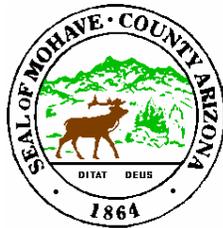


Mohave County Annual Financial Report Fiscal Year Ended 2005



Mohave County Sheriff's Office, built 2003



MOHAVE COUNTY
Annual Financial Report
Year Ended June 30, 2005

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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, 2005, 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 conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 2, the County has restated its beginning net assets for the governmental activities in the government-wide financial statements and fund balance for the other governmental funds in the fund financial statements for a change in reporting entity. The Mohave Educational Services Cooperative was previously reported as a blended component unit of the County; however, in fiscal year 2005 the Cooperative became a 501 (c) 3 corporation effective December 31, 2004, and is no longer financially accountable to the County and, therefore, is not reported in the County's basic financial statements for the year ended June 30, 2005.

As described in Note 1, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, for the year ended June 30, 2005, which represents a change in accounting principles.

The Management's Discussion and Analysis (MD&A) on pages 3 through 14, the Budgetary Comparison Schedules on pages 52 through 56 and the Schedule of Agent Retirement Plans' Funding Progress on page 57 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 59 and 60 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 December 2, 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
December 2, 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, 2005. 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 \$201,378,311, of which \$42,131,844 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- Property taxes collected increased by \$3,998,591 (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, 2005, total fund balances of the governmental funds were \$80,722,660, down \$351,273 from the previous year's balances.
- General Fund revenues exceeded budgeted revenues by \$6,955,068 and expenditures were only 86% of the original adopted General Fund budget and 96% of the final General Fund budget.

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 legally separate entities for which Mohave County is financially accountable including: a television district, two tax-levying districts and special assessment districts all of which the County's Board of Supervisors serves as the board of directors for and 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 and operation of the Mohave County administration building.

There was also a school cooperative, Mohave Educational Services Cooperative (M.E.S.C.), which was previously reported as a blended component unit in the County's financial statements. In fiscal year 2005 the M.E.S.C. is no longer financially accountable to the County and, therefore, beginning balances of the County's financial statements have been restated for this change in reporting entity and M.E.S.C. is no longer reported in the County's basic financial statements. See note 2 for disclosure of further information.

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 Other Governmental Funds.

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and the major Special Revenue 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 on pages 25-26 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-50 of this report.

Other information - In addition to the basic financial statements and accompanying notes, pages 52-57 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 59-60.

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 \$201,378,311 at the close of the most recent fiscal year.

By far the largest portion of Mohave County's net assets (59%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. Mohave County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Mohave County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

21% 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* (\$42,131,844) 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	
	2004 As restated	2005	2004 As restated	2005	2004 As restated	2005
Current assets and other assets	\$103,093,186	\$106,319,059	\$10,379,353	\$12,513,210	\$113,472,539	\$118,832,269
Capital assets	106,820,209	122,558,045	15,471,368	15,111,241	122,291,577	137,669,286
Total assets	209,913,395	228,877,104	25,850,721	27,624,451	235,764,116	256,501,555
Long-term liabilities outstanding	38,664,777	38,746,370	2,843,848	3,057,112	41,508,625	41,803,482
Other liabilities	12,216,506	12,779,775	445,039	539,987	12,661,545	13,319,762
Total liabilities	50,881,283	51,526,145	3,288,887	3,597,099	54,170,170	55,123,244
Net assets:						
Invested in capital assets, net of related debt	96,399,209	102,834,461	15,471,368	15,111,241	111,870,577	117,945,702
Restricted	42,220,612	34,065,655	5,599,356	7,235,110	47,819,968	41,300,765
Unrestricted	20,412,291	40,450,843	1,491,110	1,681,001	21,903,401	42,131,844
Total net assets	\$159,032,112	\$177,350,959	\$22,561,834	\$24,027,352	\$181,593,946	\$201,378,311

Restatement: In the above table, the lines labeled “Capital assets,” “Total assets,” “Invested in capital assets, net of related debt” and “Total net assets” for governmental and business-type activities were restated for June 30, 2004. These adjustments were due to a correcting entry to construction in progress resulting in an increase of \$1,168,067 to governmental activities and \$161,918 to business-type activities (see notes 2 & 6 in the Notes to Financial Statements). In addition, the previous year’s governmental activities total net assets was reduced by M.E.S.C.’S ending balance of \$2,643,989 and assets and liabilities were reduced by \$2,872,535 and \$228,546, respectively (see note 2).

Governmental activities highlights: The net assets **invested in capital assets, net of related debt** had a net increase of \$6.4 million. This increase has three main causes. There was an increase in Capital assets of \$15.7 million (net of depreciation) due to the construction of the new administration building and Mohave Wash project, both added to CIP. The net assets invested in capital assets was offset by the some of the 2004 Certificates of Participation debt this year. Last year this debt was offset against unrestricted net assets because there was no associated capital asset to offset against. The net increase in offsetting debt is \$10.5 million. The remaining difference is a result of a prior period adjustment of \$1.2 million increase to the beginning balance of the investment in capital assets (see notes 2 and 6).

The **restricted** net assets reflected a net decrease of \$7.9 million. The majority of this decrease was in the capital projects funds, where the restricted portion was reduced by \$8.1 million due to spending down the construction reserve for the administration building. The asset was added to investment in capital assets. Additional activity reflected in the change in restricted net assets is as follows: the funds restricted for public safety decreased by \$1.6 million due to unreimbursed expenditures for the Beaver Dam emergency in December of 2004. Highway & streets reduction of \$2 million reflects the completion of the road project in Golden Valley which used up the balance of funds held by trustee for that project. Debt service net assets increased due to transfers in for debt service exceeding debt payments by \$3.7 million. The majority of this was a transfer from the General Fund specifically to pay off the 98 COP’s at the first call date July 1, 2006. The remaining increase of .1 million was spread over the rest of the restricted funds.

Unrestricted net assets increased by \$20 million from the prior year. The majority of this increase is due to offsetting part of the 2004 Certificates of Participation debt, \$10.2 million, against investment in capital assets this year as discussed above. Unrestricted assets were offset by \$19.3 million for this debt the prior year. In addition, the internal service funds net assets, which are included here, increased by \$3.5 million over the prior year. The balance of the \$6.3 million increase reflects a net increase in the General Fund and other unrestricted special revenue funds for excess revenue over expenditures in the current year.

Business-Type Activities highlights: The restricted net assets and cash increased by \$1.6 million. This was primarily due to the landfill funds revenues exceeding total expenses by \$1.4 million. In addition, the cash funds restricted for capital projects increased by \$200,000.

MOHAVE COUNTY'S CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2004	2005	2004	2005	2004	2005
	As restated		As restated		As restated	
Revenues:						
Program revenues:						
Charges for services	\$11,793,409	\$14,848,684	\$3,978,969	\$4,188,603	\$15,772,378	\$19,037,287
Operating grants & contributions	26,234,215	28,507,253	256,265	514,074	26,490,480	29,021,327
General revenues:						
Property taxes	33,470,845	37,469,674	215	(23)	33,471,060	37,469,651
Other taxes	29,540,069	33,434,340	100,000	100,000	29,640,069	33,534,340
Other revenues	2,604,515	4,708,888	160,314	535,186	2,764,829	5,244,074
Total Revenues	103,643,053	118,968,839	4,495,763	5,337,840	108,138,816	124,306,679
Expenses:						
General government	39,149,275	40,612,403	-	-	39,149,275	40,612,403
Public safety	17,469,521	20,872,097	-	-	17,469,521	20,872,097
Highways and streets	14,341,714	17,343,734	-	-	14,341,714	17,343,734
Health	10,757,719	12,524,742	-	-	10,757,719	12,524,742
Welfare	3,786,133	3,555,556	-	-	3,786,133	3,555,556
Culture and recreation	2,687,870	2,831,185	-	-	2,687,870	2,831,185
Education	1,282,291	1,318,684	-	-	1,282,291	1,318,684
Interest on long-term debt	833,906	1,748,146	-	-	833,906	1,748,146
Landfill	-	-	1,432,170	612,246	1,432,170	612,246
Recreation	-	-	1,045,758	1,226,713	1,045,758	1,226,713
Water companies	-	-	1,960,031	1,876,808	1,960,031	1,876,808
Total expenses	90,308,429	100,806,547	4,437,959	3,715,767	94,746,388	104,522,314
Increase in net assets before transfers	13,334,624	18,162,292	57,804	1,622,073	13,392,428	19,784,365
Transfers	(61,085)	156,555	61,085	(156,555)	-	-
Increase in net assets	13,273,539	18,318,847	118,889	1,465,518	13,392,428	19,784,365
Net assets beginning of year, as restated	145,758,573	159,032,112	22,442,945	22,561,834	168,201,518	181,593,946
Net assets end of year	\$159,032,112	\$177,350,959	\$22,561,834	\$24,027,352	\$181,593,946	\$201,378,311

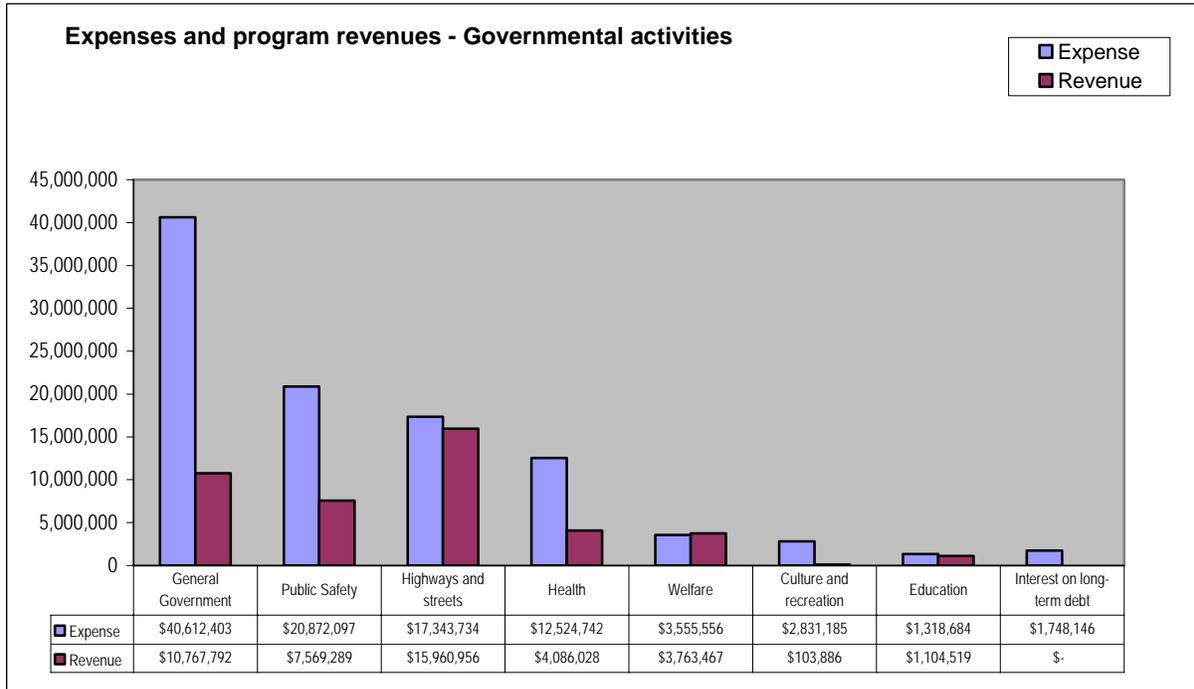
Restatement: In the above table, the line labeled “Highways and streets” for governmental activities and the line labeled “Water companies” for business-type activities was reduced for the year ended June 30, 2004. These adjustments were due to a correcting entry to construction in progress resulting in a decrease of \$1,168,067 to “Highways and streets” and \$161,918 to “Water companies” (see notes 2 & 6 in the Notes to Financial Statements). The previous year’s governmental activities were reduced by M.E.S.C.’s balance of \$2,180,812 of revenues and \$2,461,486 of expenses (see note 2).

