



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Annual Financial Report

# Mohave County

Fiscal Year Ended June 30, 2014

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**Debra K. Davenport**  
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Mohave County  
Annual Financial Report  
Year Ended June 30, 2014

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**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Board of Supervisors of  
Mohave County, Arizona

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Self-Insured Trust Fund and Employee Benefits Trust Fund, which account for the following percentages of the opinion units affected:

<b>Opinion Unit/Department</b>	<b>Assets</b>	<b>Liabilities and Deferred Inflows</b>	<b>Revenues</b>	<b>Expenses/ Expenditures</b>
<u>Government-wide Statements</u>				
Governmental activities:				
Self-Insured Trust	0.21%	0.90%	1.19%	1.32%
Employee Benefits Trust	2.40%	3.85%	10.12%	9.65%
<u>Fund Statements</u>				
Aggregate remaining fund information:				
Self-Insured Trust	0.80%	5.15%	0.46%	0.50%
Employee Benefits Trust	8.99%	22.04%	3.95%	3.65%

Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Self-Insured Trust Fund and Employee Benefits Trust Fund are based solely on the report of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, for the year ended June 30, 2014, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages i through xvi, the Budgetary Comparison Schedules on pages 42 through 47, and the Schedule of Agent Retirement Plans' Funding Progress on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. 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* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport  
Auditor General

March 31, 2015

# MOHAVE COUNTY FINANCIAL SERVICES



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## Management's Discussion and Analysis

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2014. Please read the following discussion in conjunction with the County's basic financial statements, which begin on page 1.

### Financial Highlights

- Total assets of the County exceeded its liabilities at the close of the fiscal year by \$348 million, a 0.3% increase from the prior year. Of this amount, \$33.1 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position as reported in the Statement of Activities increased by \$1 million. That increase is a net of a \$1.1 million increase in governmental activities net position and a decrease of \$0.1 million in business-type activities net position.
- Total liabilities decreased by \$11.2 million from the prior year.
- Total Long-term Debt decreased by \$11.3 million representing a decrease of 20.8% from the prior year.
- The fund balance for the Flood Control Fund decreased by \$4 million. This was due to the County project expenditures, along with distributions to the cities of their portion of collections, exceeding the property tax revenue collected for the year.
- General Fund revenues were below budgeted revenues by \$4 million. The majority of the difference was reduced real property tax revenue collections. Expenditures were only 95% and 95.2% of the original adopted and final General Fund budgets, respectively.
- Admin Building Debt Service Fund had decreased balance sheet totals due to the early payoff of the Series 2004 Beneficial Interest Certificates (BICs). See Note 8 for more details.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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 1-2 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The governmental funds financial statements can be found on pages 3-6 of this report.

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

Mohave County adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the General Fund and the major special revenue funds to demonstrate compliance with their budgets. These schedules are presented on pages 42-47.

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

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

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water companies and the landfill operations, which are major funds of Mohave County. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds' financial statements. The proprietary funds' financial statements are located on pages 7-9 of this report.

**Fiduciary funds**—Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Mohave County's own programs. The fiduciary funds' financial statements can be found on pages 10-11 of this report.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 12-39 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, pages 42-49 present *required supplementary information*, including budgetary comparison schedules and Mohave County’s progress in funding its obligation to provide pension benefits to some of its employees.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. At the close of the most recent fiscal year, the County’s assets exceeded liabilities by \$348 million.

By far the largest portion of Mohave County’s net position (69.2%) 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.

Approximately 21.3% of Mohave County’s net position represents resources subject to external restrictions on how they may be used. The remaining \$33.1 million (9.5%) of *unrestricted net* position may be used to meet the government’s ongoing obligations to citizens and creditors. The largest changes in the net position occurred in the governmental funds. The changes are discussed separately under the following sections: Governmental activities–net position highlights, Business-type activities–net position highlights, and Capital Assets and Debt Administration.

