>
Education:				
School superintendent	<u>288,938</u>	<u>291,896</u>	<u>270,071</u>	<u>21,825</u>
Total expenditures	<u>53,232,935</u>	<u>50,343,184</u>	<u>46,221,166</u>	<u>4,122,018</u>
Excess of revenues over (under) expenditures	<u>(2,314,471)</u>	<u>605,528</u>	<u>8,423,685</u>	<u>7,818,157</u>
Other financing sources (uses):				
Transfers in	821,649	821,649	776,780	(44,869)
Transfers out	<u>(4,937,467)</u>	<u>(7,927,467)</u>	<u>(7,900,871)</u>	<u>26,596</u>
Total other financing sources (uses)	<u>(4,115,818)</u>	<u>(7,105,818)</u>	<u>(7,124,091)</u>	<u>(18,273)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(6,430,289)	(6,500,290)	1,299,594	7,799,884
Fund balances, July 1, 2003, as restated	<u>6,430,289</u>	<u>6,500,290</u>	<u>6,303,861</u>	<u>(196,429)</u>
Fund balances, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,603,455</u>	<u>\$ 7,603,455</u>

See accompanying notes to budgetary comparison schedules

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 11,559,000	\$ 11,559,000	\$ 12,792,805	\$ 1,233,805
Charges for services	1,201,900	1,201,900	873,736	(328,164)
Investment income	467,000	467,000	103,660	(363,340)
Rents	95,000	95,000	96,200	1,200
Contributions	2,475,000	2,475,000	-	(2,475,000)
Miscellaneous	65,000	65,000	44,736	(20,264)
Total revenues	<u>15,862,900</u>	<u>15,862,900</u>	<u>13,911,137</u>	<u>(1,951,763)</u>
Expenditures:				
Current:				
Highways and streets-Road fund	29,494,119	29,494,119	12,352,330	17,141,789
Total expenditures	<u>29,494,119</u>	<u>29,494,119</u>	<u>12,352,330</u>	<u>17,141,789</u>
Excess of revenues over (under) expenditures	<u>(13,631,219)</u>	<u>(13,631,219)</u>	<u>1,558,807</u>	<u>15,190,026</u>
Other financing sources (uses):				
Transfers out	(456,500)	(456,500)	(456,472)	28
Total other financing sources (uses)	<u>(456,500)</u>	<u>(456,500)</u>	<u>(456,472)</u>	<u>28</u>
Excess of revenues and other sources over (under) expenditures and other uses	(14,087,719)	(14,087,719)	1,102,335	15,190,054
Fund balances, July 1, 2003	14,087,719	14,087,719	14,153,981	66,262
Increase in reserve for inventory	-	-	47,155	47,155
Fund balances, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,303,471</u>	<u>\$ 15,303,471</u>

See accompanying notes to budgetary comparison schedules

**Mohave County**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**Year ended June 30, 2004**

**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 the Board of Supervisors' approval. With the exception of the General fund, each fund includes only one department.

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 expenditures 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.

**Mohave County  
Required Supplementary Information  
Notes to Budgetary Comparison Schedules  
Year ended June 30, 2004**

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

For the year ended June 30, 2004, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

<b><u>Fund/Department</u></b>	<b><u>Excess</u></b>
General Fund	
Building maintenance department	\$ 4,356
Juvenile Detention department	6,355
Purchasing department	1,294
Sheriff department	48,392
Jail department	40,132
Animal Control department	<u>3,339</u>
Total General Fund	<u>\$103,868</u>
Health Department	
Health Services Administration fund	\$17,321
Primary Care Services Grant fund	25
Newborn Intensive care Program fund	11,774
Senior Centers – admin fund	2,443
Senior Centers – LHC fund	<u>2,280</u>
Total Health Department	<u>\$33,843</u>
Library Department	
SGIA FY2001 grant 01-A-9 fund	<u>\$ 810</u>
Public Works Department	
Parks administration fund	\$ 25
Mitigation planning grant fund	<u>6,968</u>
Total Public Works Department	<u>\$21,059</u>
Sheriff's Department	
Criminal Justice Enhancement fund	\$37,025
Sheriff safe schools grant fund	6,020
HIDTA grant fund– sheriff	<u>21,314</u>
Total Sheriff's Department	<u>\$64,359</u>
Community Development Department	
Emergency Housing program fund	\$1,729
2004 EHA #557-04 fund	231
Workforce Development Payroll fund	732
PY01 W.I.A. Incentives fund	11
1-FTE IGA fund	1,984
WIA IA PY04 fund	<u>2,429</u>
Total Community Development Department	<u>\$7,408</u>
Superior Court Department	
Fill the GAP 5% fund-BHC Justice	<u>\$5,779</u>