Governmental activities highlights: Mohave County continues to have record breaking growth in population and it’s economy. This has resulted in increases in assessed values for taxes, as well as to all other types of revenue. The County has managed to maintain a moderate growth in expenses, due to increased efficiency. The increase in expenses is mainly from increases in salaries, in an effort to attract and keep qualified personnel. Staffing levels remain about the same. The current year government-wide financial statements reflect an increase of \$3 million in charges for services. This amount is net of \$13 million in elimination entries of internal service fund revenue and general government expenses, an increase of 3.8 million from the previous year. In addition, the total revenues increased \$15.3 million while the expenses only increased \$10.6 million over the prior year. The \$2.3 million increase in operating grants and contributions resulted from approximately \$1.7 million in increases in federal grants, \$1.5 million increase in HURF revenue, net of \$900,000 reduction of revenue to general revenues. The \$3.9 million increase in other taxes reflects approximately \$2.4 million in sales tax, \$546,000 in auto lieu tax, and \$1 million capital projects sales tax, all generated by increased population growth and tourism.

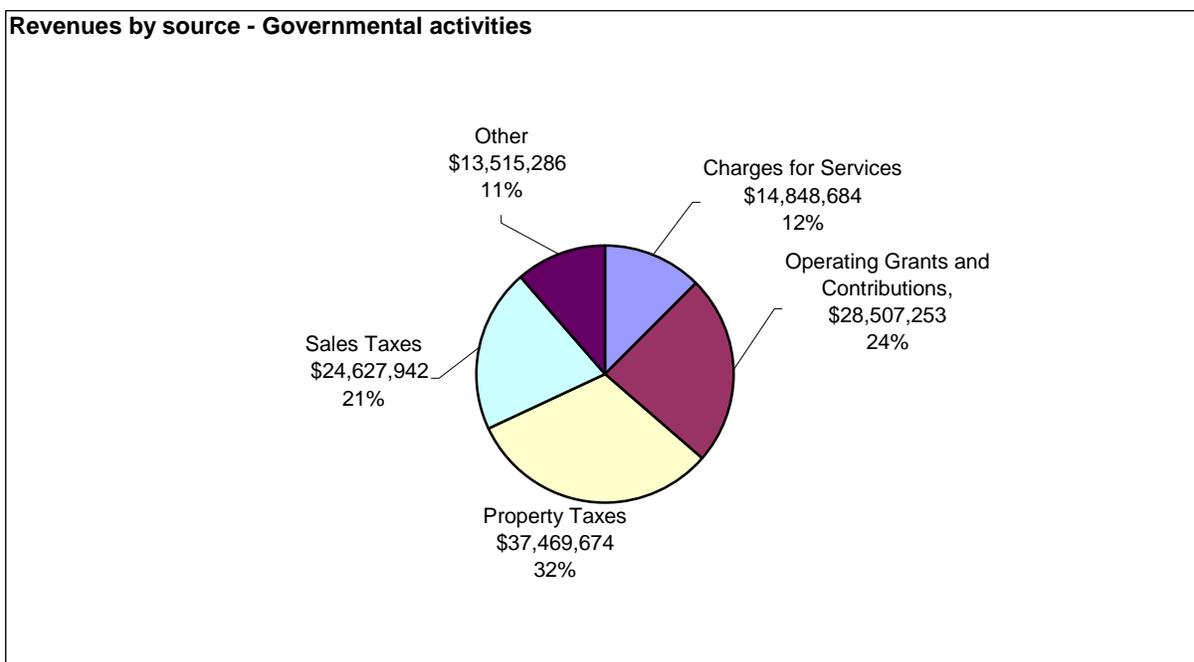
Business-type activities highlights: Net income for all enterprise funds increased \$1.3 million from the prior year. This is a result of overall increased revenues, from population growth and decreased expenses. Landfill expenses decreased a total of \$820,000 from the following; \$346,000 decrease in accrued landfill closure costs, \$686,000 decrease in costs related to waste tire disposal and \$212,000 increase in overall other costs, while intergovernmental revenue for the waste tire program

increased \$220,000 over the prior year. Charges for services for all enterprise funds increased by \$210,000. G.V.I.D. had a one time assessment lien purchase of \$241,000. I-40 Water Corridor fund collected \$210,000 in hook-up fees which was offset by a transfer of \$156,600 to the General Fund to go towards the debt service payment and the balance refunded to Griffith Energy. Investment income increased \$200,000 due to increased interest rates and an improvement in the market.

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 \$119 million. The \$75.6 million of general revenues, which are not included in this graph, represents 62% of total revenues reported for governmental activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues produced an increase to net assets of \$18 million 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* sources. Such information is useful in assessing Mohave County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Mohave County's governmental funds reported combined ending fund balances of \$80.7 million, a decrease of \$351 thousand in comparison with the prior year. The reserved fund balances consist of \$9.1 million restricted for debt service, \$133,279 restricted by Arizona Revised Statute 11-584(D) to pay for indigent defense and \$369,882 invested in inventory.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$9.9 million, while total fund balance reached \$10 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Since the General Fund unreserved fund balance represents 99% of the total fund balance, both the unreserved fund balance and total fund balance represent 17% of total General Fund expenditures.

During the current fiscal year, the fund balance of Mohave County's General Fund increased by \$2.4 million. This represents a 32% increase from the fiscal year 2004 ending balance. Revenues increased by \$9 million (16%), while expenditures increased \$11.2 million (24%) over the previous year. Total expenditures as a percentage of the total budget were only 96% in fiscal year 2005, a 4% increase from fiscal year 2004. These increases are the result of rapid population growth in the county. The County delayed addressing personnel requirements based on projected revenues. Excess revenues from fiscal year 2005 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 \$13.3 million, of which \$369,882 is reserved for inventories and \$13 million is unreserved and will be used for road maintenance. The net decrease in fund balance during the current year in the Road Fund was \$2 million. The decrease results from more road projects completed in this fiscal year than the amount of funds collected. The balance reflects funds available for ongoing road projects of the County.

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

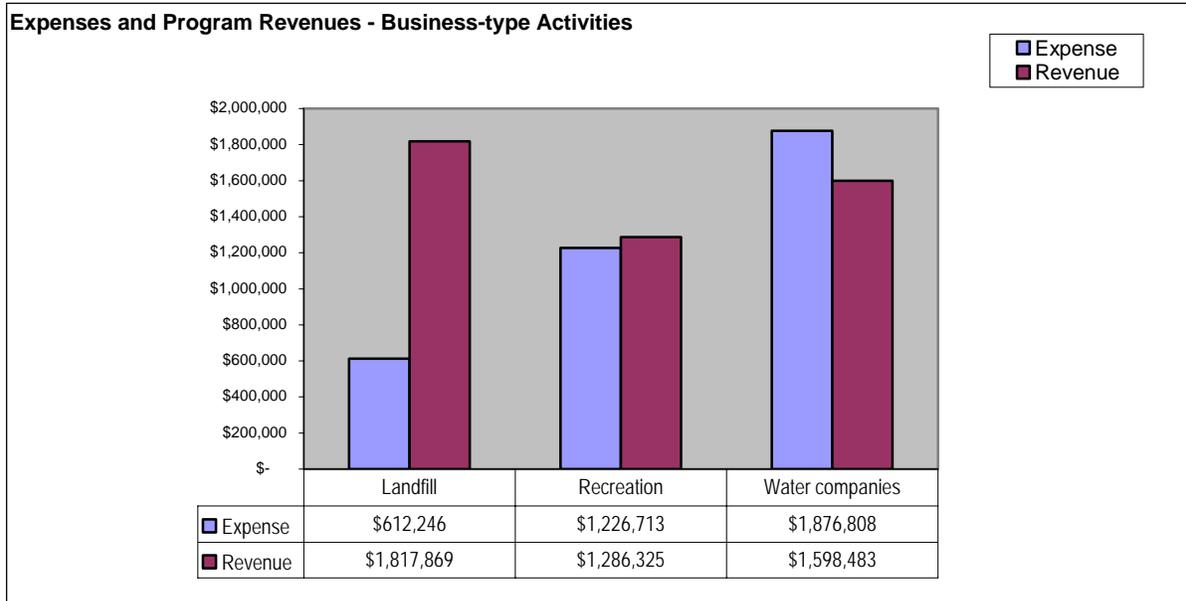
The County Capital Improvement Fund had a fund balance of \$26.6 million at June 30, 2005. This was a decrease of \$6 million from the prior year. The decrease represents capital expenditures of \$11.7 million and debt payments for the 2004 Certificates of Participation of \$1.8 million, net of revenues of \$7.4 million. Revenues increased by \$1.6 million, while expenditures increased by \$10 million over the prior year (reflecting the construction in progress and debt payments of the County administration building).

The Other Governmental Funds had a combined fund balance of \$29.7 million at June 30, 2005. This was an increase of \$5.6 million from the prior year. \$2.9 million of this increase was the transfer from the General Fund and Road Fund for defeasance of the 1998 Certificates of Participation on July 1, 2006. All other transfers into debt service, combined, exceeded expenditures by .7 million. An additional \$1.7 million increase represents excess revenue over expenses in the Flood Control Fund for use in future projects. The remaining increase is due to minor increases and decreases in the Special Revenue, and non-major Capital Improvement Funds.

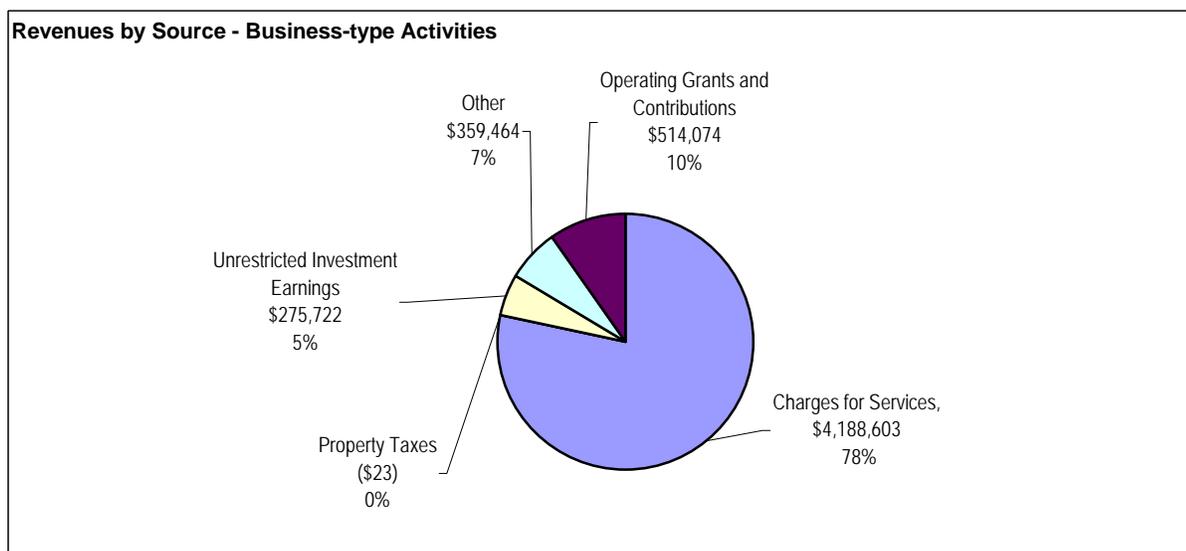
Proprietary funds - Mohave County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the water companies, park services, and landfill operations at the end of the year amounted to \$1.4 million. The total increase in net assets for all enterprise funds was \$1.4 million, a 7% increase from the prior year. The only individual fund that did not show a profit was the 1-40 Water Corridor Fund, which had a net decrease in net assets of \$237,000. However, if you add back the non-cash expense of depreciation to that fund, they would have made a small profit.