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

	2013, restated*	2014	Increase (Decrease)	% Change
Current assets and other assets	\$139,959,881	\$130,709,063	\$ (9,250,818)	-6.61%
Capital assets	<u>268,185,429</u>	<u>267,254,293</u>	<u>(931,136)</u>	<u>-0.35%</u>
Total assets	<u>408,145,310</u>	<u>397,963,356</u>	<u>(10,181,954)</u>	<u>-2.49%</u>
Long-term liabilities outstanding	54,529,418	43,189,182	(11,340,236)	-20.80%
Other liabilities	<u>6,649,351</u>	<u>6,795,263</u>	<u>145,912</u>	<u>2.19%</u>
Total liabilities	<u>61,178,769</u>	<u>49,984,445</u>	<u>(11,194,324)</u>	<u>-18.30%</u>
Net position:				
Net investment in capital assets	229,745,429	240,859,203	11,113,774	4.84%
Restricted	92,592,183	74,027,894	(18,564,289)	-20.05%
Unrestricted	<u>24,628,929</u>	<u>33,091,814</u>	<u>8,462,885</u>	<u>34.36%</u>
Total net position	<u>\$346,966,541</u>	<u>\$347,978,911</u>	<u>\$ 1,012,370</u>	<u>0.29%</u>

\* Net position classifications were restated for comparability purposes.

The restricted net position decreased \$18.5 million from the prior year. The largest decrease was in the Flood Control Fund where expenditures exceeded revenue by \$4 million. The remaining decrease was spread throughout the other restricted funds. The unrestricted net position increased from the prior year,

reflecting removing grant funds and adjusting for capital asset transactions. The increased net investment in capital assets reflected a decrease in the offsetting debt. The difference between the amount of capital assets and the net investment in capital assets is the reduction of related outstanding debt. The offsetting debt decreased by \$10 million because of the payoff of the Admin building debt and an additional \$4 million for principal payments on the Jail BICs. This is offset by increases in capital leases of \$1.5 million. For more detail on assets additions and deletions, please see Note 5.

**Governmental activities—net position highlights:** The net investment in capital assets had a net increase of \$11 million. The reason for the increase is described in the paragraph above. The details of the increase in capital assets are discussed later in this report under the Capital Assets and Debt Administration heading. Total liabilities decreased \$12.4 million from last year. The decrease was due to principal payments made on the County’s BICs without incurring any new long-term debt.

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

	<u>2013, restated*</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets and other assets	\$121,570,350	\$110,989,992	\$(10,580,358)	-8.70%
Capital assets	<u>254,133,387</u>	<u>253,474,299</u>	<u>(659,088)</u>	<u>-0.26%</u>
Total assets	<u>375,703,737</u>	<u>364,464,291</u>	<u>(11,239,446)</u>	<u>-2.99%</u>
Long-term liabilities outstanding	47,737,943	35,209,173	(12,528,770)	-26.24%
Other liabilities	<u>6,331,540</u>	<u>6,472,126</u>	<u>140,586</u>	<u>2.22%</u>
Total liabilities	<u>54,069,483</u>	<u>41,681,299</u>	<u>(12,388,184)</u>	<u>-22.91%</u>
Net position:				
Net investment in capital assets	215,693,387	227,079,209	11,385,822	5.28%
Restricted	85,552,887	67,158,574	(18,394,313)	-21.56%
Unrestricted	<u>20,387,980</u>	<u>28,545,209</u>	<u>8,157,229</u>	<u>40.01%</u>
Total net position	<u>\$321,634,254</u>	<u>\$322,782,992</u>	<u>\$ 1,148,738</u>	<u>0.36%</u>

\* Net position classifications were restated for comparability purposes.

**Governmental activities—comparative statement of activities highlights:** The current year governmental activities financial statements reflect a decrease in total program revenues. The decrease was due to one-time grants received in the prior year and reduced collections of charges for services from the public. The increase in general revenues was due to increases in other taxes, State shared sales tax and auto lieu tax, which were offset by lower property tax revenues. The increase in other revenues reflects recording an unrealized gain on investments.

Expenses increased less than 2% from the prior year. This reflected a 2.5% cost of living and step increases for employees. Noncontrollable expenses, such as court costs from increased caseloads and indigent support, continue to rise along with health insurance costs and inflation for utility costs. The County managed to maintain moderate growth in controllable expenses through increased efficiency and by offsetting increased costs with vacancy savings. The large decrease in General government expenses and increase in Highways and streets expenses reflect compilation adjustments to government-wide financials for capital asset activity between the two years.