**Mohave County**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**Year ended June 30, 2004**

**Note 3 – Expenditures in Excess of Appropriations-concl'd**

The budget variances reflected on the previous page arose from an additional unbudgeted payroll accrual. The County will make sure that the budget reflects the appropriate salary amounts to agree with the financial statements in future years. The County will also more closely monitor department spending, especially at year-end.

**MOHAVE COUNTY**  
**Required Supplementary Information**  
**Schedule of Agent Retirement Plans' Funding Progress**  
**June 30, 2004**

**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)
6/30/2004	14,398,517	14,578,454	(179,937)	98.8%	3,638,482	-4.9%
6/30/2003	14,522,243	13,093,219	1,429,024	110.9%	3,359,877	N/A
6/30/2002	14,357,706	11,473,155	2,884,551	125.1%	3,035,539	N/A

**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)
6/30/2004	3,752,345	2,041,941	1,710,404	183.8%	1,925,091	N/A
6/30/2003	3,926,013	2,118,188	1,807,825	185.3%	1,870,693	N/A
6/30/2002	3,795,255	1,793,433	2,001,822	211.6%	1,601,298	N/A

## **Other Supplementary Information**

**MOHAVE COUNTY**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Scenic Debt Service Fund**  
**Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 721,000	\$ 721,000	\$ 918,421	\$ 197,421
Investment income	-	-	17,056	17,056
Total revenues	<u>721,000</u>	<u>721,000</u>	<u>935,477</u>	<u>214,477</u>
Expenditures:				
Current:				
Debt service	<u>720,000</u>	<u>787,800</u>	<u>720,189</u>	<u>67,611</u>
Total expenditures	<u>720,000</u>	<u>787,800</u>	<u>720,189</u>	<u>67,611</u>
Excess of revenues over (under) expenditures	<u>1,000</u>	<u>(66,800)</u>	<u>215,288</u>	<u>282,088</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>296,589</u>	<u>296,589</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>296,589</u>	<u>296,589</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,000	(66,800)	511,877	578,677
Fund balances, July 1, 2003	<u>(1,000)</u>	<u>66,800</u>	<u>209,544</u>	<u>142,744</u>
Fund balances, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,421</u>	<u>\$ 721,421</u>

**MOHAVE COUNTY**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**County Capital Improvement Fund**  
**Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ -	\$ 5,600,824	\$ 5,600,824
Intergovernmental	4,884,000	4,884,000	-	(4,884,000)
Investment income	250,000	250,000	116,590	(133,410)
Total revenues	<u>5,134,000</u>	<u>5,134,000</u>	<u>5,717,414</u>	<u>583,414</u>
Expenditures:				
Capital outlay	<u>15,386,603</u>	<u>15,301,603</u>	<u>3,133,362</u>	<u>12,168,241</u>
Total expenditures	<u>15,386,603</u>	<u>15,301,603</u>	<u>3,133,362</u>	<u>12,168,241</u>
Excess of revenues over (under) expenditures	<u>(10,252,603)</u>	<u>(10,167,603)</u>	<u>2,584,052</u>	<u>12,751,655</u>
Other financing sources (uses):				
Transfers out	-	(85,000)	(85,000)	-
Proceeds from COP's issuance	<u>-</u>	<u>-</u>	<u>19,916,632</u>	<u>19,916,632</u>
Total other financing sources (uses)	<u>-</u>	<u>(85,000)</u>	<u>19,831,632</u>	<u>19,916,632</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(10,252,603)</u>	<u>(10,252,603)</u>	<u>22,415,684</u>	<u>32,668,287</u>
Fund balances (deficits), July 1, 2003	<u>10,252,603</u>	<u>10,252,603</u>	<u>10,494,707</u>	<u>242,104</u>
Fund balances (deficits), June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,910,391</u>	<u>\$ 32,910,391</u>