Net assets for the internal service funds increased by \$3.4 million. Most of that amount was due to the establishment of a vehicle replacement fund to be used for replacing an aging County fleet; these funds will be used during the next fiscal year to purchase new vehicles.

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: There were no changes to the budgeted revenues during fiscal year 2005.

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 a decrease of \$6.2 million, moved to transfers out. There were \$6.6 million in decreases to general government activities, which included a decrease of \$7 million from contingency to cover a \$3 million increase to the vehicle replacement fund, \$500,000 to environmental health, and \$2.6 million for defeasance of the 1998 Certificates of Participation. There was an increase to public safety of \$348,464, health \$17,849, and education \$2,802. Public safety activities received allocations of \$277,864 for personnel services, \$55,600 for supplies and \$15,000 for the purchase of new radios for squad cars. The elections and voter registration departments received allocations of \$99,762 to cover the expenses for the Lake Havasu City over-ride election. The treasurer received \$45,633 to pay additional interest on tax roll corrections and \$36,227 to reprint and mail the Peach Springs district tax bills to include an over-ride. General administration received \$47,000 for legal settlement expenses and \$10,431 for consulting services for Lewis versus Mohave County, and the building inspections and the legal defenders offices received \$77,729 for personnel services.

Transfers out: The increase of \$6.2 million (reallocated from expenditures) was used to fund a \$3 million allocation to the vehicle replacement fund, \$.5 million to environmental health to cover additional personnel costs and \$2.6 million to debt service trust fund for defeasance of the 1998 Certificates of Participation on July 1, 2006.

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 almost \$1 million due to vacancies. Other charges and services budget exceeded actual expenditures by \$1 million 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, 2005 amounts to \$138 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges. The net increase in Mohave County’s investment in capital assets for the current fiscal year was 14.6 million or 12%.

MOHAVE COUNTY'S CAPITAL ASSETS

(net of accumulated depreciation)

As of June 30,

	Governmental activities		Business-type activities		Total	
	2004 As restated	2005	2004 As restated	2005	2004 As restated	2005
Land	\$ 24,790,575	\$ 24,794,226	\$ 1,586,010	\$ 1,586,010	\$ 26,376,585	\$ 26,380,236
Buildings	27,943,407	27,475,902	1,059,186	1,025,424	29,002,593	28,501,326
Infrastructure and improvements other than buildings	33,706,566	34,027,150	-	-	33,706,566	34,027,150
Utility systems	-	-	12,275,416	11,988,032	12,275,416	11,988,032
Equipment	14,307,211	15,765,240	281,799	471,775	14,589,010	16,237,015
Construction in progress	6,072,450	20,495,527	268,957	40,000	6,341,407	20,535,527
Total	\$ 106,820,209	\$ 122,558,045	\$ 15,471,368	\$ 15,111,241	\$ 122,291,577	\$ 137,669,286

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

- OPUS International continued construction on the administration building in Kingman and expect to receive certificate of occupancy in September 2005. Total expenditures at year-end were \$11 million.
- 11.35 miles of roads were paved in Golden Valley with \$2 million of the environmental trust funds awarded to the county for road improvements.
- Construction continues on the Mohave Wash project with total expenditures in 2005 of \$1.3 million. Completion of the project is expected in fiscal year 2006.
- The pavement on Stockton Hill Road from the south end going north was extended 2 miles for a total cost of \$.7 million. This included installation of culverts and raising elevation to prevent flooding.
- Bullhead City Court Building addition was in the bid phase of the project and had expenditures of \$41,000 for the year. Completion is scheduled for 2006, at an estimated cost of \$830,000.

Additional information on Mohave County's capital assets can be found in Note 6 on pages 38-39 of this report.

Long-term debt - At the end of the current fiscal year, Mohave County had total debt outstanding of \$31 million. Of this amount, \$26.7 million comprises debt backed by buildings of the government used as collateral for Certificates of Participation issued and \$4.4 million is special assessment debt for which the government can sell the taxpayer's property, to cover the debt, in the event of default by the property owners subject to the assessment. The remainder of Mohave County's long-term liabilities represents claims and judgments payable, capital leases payable, landfill closure and postclosure care costs, and compensated absences payable incurred during normal operations.

State statutes limit the amount of general obligation debt a government entity may issue to 6% of its total secondary assessed valuation, without taxpayer approval, and up to 15% with the approval of a majority of taxpayers. The debt limitation for Mohave County, for fiscal year 2004/2005, was \$79.2 million (6% of \$1.32 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 40-44 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Mohave County for 2005 was 4.0%, which is a slight increase from a rate of 3.8% in 2004. Even with this minor increase, the County's unemployment rate compares favorably to the state's average unemployment rate for 2005 of 4.5% and the national average rate of 5.2%.

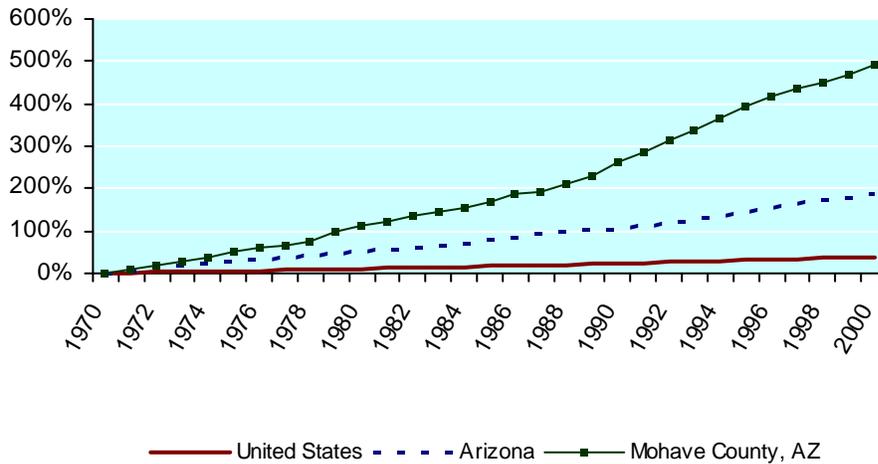
Comparison of Local, State and Federal Unemployment Rates

*Bureau of Statistics averages

	2005*	2004*	2003*	2002*	2001*
Mohave County	4.0	3.8	5.3	5.5	4.5
State of Arizona	4.5	4.8	5.6	6.2	4.7
Federal	5.2	5.5	6.0	5.8	4.7

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.

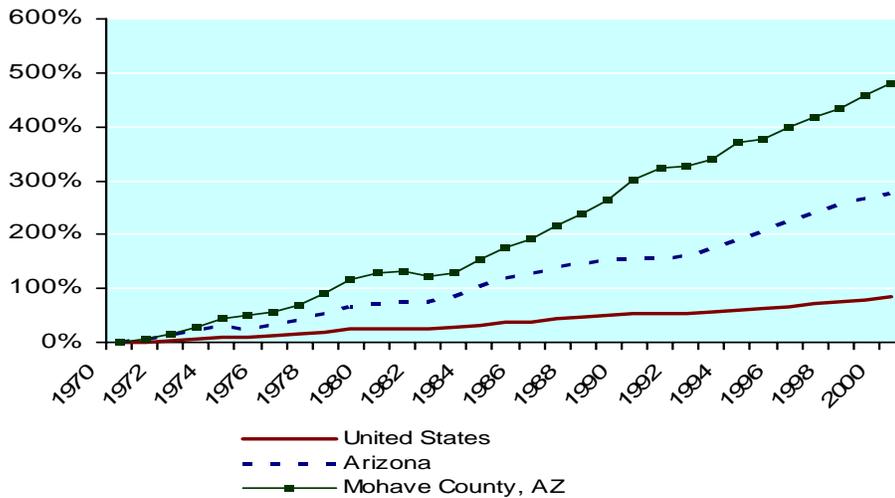
% of Population Growth Between 1970 and 2000



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 2006 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, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 80,548,690	\$ 9,915,901	\$ 90,464,591
Receivables (net of allowances for uncollectibles):			
Property taxes	3,033,502	426	3,033,928
Accounts	1,001,250	436,917	1,438,167
Accrued interest	148,296	2,501	150,797
Special assessments	4,190,178	-	4,190,178
Internal balances	(526)	526	-
Due from other governments	5,932,216	93,528	6,025,744
Inventories	373,135	253,184	626,319
Prepaid items	207,279	6,079	213,358
Noncurrent Assets			
Restricted cash	10,885,039	804,148	11,689,187
Note receivable	-	1,000,000	1,000,000
Capital assets not being depreciated	45,289,753	1,626,010	46,915,763
Capital assets being depreciated, net	77,268,292	13,485,231	90,753,523
Total assets	<u>\$ 228,877,104</u>	<u>\$ 27,624,451</u>	<u>\$ 256,501,555</u>
Liabilities			
Current Liabilities			
Accounts payable and other current liabilities	\$ 1,848,771	\$ 266,763	\$ 2,115,534
Accrued payroll and employee benefits	2,565,863	66,325	2,632,188
Accrued interest payable	710,054	-	710,054
Due to other governments	1,011,296	4,585	1,015,881
Deposits held for others	447,629	102,314	549,943
Deferred revenue	6,196,162	100,000	6,296,162
Current portion of long-term obligations	6,846,188	85,759	6,931,947
Noncurrent liabilities			
Noncurrent portion of long-term obligations	31,900,182	2,971,353	34,871,535
Total liabilities	<u>\$ 51,526,145</u>	<u>\$ 3,597,099</u>	<u>\$ 55,123,244</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 102,834,461	\$ 15,111,241	\$ 117,945,702
Restricted for:			
Public safety	2,243,459	-	2,243,459
Highways and streets	12,905,712	-	12,905,712
Health	517,258	-	517,258
Welfare	296,271	-	296,271
Education	135,283	-	135,283
Debt service	9,170,684	-	9,170,684
Capital projects	8,293,827	804,148	9,097,975
Other purposes	503,161	6,430,962	6,934,123
Unrestricted	40,450,843	1,681,001	42,131,844
Total net assets	<u>\$ 177,350,959</u>	<u>\$ 24,027,352</u>	<u>\$ 201,378,311</u>