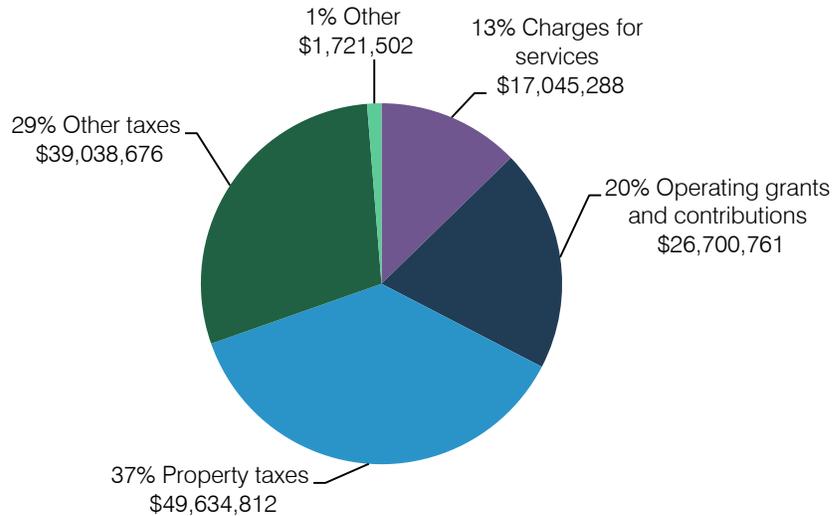
The Transfer out in the current year reflects one-time transfers to the Business-type activities. Details are discussed under the Business-type activities–comparative statement of activities highlights.

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

	<u>2013</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 17,836,025	\$ 17,045,288	\$ (790,737)	-4.43%
Operating grants and contributions	27,889,835	26,700,761	(1,189,074)	-4.26%
Capital grants and contributions	<u>4,728</u>	<u>                    </u>	<u>(4,728)</u>	<u>-100.00%</u>
Total program revenues	<u>45,730,588</u>	<u>43,746,049</u>	<u>(1,984,539)</u>	<u>-4.34%</u>
General revenues				
Property taxes	51,776,089	49,634,812	(2,141,277)	-4.14%
Other taxes	33,846,890	39,038,676	5,191,786	15.34%
Other revenues	<u>1,077,878</u>	<u>1,721,502</u>	<u>643,624</u>	<u>59.71%</u>
Total general revenues	<u>86,700,857</u>	<u>90,394,990</u>	<u>3,694,133</u>	<u>4.26%</u>
 Total revenues	 <u>132,431,445</u>	 <u>134,141,039</u>	 <u>1,709,594</u>	 <u>1.29%</u>
<b>Expenses:</b>				
General government	60,978,902	56,948,666	(4,030,236)	-6.61%
Public safety	35,772,456	37,490,771	1,718,315	4.80%
Highways and streets	6,966,664	11,112,103	4,145,439	59.50%
Health	14,166,165	14,365,125	198,960	1.40%
Welfare	4,509,744	4,563,980	54,236	1.20%
Sanitation	16,973	38,624	21,651	127.56%
Culture and recreation	4,412,992	4,871,808	458,816	10.40%
Education	2,109,263	1,813,501	(295,762)	-14.02%
Interest on long-term debt	<u>1,805,556</u>	<u>1,698,723</u>	<u>(106,833)</u>	<u>-5.92%</u>
Total expenses	<u>130,738,715</u>	<u>132,903,301</u>	<u>2,164,586</u>	<u>1.66%</u>
Increase in net position before transfers	1,692,730	1,237,738	(454,992)	-26.88%
Transfers	<u>-</u>	<u>(89,000)</u>	<u>(89,000)</u>	<u>-100.00%</u>
Increase in net position after transfers	<u>1,692,730</u>	<u>1,148,738</u>	<u>(543,992)</u>	<u>-32.14%</u>
 Net position beginning of year	 <u>319,941,524</u>	 <u>321,634,254</u>	 <u>1,692,730</u>	 <u>0.53%</u>
Net position end of year	<u>\$321,634,254</u>	<u>\$322,782,992</u>	<u>\$1,148,738</u>	<u>0.36%</u>