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

MOHAVE COUNTY
Statement of Activities
Year Ended June 30, 2005

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
Primary Government:						
Governmental activities:						
General government	\$ 40,612,403	\$ 9,238,295	\$ 1,529,497	\$ (29,844,611)	\$ -	\$ (29,844,611)
Public safety	20,872,097	2,196,489	5,372,800	(13,302,808)	-	(13,302,808)
Highways and streets	17,343,734	1,450,251	14,510,705	(1,382,778)	-	(1,382,778)
Health	12,524,742	1,446,084	2,639,944	(8,438,714)	-	(8,438,714)
Welfare	3,555,556	502,016	3,261,451	207,911	-	207,911
Culture and recreation	2,831,185	15,549	88,337	(2,727,299)	-	(2,727,299)
Education	1,318,684	-	1,104,519	(214,165)	-	(214,165)
Interest on long-term debt	1,748,146	-	-	(1,748,146)	-	(1,748,146)
Total governmental activities	100,806,547	14,848,684	28,507,253	(57,450,610)	-	(57,450,610)
Business-Type activities:						
Landfill	612,246	1,345,677	472,192	-	1,205,623	1,205,623
Recreation	1,226,713	1,244,443	41,882	-	59,612	59,612
Water companies	1,876,808	1,598,483	-	-	(278,325)	(278,325)
Total business-type activities	3,715,767	4,188,603	514,074	-	986,910	986,910
Total primary government	\$ 104,522,314	\$ 19,037,287	\$ 29,021,327	(57,450,610)	986,910	(56,463,700)
General revenues:						
Taxes						
Property taxes, levied for general purposes				31,108,586	(23)	31,108,563
Property taxes, levied for flood control				5,502,927	-	5,502,927
Property taxes, levied for debt service				858,161	-	858,161
Share of state sales taxes				17,989,146	-	17,989,146
Special County sales tax for capital projects				6,638,796	-	6,638,796
Auto lieu tax				6,192,928	-	6,192,928
Federal in lieu tax				1,871,657	100,000	1,971,657
Local in lieu tax				25,890	-	25,890
Utilities franchise tax				715,923	-	715,923
County equalization revenue				132,000	-	132,000
Investment earnings				2,315,994	275,722	2,591,716
Miscellaneous				135,338	256,204	391,542
Fines and forfeits				1,632,449	-	1,632,449
Rent				239,754	3,260	243,014
Deed sale revenue				253,353	-	253,353
Transfers				156,555	(156,555)	-
Total general revenues and transfers				75,769,457	478,608	76,248,065
Change in net assets				18,318,847	1,465,518	19,784,365
Net assets, July 1, 2004, as restated				159,032,112	22,561,834	181,593,946
Net assets, June 30, 2005				\$ 177,350,959	\$ 24,027,352	\$ 201,378,311

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

MOHAVE COUNTY
Balance Sheet
Governmental Funds
June 30, 2005

Assets	General Fund	Road Fund	Scenic Debt Service Fund	County Capital Improvement Fund	Other Governmental Funds	Totals
Cash and investments	\$ 10,920,041	\$ 11,025,320	\$ 1,049,550	\$ 17,754,814	\$ 30,442,396	\$ 71,192,121
Receivables (net of allowances for uncollectibles):						
Property taxes	2,190,420	-	-	-	843,082	3,033,502
Accounts	394,112	100,109	-	-	221,959	716,180
Accrued Interest	25,128	23,386	1,297	45,509	41,626	136,946
Special assessments	-	-	3,568,923	-	621,255	4,190,178
Due from:						
Other funds	864,624	724,523	-	-	400,134	1,989,281
Other governments	1,779,556	1,472,773	-	577,789	2,101,013	5,931,131
Inventories	-	369,882	-	-	-	369,882
Prepaid items	41,836	1,869	-	-	120,723	164,428
Cash-Restricted	-	288,312	-	8,293,827	2,302,900	10,885,039
Total assets	\$ 16,215,717	\$ 14,006,174	\$ 4,619,770	\$ 26,671,939	\$ 37,095,088	\$ 98,608,688
Liabilities and Fund Balances						
Liabilities:						
Accrued liabilities	\$ 655,502	\$ 391,996	\$ -	\$ 441	\$ 731,110	\$ 1,779,049
Accrued payroll and employee benefits	1,522,753	338,604	-	-	629,700	2,491,057
Due to:						
Other funds	90,643	1,517	-	-	1,869,841	1,962,001
Other governments	-	-	-	-	1,011,296	1,011,296
Deposits held for others	393,169	-	-	-	52,427	445,596
Claims and judgements payable	952	-	-	-	-	952
Certificates of participation:						
Principal payable	-	-	-	-	1,160,000	1,160,000
Interest payable	-	-	-	-	710,054	710,054
Deferred revenue	3,510,052	-	3,568,923	-	1,247,048	8,326,023
Total liabilities	6,173,071	732,117	3,568,923	441	7,411,476	17,886,028
Fund balances:						
Reserved for:						
Indigent defense - ARS 11-584(D)	133,279	-	-	-	-	133,279
Inventories	-	369,882	-	-	-	369,882
Debt service	-	-	1,050,847	-	8,119,837	9,170,684
Unreserved, reported in:						
General fund	9,909,367	-	-	-	-	9,909,367
Special revenue funds	-	12,904,175	-	-	18,362,984	31,267,159
Capital projects funds	-	-	-	26,671,498	3,200,791	29,872,289
Total fund balances	10,042,646	13,274,057	1,050,847	26,671,498	29,683,612	80,722,660
Total liabilities and fund balances	\$ 16,215,717	\$ 14,006,174	\$ 4,619,770	\$ 26,671,939	\$ 37,095,088	\$ 98,608,688

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, 2005

Fund balances - total governmental funds		\$ 80,722,660
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.		119,357,594
Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Property taxes receivable		2,129,861
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.		11,173,048
Some liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and therefore, is not reported in the funds.		
Special assessment bonds	4,376,000	
Certificates of participation	25,585,000	
Certificates of participation premium-unamortized	556,857	
Note payable to landfill	1,000,000	
Compensated absences	4,514,347	(36,032,204)
Net assets of governmental activities		\$ 177,350,959

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

MOHAVE COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2005

	General Fund	Road Fund	Scenic Debt Service Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 26,772,979	\$ -	\$ -	\$ 6,638,796	\$ 11,285,144	\$ 44,696,919
Special assessments	-	-	549,034	-	309,127	858,161
Licenses and permits	1,508,715	-	-	-	49,232	1,557,947
Intergovernmental	26,500,298	14,400,160	-	-	13,436,172	54,336,630
Charges for services	6,772,031	1,401,018	-	-	5,101,860	13,274,909
Fines and forfeits	1,572,443	-	-	-	60,006	1,632,449
Investment income	394,161	420,089	18,959	704,564	600,704	2,138,477
Rents	97,777	116,200	-	7,500	18,277	239,754
Contributions	20,135	110,000	-	-	120,109	250,244
Miscellaneous	27,389	83,461	-	-	1,022,623	1,133,473
Total revenues	<u>63,665,928</u>	<u>16,530,928</u>	<u>567,993</u>	<u>7,350,860</u>	<u>32,003,254</u>	<u>120,118,963</u>
Expenditures:						
Current:						
General government	32,490,223	-	-	-	3,605,664	36,095,887
Public safety	16,190,472	-	-	-	7,387,130	23,577,602
Highways and streets	-	18,394,191	-	-	3,689,631	22,083,822
Health	8,396,703	-	-	-	4,973,833	13,370,536
Welfare	-	-	-	-	4,208,229	4,208,229
Culture and recreation	-	-	-	-	3,596,548	3,596,548
Education	316,538	-	-	-	1,270,239	1,586,777
Capital outlay	-	-	-	11,753,907	127,801	11,881,708
Debt service:						
Principal retirement	-	-	450,000	900,000	1,030,000	2,380,000
Interest and fiscal charges	-	-	241,839	935,846	570,461	1,748,146
Total expenditures	<u>57,393,936</u>	<u>18,394,191</u>	<u>691,839</u>	<u>13,589,753</u>	<u>30,459,536</u>	<u>120,529,255</u>
Excess (deficiency) of revenues over expenditures	<u>6,271,992</u>	<u>(1,863,263)</u>	<u>(123,846)</u>	<u>(6,238,893)</u>	<u>1,543,718</u>	<u>(410,292)</u>
Other financing sources (uses):						
Transfers in	1,144,201	76,532	-	-	8,211,828	9,432,561
Transfers out	(5,143,663)	(296,745)	-	-	(4,240,549)	(9,680,957)
Proceeds from deed sale	166,661	-	-	-	86,692	253,353
Total other financing sources and uses	<u>(3,832,801)</u>	<u>(220,213)</u>	<u>-</u>	<u>-</u>	<u>4,057,971</u>	<u>4,957</u>
Net change in fund balances	2,439,191	(2,083,476)	(123,846)	(6,238,893)	5,601,689	(405,335)
Fund balances, July 1, 2004, as restated	7,603,455	15,303,471	1,174,693	32,910,391	24,081,923	81,073,933
Increase (decrease) in reserve for inventory of supplies	-	54,062	-	-	-	54,062
Fund balances, June 30, 2005	<u>\$ 10,042,646</u>	<u>\$ 13,274,057</u>	<u>\$ 1,050,847</u>	<u>\$ 26,671,498</u>	<u>\$ 29,683,612</u>	<u>\$ 80,722,660</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, 2005

Net change in fund balances - total governmental funds		\$ (405,335)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	20,639,598	
Net effect of disposal of capital assets	(694,744)	
Depreciation expense	<u>(4,925,408)</u>	
		15,019,446
<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 (Note Payable)	(1,000,000)	
Principal repaid on long-term debt:		
Special assessment bonds	810,000	
Certificates of participation	1,570,000	
Certificates of participation premium-amortization	<u>39,775</u>	
		1,419,775
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.</p>		
Increase in compensated absences		(601,629)
<p>Collections of deferred revenues plus current-year revenues recorded in the governmental funds exceeded revenues reported in the Statement of Activities.</p>		
		(598,899)
<p>Some cash outlays, such as supply inventories, are recorded as expenditures in the governmental funds when purchased. In the Statement of Activities, however, inventories are reported as expenses when consumed.</p>		
Increase in supply inventory		54,062
<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 revenue (expense) of certain Internal service funds is reported with governmental activities.</p>		
		<u>3,431,427</u>
Change in net assets of governmental activities		<u><u>\$18,318,847</u></u>