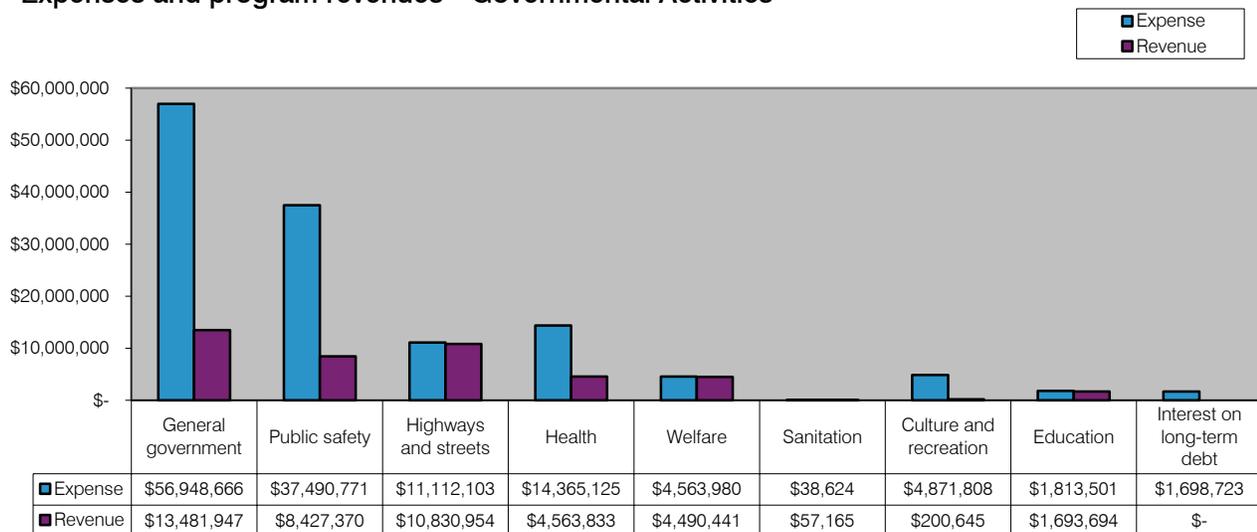
The chart below represents all revenues collected from governmental activities, including general revenues, as reported in the Statement of Activities.

## Revenues by source—Governmental Activities



The following graph represents the expenses and program revenues for governmental activities as reported in the Statement of Activities. Program revenue does not include the general revenues listed on the bottom portion of the Statement of Activities. Total revenues generated by governmental activities (program revenues and general revenues) were \$134 million. General revenues of \$90.4 million are not included in this graph, though they represent 67.4% 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 position of \$1.1 million for the fiscal year as indicated on the Statement of Activities.

## Expenses and program revenues—Governmental Activities



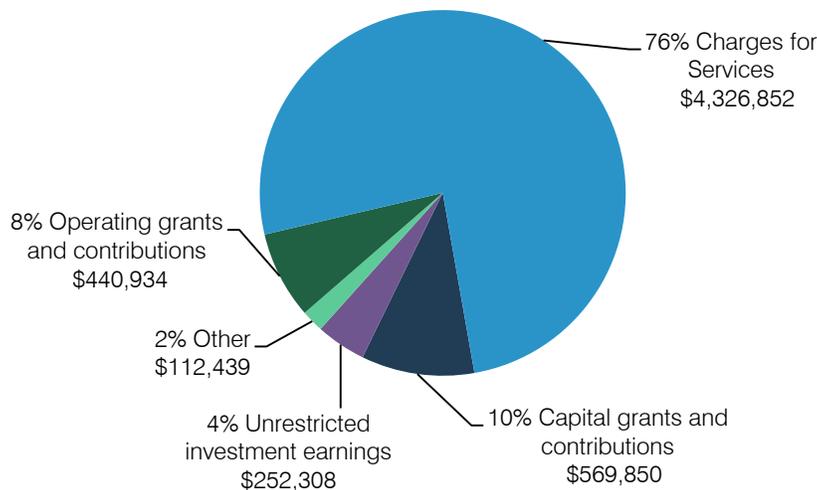
**Business-type activities—net position highlights:** The majority of the increase to current assets and other assets was in the Landfill Fund cash and investments. Long-term liabilities increased due to an increase in landfill closure and post-closure costs; these are estimated future costs provided by engineering consultants for managing the Cerbat and Mohave Valley landfills. The increase to unrestricted net position was due to a one-time grant issued to the Parks department.