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

MOHAVE COUNTY
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and investments	\$ 171,134	\$ 8,073,766	\$ 878,764	\$ 792,237	\$ 9,915,901	\$ 9,356,569
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	426	-	426	-
Accounts	193,836	241,806	-	1,275	436,917	285,070
Accrued interest	-	-	1,792	709	2,501	11,350
Due from:						
Other funds	-	-	-	5,191	5,191	91,086
Other governments	-	90,112	-	3,416	93,528	1,085
Inventories	226,799	-	26,385	-	253,184	3,253
Prepaid items	-	-	5,362	717	6,079	42,851
Total current assets	<u>591,769</u>	<u>8,405,684</u>	<u>912,729</u>	<u>803,545</u>	<u>10,713,727</u>	<u>9,791,264</u>
Noncurrent assets:						
Cash - restricted	648,355	-	155,793	-	804,148	-
Note receivable	-	1,000,000	-	-	1,000,000	-
Capital assets, net of accumulated depreciation, where applicable:						
Land	-	106,818	-	1,479,192	1,586,010	-
Infrastructure, net	4,900,930	-	6,665,305	421,798	11,988,033	-
Buildings, net	-	-	54,509	970,914	1,025,423	-
Equipment, net	3,862	15,558	236,836	215,519	471,775	3,200,451
Construction in progress	-	-	-	40,000	40,000	-
Total noncurrent assets	<u>5,553,147</u>	<u>1,122,376</u>	<u>7,112,443</u>	<u>3,127,423</u>	<u>16,915,389</u>	<u>3,200,451</u>
Total assets	<u>6,144,916</u>	<u>9,528,060</u>	<u>8,025,172</u>	<u>3,930,968</u>	<u>27,629,116</u>	<u>12,991,715</u>
Liabilities						
Current liabilities:						
Accrued liabilities	171,178	18,972	47,309	29,304	266,763	69,722
Accrued payroll and employee benefits	6,505	6,068	12,380	41,372	66,325	74,806
Due to:						
Other funds	282	1,433	1,223	1,727	4,665	118,892
Other governments	1,550	-	3,035	-	4,585	-
Deposits held for others	17,798	-	84,216	300	102,314	2,033
Deferred revenues	-	-	-	100,000	100,000	-
Current portion of:						
Compensated absences payable	14,186	-	15,667	55,906	85,759	167,349
Claims and judgements payable	-	-	-	-	-	1,385,865
Total current liabilities	<u>211,499</u>	<u>26,473</u>	<u>163,830</u>	<u>228,609</u>	<u>630,411</u>	<u>1,818,667</u>
Noncurrent Liabilities:						
Landfill closure & postclosure care costs payable	-	2,938,806	-	-	2,938,806	-
Compensated absences	1,773	9,443	1,960	19,371	32,547	-
Total noncurrent liabilities	<u>1,773</u>	<u>2,948,249</u>	<u>1,960</u>	<u>19,371</u>	<u>2,971,353</u>	<u>-</u>
Total liabilities	<u>213,272</u>	<u>2,974,722</u>	<u>165,790</u>	<u>247,980</u>	<u>3,601,764</u>	<u>1,818,667</u>
Net Assets						
Invested in capital assets, net of related debt	4,904,792	122,376	6,956,650	3,127,423	15,111,241	3,200,451
Restricted for:						
Capital projects	648,355	-	155,793	-	804,148	-
Sanitation	-	6,430,962	-	-	6,430,962	-
Unrestricted (deficit)	378,497	-	746,939	555,565	1,681,001	7,972,597
Total net assets	<u>\$ 5,931,644</u>	<u>\$ 6,553,338</u>	<u>\$ 7,859,382</u>	<u>\$ 3,682,988</u>	<u>\$ 24,027,352</u>	<u>\$ 11,173,048</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, 2005

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Operating revenues:						
Taxes	\$ -	\$ -	\$ (23)	\$ -	\$ (23)	\$ 212
Charges for services	971,285	1,345,677	611,838	1,259,803	4,188,603	18,166,012
Miscellaneous	-	-	253,175	3,029	256,204	1,865
Total operating revenues	<u>971,285</u>	<u>1,345,677</u>	<u>864,990</u>	<u>1,262,832</u>	<u>4,444,784</u>	<u>18,168,089</u>
Operating expenses:						
Personal services	119,186	152,449	257,931	720,056	1,249,622	1,652,054
Supplies	5,422	11,034	48,162	125,033	189,651	812,516
Professional services	24,166	85,296	26,109	38,257	173,828	521,914
Communication	4,684	2,999	13,286	15,767	36,736	602,812
Insurance	47,024	-	1,072	3,071	51,167	705,816
Landfill closure and postclosure care costs	-	186,114	-	-	186,114	-
Insurance claims	-	-	-	-	-	8,358,794
Lawsuit judgements	-	-	-	-	-	413,964
Repairs and maintenance	9,484	2,965	12,456	48,023	72,928	126,748
Public utility service	314,472	30,939	84,115	187,018	616,544	2,017
Rents and leases	3,417	4,964	2,307	9,360	20,048	1,231,252
Depreciation	452,307	6,155	298,234	83,503	840,199	747,835
Other	15,017	129,331	32,555	27,690	204,593	114,877
Total operating expenses	<u>995,179</u>	<u>612,246</u>	<u>776,227</u>	<u>1,257,778</u>	<u>3,641,430</u>	<u>15,290,599</u>
Operating income (loss)	<u>(23,894)</u>	<u>733,431</u>	<u>88,763</u>	<u>5,054</u>	<u>803,354</u>	<u>2,877,490</u>
Nonoperating revenues (expenses):						
Investment income	16,367	228,545	21,764	9,046	275,722	177,517
Rent income	1,580	-	1,680	-	3,260	-
Intergovernmental	-	472,192	-	141,882	614,074	-
Gain (loss) on disposal of capital assets	<u>(75,034)</u>	<u>-</u>	<u>-</u>	<u>697</u>	<u>(74,337)</u>	<u>(28,531)</u>
Total nonoperating revenues (expenses)	<u>(57,087)</u>	<u>700,737</u>	<u>23,444</u>	<u>151,625</u>	<u>818,719</u>	<u>148,986</u>
Income (loss) before transfers	(80,981)	1,434,168	112,207	156,679	1,622,073	3,026,476
Transfers in	-	-	-	-	-	404,951
Transfers out	<u>(156,555)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,555)</u>	<u>-</u>
Increase (decrease) in net assets	<u>(237,536)</u>	<u>1,434,168</u>	<u>112,207</u>	<u>156,679</u>	<u>1,465,518</u>	<u>3,431,427</u>
Total net assets, July 1, 2004, as restated	<u>6,169,180</u>	<u>5,119,170</u>	<u>7,747,175</u>	<u>3,526,309</u>	<u>22,561,834</u>	<u>7,741,621</u>
Total net assets, June 30, 2005	<u>\$ 5,931,644</u>	<u>\$ 6,553,338</u>	<u>\$ 7,859,382</u>	<u>\$ 3,682,988</u>	<u>\$ 24,027,352</u>	<u>\$ 11,173,048</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, 2005

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 983,722	\$ 1,212,627	\$ 890,524	\$ 1,262,063	\$ 4,348,936	\$ 18,025
Receipts from interfund services provided	1,260	-	-	-	1,260	17,922,782
Payments to suppliers	(353,312)	(242,058)	(310,717)	(386,421)	(1,292,508)	(12,190,895)
Payments to employees	(123,462)	(149,777)	(252,184)	(681,260)	(1,206,683)	(1,630,960)
Payments for interfund services used	(26,583)	(31,310)	(48,052)	(74,432)	(180,377)	(94,668)
Net cash provided by (used for) operating activities	<u>481,625</u>	<u>789,482</u>	<u>279,571</u>	<u>119,950</u>	<u>1,670,628</u>	<u>4,024,284</u>
Cash flows from noncapital financing activities:						
Transfer to other funds	(156,555)	-	-	-	(156,555)	-
Rent Income	1,580	-	1,680	-	3,260	-
Advances from / Due to other funds	-	-	-	900	900	425,555
Subsidy from federal grant	-	382,079	-	100,000	482,079	-
Net cash provided by (used for) noncapital financing activities	<u>(154,975)</u>	<u>382,079</u>	<u>1,680</u>	<u>100,900</u>	<u>329,684</u>	<u>425,555</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	-	-	(259,775)	(137,317)	(397,092)	(1,524,736)
Proceeds from sales of capital assets	-	-	-	697	697	52,480
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(259,775)</u>	<u>(136,620)</u>	<u>(396,395)</u>	<u>(1,472,256)</u>
Cash flows from investing activities:						
Interest and dividends received	17,598	245,220	23,287	9,253	295,358	184,273
Net cash provided by (used for) investing activities	<u>17,598</u>	<u>245,220</u>	<u>23,287</u>	<u>9,253</u>	<u>295,358</u>	<u>184,273</u>
Net increase in cash and cash equivalents	344,248	1,416,781	44,763	93,483	1,899,275	3,161,856
Cash and cash equivalents, July 1, 2004	475,241	6,656,985	989,794	698,754	8,820,774	6,194,713
Cash and cash equivalents, June 30, 2005	<u>\$ 819,489</u>	<u>\$ 8,073,766</u>	<u>\$ 1,034,557</u>	<u>\$ 792,237</u>	<u>\$ 10,720,049</u>	<u>\$ 9,356,569</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (23,894)	\$ 733,431	\$ 88,763	\$ 5,054	\$ 803,354	\$ 2,877,490
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	452,307	6,155	298,234	83,503	840,199	747,835
Landfill closure and postclosure care costs	-	186,114	-	-	186,114	-
Change in assets and liabilities:						
Receivables, net (increase) decrease	(41,760)	(133,051)	1,013	(634)	(174,432)	(274,702)
Due from other funds, net (increase) decrease	-	124	6,669	(5,191)	1,602	55,039
Due from other governments, (increase) decrease	-	-	-	(72)	(72)	(1,068)
Inventories, (increase) decrease	-	-	(24,782)	-	(24,782)	(1,222)
Prepaid items, net (increase) decrease	46,967	-	(5,362)	2,354	43,959	(6,588)
Accrued liabilities, net increase (decrease)	48,855	(5,449)	(28,917)	3,195	17,684	(15,489)
Due to other funds, increase (decrease)	(148)	(603)	(1,357)	(8,203)	(10,311)	2,814
Due to other governments, net increase (decrease)	1,443	-	(97)	-	1,346	-
Accrued payroll and related benefits, net increase (decrease)	(1,712)	1,960	438	15,527	16,213	(2,651)
Compensated absences, net increase (decrease)	(3,246)	801	4,207	25,317	27,079	21,542
Customer deposits, net increase (decrease)	2,813	-	15,394	(900)	17,307	288
Accounts payable, increase (decrease)	-	-	(74,632)	-	(74,632)	620,996
Total adjustments	<u>505,519</u>	<u>56,051</u>	<u>190,808</u>	<u>114,896</u>	<u>867,274</u>	<u>1,146,794</u>
Net cash provided by (used for) operating activities	<u>\$ 481,625</u>	<u>\$ 789,482</u>	<u>\$ 279,571</u>	<u>\$ 119,950</u>	<u>\$ 1,670,628</u>	<u>\$ 4,024,284</u>

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

MOHAVE COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Investment Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 62,197,420	\$ 333,892
Receivables (net of allowances for uncollectibles):		
Accrued interest	478	-
Total assets	\$ 62,197,898	\$ 333,892
Liabilities		
Deposits held for others	-	\$ 333,892
Total liabilities	-	\$ 333,892
Net Assets		
Held in trust for investment trust participants	\$ 62,197,898	

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, 2005

	Investment Trust Funds
Additions:	
Contributions from participants	\$ 456,262,799
Investment income:	
Interest and dividend income	2,673,600
Net decrease in fair value of investments	(158,342)
Net investment income	2,515,258
Total additions	458,778,057
Deductions:	
Distributions to participants	(435,720,162)
Total deductions	(435,720,162)
Change in net assets	23,057,895
Net assets, July 1, 2004	39,140,003
Net assets, June 30, 2005	\$ 62,197,898

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies

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

During the year ended June 30, 2005, the County implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 establishes and modifies the risk disclosures about the County's deposits and investments. The implementation of GASB Statement No. 40 requires only additional disclosures, and had no effect on reported amounts for deposits, investments, net assets, or changes in net assets.

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:

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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

In addition, a school cooperative-M.E.S.C. (Mohave Educational Services Cooperative) ceased to be a blended component unit as of December 31, 2004, at which time the entity became a 501-(C) 3 corporation. Therefore, except for M.E.S.C. monies held in an agency capacity by the County Treasurer at June 30, 2005, the accompanying financial statements do not report the account balances of M.E.S.C. as of June 30, 2005 or its activities for the year then ended. The beginning fund balances and net assets, as of July 1, 2004 have also been restated, removing the July 1, 2004 balances of M.E.S.C., to report the change in reporting entity.

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 some 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, 2005

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, 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 expenses, 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 and various local governments and for property taxes collected and distributed to the State, local school districts, community college districts, and special districts.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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

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

E. Inventories and Prepaid Items

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

Inventories 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, 2005

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

E. Inventories and Prepaid items (cont'd)

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

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

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

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

H. Investment Income

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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

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 leave, for compensating employees. PTO benefits do not vest with employees until they have satisfactorily completed their probationary period. Public Safety employees and those employees covered under the Judicial Merit System have a one year probationary period. All other employees have a six month probationary period.

Employees may accumulate 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 net assets of the governmental activities in the Statement of Activities, in the government-wide statements, were restated by \$1,168,067 to record the effect of disbursements for construction in progress that were overlooked in fiscal year 2004; see note 6 for more detail. The beginning net assets of a proprietary fund were restated to record the effect of capital assets purchased in fiscal year 2004 that were not capitalized in fiscal year 2004. The correction of this error resulted in an increase of \$161,918 to the beginning net assets of the G.V.I.D. fund and a corresponding increase to beginning net assets of business-type activities in the government-wide statements.

Change in reporting entity: As discussed in Note 1, the blended component unit M.E.S.C., ceased to be a component unit on December 31, 2004, at which time the entity became a 501-(C) 3 corporation. As required when a change in reporting entity occurs, the beginning fund balances of the governmental funds and net assets of the governmental activities at July 1, 2004, have been restated by \$1,985,326, and \$2,643,989 respectively, for the amount of M.E.S.C.'s ending fund balance and net assets included in the County's June 30, 2004 financial statements. Beginning balances of M.E.S.C. were also removed from long-term liability and capital asset schedules of \$166,855 and \$692,924 in notes 8 and 6, respectively.

Note 3 – Stewardship, Compliance, and Accountability

Deficit fund balances or net assets-At June 30, 2005, the following funds reported deficits in net assets or fund balances:

<u>Fund</u>	<u>Deficit</u>
Internal service funds:	
Central Services	\$ 53,790
Self Insurance Trust	46,829
Special revenue funds:	
Sheriff Waterways	\$ 3,617
Emergency Management	1,230,939
Park Grants	1,152
Debt service fund:	
Mohave County Improvement	\$41,696

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.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 3 – Stewardship, Compliance, and Accountability (cont'd)

The Self Insurance Trust deficit results from an accrual of estimated incurred but not reported claims. Budgets and revenues charged to other departments will be increased to fund future increased claim estimates.

Unexpected overtime expenses caused expenses to exceed grant revenue in the Sheriff Waterways fund. The General fund will supplement grant funds as needed in the next fiscal year.

The Emergency Management deficit reflects an expense for a FEMA declared emergency in Beaver Dam in December 2004. The expenditures qualify to be fully refunded by F.H.W.A. The County has not yet been notified whether or not they will be reimbursed for the permanent repairs. If we are notified that F.H.W.A. will not fund the expenses, the Road Fund will transfer the funds to cover the costs incurred to rebuild the roads and bridges.

The Park Grants negative fund balance is the result of not billing for all the grant expenditures in a timely manner. This will be corrected in the future.

The Mohave County Improvement district is a past due assessment that has been in litigation. Additional interest accrued on the remaining past due balance caused the fund balance to become negative.

Note 4 – Deposits and Investments

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

Credit risk

Statutes have the following requirements for credit risk:

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

Custodial credit risk

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

Concentration of credit risk

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 4 – Deposits and Investments (cont'd)

Interest rate risk

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

Foreign currency risk

Statutes do not allow foreign investments.

Deposits - At June 30, 2005, the carrying amount of the County's deposits was \$13,495,347 and the bank balance was \$30,790,885. There was cash on hand of \$21,640. The County does not have a formal policy for custodial credit risk.

At June 30, 2005, \$30,790,885 of the County's bank balance was exposed to custodial risk as follows:

Uninsured and uncollateralized	\$ 62,494
Uninsured with collateral held by the pledging financial institution	18,306,859
Uninsured with collateral held by the pledging institution's trust department or agent but not in the County's name	12,421,532
Total deposits	\$ 30,790,885

At June 30, 2005, the Mohave Administration Building – Finance Corporation had \$8,293,827 of deposits held by a trustee, which represented 32% of the total cash and investments in the County Capital Improvement fund. This amount is included in the deposit schedule above.

Investments – The County's investments at June 30, 2005, were as follows:

<u>Investment Type</u>	<u>Amount</u>
U.S. agency securities	\$ 150,801,002
Mohave County Industrial Development bond	314,165
State Treasurer's Local Government Investment Pool	52,936
	\$ 151,168,103

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 that participant's pool shares and the participant's shares are not identified with specific investments.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 4 – Deposits and Investments (cont'd)

Credit Risk – The County does not have a formal credit risk policy. At June 30, 2005, credit risk for the County's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Federal Farm Credit Bank	AAA	Moody's	\$ 14,362,609
Federal Home Loan Bank	AAA	Moody's	64,490,631
Federal Home Loan Mortgage Corporation	AAA	Moody's	29,315,444
Federal National Mortgage Association	AAA	Moody's	41,661,080
Tennessee Valley Authority	AAA	Moody's	971,238
Mohave County Industrial Development bond	A	Moody's	314,165
State Treasurer's Local Government Investment Pool	Unrated	N/A	52,936
			\$ 151,168,103

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk.

Concentration of Credit Risk - The County does not have a formal policy for concentration of credit risk. More than 5% of the County's investments at June 30, 2005, were in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 9.5 percent, 43 percent, 19.4 percent and 27.6 percent, respectively, of the County's total investments.

Interest Rate Risk – The County's does not have a formal policy with respect to interest rate risk. At June 30, 2005, the County had the following investments in debt securities.

The following table shows the investment maturities by year and type of security:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities</u>	
		<u>Less than 1 year</u>	<u>1 to 5 Years</u>
State Treasurer's investment pools	\$ 52,936	\$ 52,936	
U.S. agency securities	150,801,002	2,874,439	\$ 147,926,563
Local Government bonds	314,165	314,165	
Total	\$ 151,168,103	\$ 3,241,540	\$ 147,926,563

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 4 – Deposits and Investments (concl'd)

A reconciliation of cash and investments to amounts shown on the statements of net assets follows.

Cash and Investments:	<u>Amount</u>
Cash on hand	\$ 21,640
Carrying amount of deposits	13,495,347
Reported amount of investments	<u>151,168,103</u>
Total	<u>\$ 164,685,090</u>

Statements of Net Assets:

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$ 80,548,690	\$ 9,915,901	\$ 62,197,420	\$ 333,892	\$ 152,995,903
Restricted cash	<u>10,885,039</u>	<u>804,148</u>	-	-	<u>11,689,187</u>
Total	<u>\$ 91,433,729</u>	<u>\$ 10,720,049</u>	<u>\$ 62,197,420</u>	<u>\$ 333,892</u>	<u>\$ 164,685,090</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, 2005, were as follows:

<u>Fiscal Year</u>	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
2005	\$ 1,043,851	\$ 559,700	\$ 1,603,551
Prior	<u>1,146,569</u>	<u>283,382</u>	<u>1,429,951</u>
Total	<u>\$ 2,190,420</u>	<u>\$ 843,082</u>	<u>\$ 3,033,502</u>

That portion of property taxes receivable, not collected within 60 days after June 30, 2005, has been deferred and, consequently, is not included in current-year revenues on the fund statements. For the government-wide statements, the entire receivable balance has been recognized as revenue.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004 as restated	Increases	Decreases	Balance June 30, 2005
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 24,790,575	\$ 3,651	\$ -	\$ 24,794,226
Construction in progress (estimated cost to complete \$ 23,456,774)	6,072,450	15,972,292	(1,549,215)	20,495,527
Total capital assets not being depreciated	30,863,025	15,975,943	(1,549,215)	45,289,753
Capital assets being depreciated:				
Buildings	37,465,669	324,956	(42,478)	37,748,147
Infrastructure and improvements other than buildings	86,916,251	2,558,659	-	89,474,910
Equipment	30,591,992	4,858,194	(1,851,577)	33,598,609
Total	154,973,912	7,741,809	(1,894,055)	160,821,666
Less accumulated depreciation for:				
Buildings	(9,522,262)	(759,499)	9,516	(10,272,245)
Infrastructure and improvements other than buildings	(53,209,685)	(2,238,075)	-	(55,447,760)
Equipment	(16,284,781)	(2,675,669)	1,127,081	(17,833,369)
Total	(79,016,728)	(5,673,243)	1,136,597	(83,553,374)
Total capital assets being depreciated, net	75,957,184	2,068,566	(757,458)	77,268,292
Governmental activities capital assets, net	\$ 106,820,209	\$ 18,044,509	\$ (2,306,673)	\$ 122,558,045
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,586,010	\$ -	\$ -	\$ 1,586,010
Construction in progress (estimated cost to complete \$ 415,744)	268,957	117,984	(346,941)	40,000
Total capital assets not being depreciated	1,854,967	117,984	(346,941)	1,626,010
Capital assets being depreciated:				
Buildings	1,673,666	-	-	1,673,666
Utility systems	17,340,343	510,274	(75,034)	17,775,583
Equipment	616,791	319,494	(35,045)	901,240
Total	19,630,800	829,768	(110,079)	20,350,489
Less accumulated depreciation for:				
Buildings	(614,480)	(33,762)	-	(648,242)
Utility systems	(5,064,927)	(722,624)	-	(5,787,551)
Equipment	(334,992)	(83,813)	(10,660)	(429,465)
Total	(6,014,399)	(840,199)	(10,660)	(6,865,258)
Total capital assets being depreciated, net	13,616,401	(10,431)	(120,739)	13,485,231
Business-type activities capital assets, net	\$ 15,471,368	\$ 107,553	\$ (467,680)	\$ 15,111,241

The July 1, 2004, balance for construction in progress for governmental activities increased by \$1,168,067 from fiscal year 2004 due to two infrastructure projects that were not recorded in the prior year - the Mohave Wash project in the amount of \$581,135 and the Golden Valley road improvement project in the amount of \$586,932. The July 1, 2004, balance for construction in progress for business-type activities increased by \$161,918 due to GVID capital expenditures that were made in fiscal year 2004, however the capital asset was not recorded. In addition, M.E.S.C.'s balances were removed from the July 1, 2004 balance to reflect the change in reporting entity as described in Note 2. The amounts removed were \$39,703 from land, \$146,286 from equipment-net of accumulated depreciation and \$506,935 from buildings net of accumulated depreciation for a total reduction of \$692,924.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 6 – Capital Assets (concl'd)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 3,061,830
Public safety	579,283
Highways and streets	1,015,448
Health	26,674
Welfare	82,798
Culture and recreation	157,793
Education	1,582
Internal service funds	<u>747,835</u>
Total governmental activities depreciation expense	<u><u>\$ 5,673,243</u></u>
Business-type activities:	
Landfill	\$ 6,155
Recreation	66,922
Water companies	<u>767,122</u>
Total business-type activities depreciation expense	<u><u>\$ 840,199</u></u>