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

	<u>2013</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets and other assets	\$18,389,531	\$19,719,071	\$1,329,540	7.23%
Capital assets	14,052,042	13,779,994	(272,048)	-1.94%
Total assets	<u>32,441,573</u>	<u>33,499,065</u>	<u>1,057,492</u>	<u>3.26%</u>
Long-term liabilities outstanding	6,791,475	7,980,009	1,188,534	17.50%
Other liabilities	317,811	323,137	5,326	1.68%
Total liabilities	<u>7,109,286</u>	<u>8,303,146</u>	<u>1,193,860</u>	<u>16.79%</u>
Net position:				
Net investment in capital assets	14,052,042	13,779,994	(272,048)	-1.94%
Restricted	7,039,296	6,869,320	(169,976)	-2.41%
Unrestricted	4,240,949	4,546,605	305,656	7.21%
Total net position	<u>\$25,332,287</u>	<u>\$25,195,919</u>	<u>\$ (136,368)</u>	<u>-0.54%</u>

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

**Revenues by source—Business-type Activities**



**Business-type activities—comparative statement of activities highlights:**

**Analysis of revenue and expense changes**—The Business-type activities comparative statement of activities schedule below shows an overall increase to total revenues for the year. Capital grants increased because the Parks departments received a one-time grant this year to expand the recreational vehicle facilities at Hualapai Mountain Park. Other revenues increased due to an unrealized investment gain recorded in the current year. Transfers increased because of contributions from the General Fund to Other Enterprise Funds for rodeo grounds improvements and a reimbursement from Other Governmental Funds

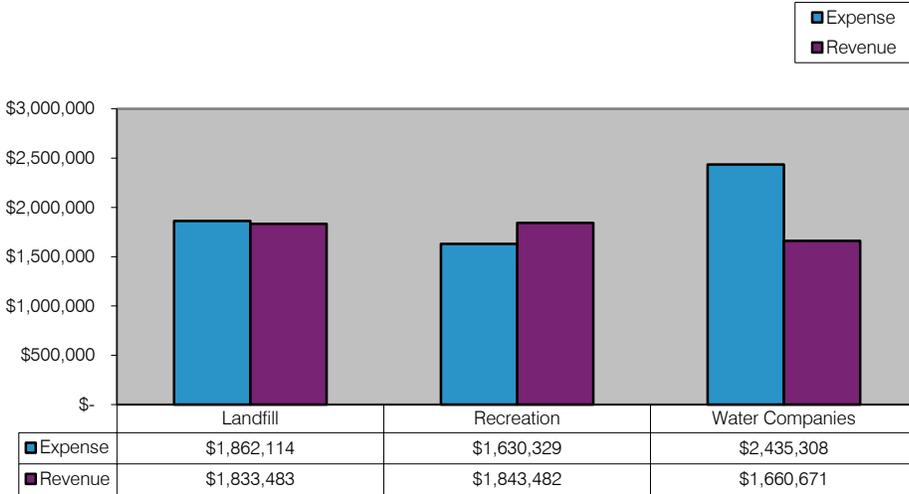
to the Environmental Rural Area Cleanup Enforcement (ERACE) program for seed money provided to initiate a separate fund for court ordered property cleanup projects. Landfill expenses increased as a result of the engineers report for closure/post closure costs which increased significantly from the prior year to adequately represent estimated costs.