Note 7 – Restricted Assets

As of June 30, 2005, the County had restricted assets as follows:

Governmental activities assets:

Cash	<u>\$10,885,039</u>	Cash held by trustees restricted by C.O.P.'s agreements for future construction or debt payments.
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Business-type activities assets:

Cash	\$ 155,793	GVID collections restricted for future repairs of infrastructure by agreement with customers.
Cash	<u>648,355</u>	I-40 water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities assets	<u>\$ 804,148</u>	

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 8 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2005:

	Balance July 1, 2004, as restated	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2005	Due Within <u>1 Year</u>
<u>Governmental activities:</u>					
Special assessment bonds payable	\$ 5,186,000	\$ -	\$ (810,000)	\$ 4,376,000	\$ 686,000
Certificates of participation payable	27,925,000	-	(1,180,000)	26,745,000	1,650,000
Certificates of participation premium- unamortized	596,632	-	(39,775)	556,857	39,775
Note payable	-	1,000,000	-	1,000,000	154,598
Compensated absences Payable	4,058,525	3,285,030	(2,661,859)	4,681,696	2,928,998
Claims and judgments Payable	<u>766,026</u>	<u>8,714,007</u>	<u>(8,093,216)</u>	<u>1,386,817</u>	<u>1,386,817</u>
Governmental activities long-term liabilities	<u>\$38,532,183</u>	<u>\$12,999,037</u>	<u>\$(12,784,850)</u>	<u>\$38,746,370</u>	<u>\$ 6,846,188</u>
<u>Business-type activities:</u>					
Landfill closure and Postclosure care costs	\$ 2,752,692	\$ 186,114	\$ -	\$ 2,938,806	\$ -
Compensated absences Payable	<u>91,156</u>	<u>105,140</u>	<u>(77,990)</u>	<u>118,306</u>	<u>85,759</u>
Business-type activities long-term liabilities	<u>\$ 2,843,848</u>	<u>\$ 291,254</u>	<u>(\$ 77,990)</u>	<u>\$ 3,057,112</u>	<u>\$ 85,759</u>

The July 1, 2004 balances of the governmental activities have been reduced by the M.E.S.C. balances, as discussed in Note 2, by the following amounts: capital leases payable of \$34,261 and compensated absences payable of \$132,594.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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 \$6,043,000.

Bonds outstanding at June 30, 2005, were as follows:

<u>District</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2005</u>
G.V.I.D. No. 1 Phase III	\$ 396,000	1/06-1/07	6.70%	\$ 80,000
G.V.I.D. No. 1 Phase IV	409,000	1/06-1/12	5.60%	280,000
Horizon six street improvement	647,000	1/06-1/10	6.375%	325,000
Scenic road and bridge project improvement	4,500,000	1/06-1/13	6.30%	3,600,000
Mohave County improvement district	<u>91,000</u>	in arrears	5.50%	<u>91,000</u>
Total	<u>\$ 6,043,000</u>			<u>\$ 4,376,000</u>

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2005.

Year Ending <u>June 30</u>	Governmental <u>activities</u>	
	Special <u>Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 686,000	\$ 253,044
2007	595,000	215,630
2008	555,000	179,556
2009	555,000	144,823
2010	555,000	110,089
2011-13	<u>1,430,000</u>	<u>134,295</u>
Total	<u>\$ 4,376,000</u>	<u>\$ 1,037,437</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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 \$34,520,000.

Certificates outstanding at June 30, 2005, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2005</u>
Certificates of participation Series 1998	\$ 10,330,000	7/2005-7/2013	3.75%-4.9%	\$ 4,535,000
Certificates of participation Series 2000	4,870,000	7/2005-7/2010	6.75%-7.375%	3,300,000
Certificates of participation Series 2004	<u>19,320,000</u>	7/2005-7/2019	2.0%-5.0%	<u>18,910,000</u>
Total	<u>\$ 34,520,000</u>			<u>\$ 26,745,000</u>

The following schedule details debt service requirements to maturity for the County's certificates of participation payable at June 30, 2005:

<u>Year Ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
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	2,295,000	913,655
2011-15	9,405,000	2,997,431
2016-20	<u>7,265,000</u>	<u>986,738</u>
Total	<u>\$ 26,745,000</u>	<u>\$ 9,565,277</u>

Note payable – The library fund borrowed \$1,000,000 from the landfill to fund its portion of the 98 C.O.P.S reserve fund which was established to accumulate monies for an early payoff of the C.O.P.S. The landfill note is to be paid off over a period of six years at an interest rate of 3%. The following schedule details the debt service requirements for the note at June 30, 2005.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 154,598	\$ 30,000
2007	159,235	25,362
2008	164,012	20,586
2009	168,933	15,664
2010	174,001	10,596
2011	<u>179,221</u>	<u>5,376</u>
Total	<u>\$ 1,000,000</u>	<u>\$ 107,584</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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 \$2,938,806 reported as landfill closure and postclosure care liability at June 30, 2005, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 99% and 77%, 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 costs of \$318,854 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 2005. The County expects to close the landfills in the years 2006 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, 2005

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

The insurance claims payable liability of the Self-Insurance Fund and Health Insurance Fund of \$1,385,865 included in the balance below at June 30, 2005, 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, 2005) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences). The balance of \$952 is the liability due at June 30, 2005 from the General Fund for claims and judgments.

Changes in the claims payable liability amount for the years ended June 30, 2004 and 2005 were as follows:

	<u>2004</u>	<u>2005</u>
Claims payable - beginning of year	\$ 622,134	\$ 766,026
Add: Claims incurred and changes in estimates	6,461,849	8,714,007
Deduct: Claims paid	<u>(6,317,957)</u>	<u>(8,093,216)</u>
Claims payable - end of year	<u>\$ 766,026</u>	<u>\$ 1,386,817</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 2005, the County paid for compensated absences as follows: 58 % from the General Fund, 13 % from major funds, and 29 % from other funds. The County paid for claims and judgments as follows: .5% from the General Fund and 99.5 % from the Self-Insurance Fund. However, the Self-Insurance Fund was funded \$400,000 by the General Fund and \$450,000 by the Road Fund this past year. Occasionally it is also reimbursed by other major funds. The Health Insurance Fund 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 \$10,000 per occurrence for property claims and \$50,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$100 million per occurrence for property claims and \$10 million per occurrence 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,

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 9 – Risk Management (concl'd)

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

The Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance 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 \$1,007,466 for the year ended June 30, 2005. The operating leases have remaining noncancellable lease terms from one to nineteen years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2005, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>
2006	\$ 670,132
2007	282,893
2008	148,796
2009	31,982
2010	6,001
2011-2015	12,005
2016-2020	12,005
2021-2024	9,605
Total minimum lease payments	\$ 1,173,419

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 employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System (PSPRS)* 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 participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 11- Retirement Plans (cont'd)

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

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

ASRS

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

PSPRS, CORP, and EORP

3010 E. Camelback Road
Suite 200
Phoenix, AZ 85016
(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, 2005, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 5.7% (5.2% retirement and 0.5% long-term disability) of the members' annual covered payroll. The County's contributions to ASRS for the years ended June 30, 2005, 2004, and 2003, were \$1,850,484, \$1,649,976 and \$1,379,148, respectively, which were equal to the required contributions for the year.

Agent plans - For the year ended June 30, 2005, 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 7.49%. Active CORP members were required by statute to contribute 8.5% of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 2%.

Annual Pension Costs - The County's pension costs for the two agent plans for the year ended June 30, 2005 and related information follow.

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
County	7.49%	2.00%
Plan members	7.65%	8.50%
Annual pension cost	\$292,708	\$39,230
Contributions made	\$292,708	\$39,230

The current-year annual required contributions for both the PSPRS and CORP were determined as part of their June 30, 2003 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, 2003, was 20 years.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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	2005	\$292,708	100%	\$ 0
	2004	193,838	100%	0
	2003	80,336	100%	0
CORP	2005	39,230	100%	0
	2004	36,042	100%	0
	2003	35,669	100%	0

Note 12 – Interfund Balances and Activity

The interfund receivables and payables by fund are as follows at June 30, 2005:

Due From Other Funds							
	<u>General</u>	<u>Road</u>	<u>Nonmajor governmental</u>	<u>Nonmajor enterprise</u>	<u>Internal service</u>	<u>Total</u>	
Due To Other Funds	General	\$ -	\$ 4,835	\$ 8,382	\$ -	\$ 77,426	\$ 90,643
	Road	-	142	1,150	-	225	1,517
	Nonmajor governmental	815,417	648,732	389,581	4,892	11,219	1,869,841
	Landfill	-	373	657	-	403	1,433
	G.V.I.D.	-	984	164	-	75	1,223
	I-40 Water Corridor	-	-	-	282	-	282
	Nonmajor enterprise	-	1,463	-	17	247	1,727
	Internal service	49,207	67,994	200	-	1,491	118,892
	Total	<u>\$ 864,624</u>	<u>\$ 724,523</u>	<u>\$ 400,134</u>	<u>\$ 5,191</u>	<u>\$ 91,086</u>	<u>\$ 2,085,558</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.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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

The interfund transfers by fund are as follows for the year ended June 30, 2005:

		Transfer In From Other Funds				Total
		General	Road	Nonmajor governmental	Internal service	
Transfer Out to Other Funds	General	\$ -	\$ 76,532	\$ 5,067,131	\$ -	\$ 5,143,663
	Road	-	-	296,745	-	296,745
	Nonmajor governmental	987,646	-	2,847,952	404,951	4,240,549
	I-40 water corridor	156,555	-	-	-	156,555
	Total	\$ 1,144,201	\$ 76,532	\$ 8,211,828	\$ 404,951	\$ 9,837,512

The General Fund transfers monies to other funds to provide support for such items as matching funds for grants or to make up the shortfall of grant-funded programs that the County feels are important. This year there was a transfer from the General Fund and 3 non-major funds of \$4,945,000 to the 98 C.O.P.'s debt service fund to set up a reserve fund to defease the 98 C.O.P.'s. There are also some transfers that result from errors in posting of expenditures or revenues between funds which 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 his stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

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

The Treasurer allocates interest earnings to each of the pool’s participants.

Substantially all deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$12,491,716 of deposits. Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 4 for disclosure of the County’s deposit and investment risks.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

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

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>
Federal Farm Credit Bank	\$14,450,000	2.74-4.5%	12/06-03/10	\$14,362,609
Federal Home Loan Bank	64,685,000	2.00-6.00%	12/05-06/10	64,490,631
Federal Home Loan Mortgage Corporation	29,375,000	2.00-4.87%	11/05-3/10	29,315,444
Federal National Mortgage Association	41,725,000	2.00-5.01%	6/06-5/10	41,661,080
Other	1,315,000	2.10-2.45%	4/06-5/08	1,285,403
State Treasurer’s Local Government Investment Pool	52,936	1.00%	N/A	52,936
	<u>\$151,602,936</u>			<u>\$151,168,103</u>

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

Statement of Net Assets

Assets	\$152,344,649
Liabilities	-
Net assets	<u>\$152,344,649</u>
Net assets held in trust for:	
Internal participants	\$91,191,621
External participants	61,153,028
Total net assets held in trust	<u>\$152,344,649</u>

Statement of Changes in Net Assets

Total additions	\$736,163,937
Total deductions	(699,460,370)
Net increase	<u>36,703,567</u>
Net assets held in trust:	
July 1, 2004	115,641,082
June 30, 2005	<u>\$152,344,649</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2005

Note 14 – Subsequent Events

Capital Projects:

Administration building - The construction of a county administration building was started in June of 2004 and was completed in October of 2005. The Departments started moving into the building in early October 2005.

Bullhead City Court expansion - An expansion of the Bullhead City Court complex is budgeted at \$1.6 million in the fiscal year 2006 budget.

Mohave Wash, flood control project - The Board of Supervisors approved a \$4,478,182 contract for the Kingman Area Master Plan Mohave County Update, Mohave Wash Channel Project, Phase III, on September 6, 2005. This is an on-going flood control project. The project was awarded to Combs Construction Company, Inc.

Law and Justice Center - A needs assessment is being done to determine the requirements for a new Law and Justice Center in Kingman to accommodate all the courts and the Probation Department. Actual construction is not projected to begin for approximately two years.

Kingman Jail expansion - A needs assessment is being done in fiscal year 2006 for expansion of the jail facilities. Construction is projected to begin during fiscal year 2007.

Change in Servicing bank:

Servicing bank -The County went out for bid in March of 2005, as required by statute, for a servicing bank. For the past four years Wells Fargo was the County's servicing bank. Effective July 1, 2005 J.P. Morgan Chase (Bank One) became the new servicing bank.

Required Supplementary Information

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 24,021,000	\$ 24,021,000	\$ 26,772,979	\$ 2,751,979
Licenses and permits	1,074,412	1,074,412	1,508,715	434,303
Intergovernmental	24,056,084	24,056,084	26,500,298	2,444,214
Charges for services	5,535,488	5,535,488	6,772,031	1,236,543
Fines and forfeits	1,507,914	1,507,914	1,572,443	64,529
Investment income	333,000	333,000	394,161	61,161
Rents	98,000	98,000	97,777	(223)
Contributions	-	-	20,135	20,135
Miscellaneous	84,962	84,962	27,389	(57,573)
Total revenues	<u>56,710,860</u>	<u>56,710,860</u>	<u>63,665,928</u>	<u>6,955,068</u>
Expenditures:				
Current:				
General government				
Assessor	3,197,303	3,200,803	3,131,715	69,088
County Attorney	3,017,762	3,036,172	2,984,650	51,522
Risk Management	218,863	223,863	194,483	29,380
Board of Supervisors	690,030	690,030	480,097	209,933
Clerk of Board	180,576	180,576	173,789	6,787
Housing Community Development	205,781	211,848	211,848	-
General Administrative	1,786,404	1,843,835	1,170,461	673,374
Clerk of Superior Court	1,321,479	1,338,590	1,309,018	29,572
Constables	295,467	295,467	275,433	20,034
Contingency	7,207,963	4,886,254	4,730,029	156,225
Elections	539,180	616,012	616,260	(248)
Finance	1,000,584	1,000,584	978,173	22,411
Building & Grounds Maintenance	1,331,192	1,371,765	1,309,871	61,894
Justice Courts	2,282,402	2,325,754	2,268,862	56,892
Juvenile Detention	976,045	976,045	964,226	11,819
Personnel	539,590	539,590	536,186	3,404
Planning & Zoning	1,657,500	1,666,500	1,506,988	159,512
Public Land Use	13,511	13,511	4,346	9,165
Public Fiduciary	429,734	429,734	408,553	21,181
Public Defender	2,456,088	2,484,106	2,275,466	208,640
Public Legal Defender	665,774	711,978	713,075	(1,097)
Building Inspector	716,826	748,351	646,008	102,343
Public Works	36,309	36,309	33,115	3,194
Purchasing	244,794	244,794	236,726	8,068
Recorder	569,537	575,537	571,266	4,271
Superior Courts	3,013,805	3,013,805	2,687,195	326,610
Treasurer	1,644,603	1,726,463	1,572,982	153,481
Voter Registration	252,518	275,448	275,621	(173)
Supervisory Districts	269,400	269,400	223,781	45,619
Total general government	<u>\$ 36,761,020</u>	<u>\$ 34,933,124</u>	<u>\$ 32,490,223</u>	<u>\$ 2,442,901</u>

(Continued)

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2005
(Concluded)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Public safety:				
Animal Control	\$ 491,467	\$ 491,467	\$ 492,335	\$ (868)
Jail	6,702,939	6,702,939	6,786,441	(83,502)
Medical Examiner	206,400	233,103	233,103	-
Probation	1,429,848	1,429,848	1,413,886	15,962
Sheriff	6,872,912	7,194,673	7,264,707	(70,034)
Total public safety	<u>15,703,566</u>	<u>16,052,030</u>	<u>16,190,472</u>	<u>(138,442)</u>
Health				
A.H.C.C.C.S.	<u>8,380,333</u>	<u>8,398,182</u>	<u>8,396,703</u>	<u>1,479</u>
Education				
School superintendent	<u>313,115</u>	<u>315,917</u>	<u>316,538</u>	<u>(621)</u>
Total expenditures	<u>61,158,034</u>	<u>59,699,253</u>	<u>57,393,936</u>	<u>2,305,317</u>
Excess of revenue over expenditures	<u>(4,447,174)</u>	<u>(2,988,393)</u>	<u>6,271,992</u>	<u>9,260,385</u>
Other financing sources (uses):				
Transfers in	987,491	1,144,046	1,144,201	155
Transfers out	(3,748,347)	(5,207,129)	(5,143,663)	63,466
Proceeds from deed sale	-	-	166,661	166,661
Total other financing sources (uses)	<u>(2,760,856)</u>	<u>(4,063,083)</u>	<u>(3,832,801)</u>	<u>230,282</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(7,208,030)</u>	<u>(7,051,476)</u>	<u>2,439,191</u>	<u>9,490,667</u>
Fund balances, July 1, 2004	<u>7,208,030</u>	<u>7,051,476</u>	<u>7,603,455</u>	<u>551,979</u>
Fund balances, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,042,646</u>	<u>\$ 10,042,646</u>

See accompanying notes to budgetary comparison schedule

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes				
Licenses and permits				
Intergovernmental	\$ 11,953,827	\$ 11,953,827	\$ 14,400,160	\$ 2,446,333
Charges for services	1,528,929	1,528,929	1,401,018	(127,911)
Fines and forfeits			-	-
Investment income	273,000	273,000	420,089	147,089
Rents	115,000	115,000	116,200	1,200
Contributions	1,101,660	1,101,660	110,000	(991,660)
Miscellaneous	20,000	20,000	83,461	63,461
Total revenues	<u>\$ 14,992,416</u>	<u>\$ 14,992,416</u>	<u>\$ 16,530,928</u>	<u>\$ 1,538,512</u>
Expenditures:				
Current:				
Highways and streets	<u>\$ 28,897,817</u>	<u>\$ 28,681,982</u>	<u>\$ 18,394,191</u>	<u>\$ 10,287,791</u>
Total expenditures	<u>\$ 28,897,817</u>	<u>\$ 28,681,982</u>	<u>\$ 18,394,191</u>	<u>\$ 10,287,791</u>
Excess of revenues over (under) expenditures	<u>\$ (13,905,401)</u>	<u>\$ (13,689,566)</u>	<u>\$ (1,863,263)</u>	<u>\$ 11,826,303</u>
Other financing sources (uses):				
Transfers in	\$ 48,657	\$ 91,657	\$ 76,532	\$ (15,125)
Transfers out	(440,000)	(698,835)	(296,745)	402,090
Proceeds of sale of County property				-
Total other financing sources (uses)	<u>\$ (391,343)</u>	<u>\$ (607,178)</u>	<u>\$ (220,213)</u>	<u>\$ (386,965)</u>
Excess of revenues and other sources over (under) expenditures and other uses	\$ (14,296,744)	\$ (14,296,744)	\$ (2,083,476)	\$ 12,213,268
Fund balances, July 1, 2004	14,296,744	14,296,744	15,303,471.00	1,006,727
Increase (decrease) in reserve for inventory			54,062.00	54,062
Fund balances, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,274,057</u>	<u>\$ 13,274,057</u>

See accompanying notes to financial statements.

Mohave County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2005

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.

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.

**Mohave County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2005**

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2005, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) in the General Fund, as follows:

<u>Fund/Department</u>	<u>Excess</u>
General Fund	
Elections	\$ 248
Public Legal Defender	1,097
Voter Registration	173
Sheriff	70,034
Jail	83,502
Animal Control	868
School Superintendent	621
Total General Fund	<u>\$ 156,543</u>

The budget variances reflected for the General Fund arose from unexpected overtime incurred in various departments. The County's policy is not to budget 100% for all positions but to only budget 80% for positions that are vacant at budget preparation time. Any extra overtime expense incurred due to departments being understaffed is covered by unspent budgeted salaries of \$400,000 in the General administration department which was not transferred at year-end to the individual departments that went over budget. In the future, the County will do the necessary budget transfers, for overtime expense, from the General Administration department to the individual departments as needed.

MOHAVE COUNTY
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2005

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)
06/30/2005	14,008,411	16,896,429	(2,888,018)	82.9%	3,903,487	-74.0%
06/30/2004	14,398,517	14,578,454	(179,937)	98.8%	3,638,482	-4.9%
06/30/2003	14,522,243	13,093,219	1,429,024	110.9%	3,359,877	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)
06/30/2005	3,846,262	2,299,418	1,546,844	167.3%	2,143,213	N/A
06/30/2004	3,752,345	2,041,941	1,710,404	183.8%	1,925,091	N/A
06/30/2003	3,926,013	2,118,188	1,807,825	185.3%	1,870,693	N/A

Other Supplementary Information

MOHAVE COUNTY
Other Supplementary Information
Budgetary Comparison Schedule
Scenic Debt Service Fund
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 710,150	\$ 710,150	\$ 549,034	\$ (161,116)
Investment income	10,000	10,000	18,959	8,959
Total revenues	<u>720,150</u>	<u>720,150</u>	<u>567,993</u>	<u>(152,157)</u>
Expenditures:				
Current:				
Debt service	<u>1,581,302</u>	<u>1,581,302</u>	<u>691,839</u>	<u>889,463</u>
Total expenditures	<u>1,581,302</u>	<u>1,581,302</u>	<u>691,839</u>	<u>889,463</u>
Excess of revenues over (under) expenditures	(861,152)	(861,152)	(123,846)	737,306
Fund balances, July 1, 2004	<u>861,152</u>	<u>861,152</u>	<u>1,174,693</u>	<u>313,541</u>
Fund balances, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050,847</u>	<u>\$ 1,050,847</u>

MOHAVE COUNTY
Other Supplementary Information
Budgetary Comparison Schedule
County Capital Improvement Fund
Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,708,500	\$ 5,708,500	\$ 6,638,796	\$ 930,296
Investment income	300,000	300,000	704,564	404,564
Rents	-	-	7,500	7,500
Total revenues	6,008,500	6,008,500	7,350,860	1,342,360
Expenditures:				
Capital outlay	9,483,696	9,483,696	11,753,907	(2,270,211)
Principal retirement	-	-	900,000	(900,000)
Interest and fiscal charges	-	-	935,846	(935,846)
Total expenditures	9,483,696	9,483,696	13,589,753	(4,106,057)
Excess of revenues over (under) expenditures	(3,475,196)	(3,475,196)	(6,238,893)	(2,763,697)
Fund balances, July 1, 2004	3,475,196	3,475,196	32,910,391	29,435,195
Fund balances, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,671,498</u>	<u>\$ 26,671,498</u>