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

	<u>2013</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 4,342,171	\$ 4,326,852	\$ (15,319)	-0.35%
Operating grants and contributions	425,534	440,934	15,400	3.62%
Capital grants and contributions	<u>22,494</u>	<u>569,850</u>	<u>547,356</u>	<u>2433.34%</u>
Total program revenues	<u>4,790,199</u>	<u>5,337,636</u>	<u>547,437</u>	<u>11.43%</u>
General revenues				
Other taxes	100,000	100,000	-	0.00%
Other revenues	<u>100,243</u>	<u>264,747</u>	<u>164,504</u>	<u>164.11%</u>
Total general revenues	<u>200,243</u>	<u>364,747</u>	<u>164,504</u>	<u>82.15%</u>
 Total revenues	 <u>4,990,442</u>	 <u>5,702,383</u>	 <u>711,941</u>	 <u>14.27%</u>
<b>Expenses</b>				
Landfill	1,038,130	1,862,114	823,984	79.37%
Recreation	1,613,759	1,630,329	16,570	1.03%
Water companies	<u>2,347,827</u>	<u>2,435,308</u>	<u>87,481</u>	<u>3.73%</u>
Total expenses	<u>4,999,716</u>	<u>5,927,751</u>	<u>928,035</u>	<u>18.56%</u>
Decrease in net position before transfers	(9,274)	(225,368)	(216,094)	2330.11%
Transfers	<u>-</u>	<u>89,000</u>	<u>89,000</u>	<u>100.00%</u>
Decrease in net position after transfers	<u>(9,274)</u>	<u>(136,368)</u>	<u>(127,094)</u>	<u>1370.43%</u>
 Net position beginning of year	 <u>25,341,561</u>	 <u>25,332,287</u>	 <u>(9,274)</u>	 <u>-0.04%</u>
Net position end of year	<u>\$25,332,287</u>	<u>\$25,195,919</u>	<u>\$(136,368)</u>	<u>-0.54%</u>

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

## Expenses and program revenues—Business-type 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, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

### Comparative Balance Sheet Governmental Funds As of June 30,

	General Fund	Road Fund	Flood Control Fund	Admin Building Debt Service Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total Governmental Funds
<b>2013</b>								
Assets	\$18,936,570	\$14,341,658	\$10,598,244	\$ 10,839,479	\$16,105,787	\$ 9,679,677	\$20,653,975	\$101,155,390
Liabilities	2,523,786	384,909	909,392	916,278	-	184,618	2,534,153	7,453,136
Deferred inflows	3,340,946	-	1,046,640	-	-	696,471	196,428	5,280,485
Fund balance	13,071,838	13,956,749	8,642,212	9,923,201	16,105,787	8,798,588	17,923,394	88,421,769
<b>2014</b>								
Assets	20,209,276	15,844,548	6,134,705	115,137	16,115,869	10,169,800	21,139,274	89,728,609
Liabilities	3,076,182	915,016	262,553	-	-	358,231	2,220,478	6,832,460
Deferred inflows	4,362,534	-	1,244,813	-	-	844,717	331,355	6,783,419
Fund balance	12,770,560	14,929,532	4,627,339	115,137	16,115,869	8,966,852	18,587,441	76,112,730
<b>Increase (decrease)</b>								
Assets	1,272,706	1,502,890	(4,463,539)	(10,724,342)	10,082	490,123	485,299	(11,426,781)
Liabilities and deferred inflows	552,396	530,107	(646,839)	(916,278)	-	173,613	(313,675)	620,676
Deferred inflows	1,021,588	-	198,173	-	-	148,246	134,927	1,502,934
Fund balance	\$ (301,278)	\$ 972,783	\$ (4,014,873)	\$ (9,808,064)	\$ 10,082	\$ 168,264	\$ 664,047	\$ (12,309,039)
<b>% change</b>								
Assets	6.72%	10.48%	-42.12%	-98.94%	0.06%	5.06%	2.35%	-11.30%
Liabilities	21.89%	137.72%	-71.13%	-100.00%	0.00%	94.04%	-12.38%	-8.33%
Deferred inflows	30.58%	0.00%	18.93%	0.00%	0.00%	21.29%	68.69%	28.46%
Fund balance	-2.30%	6.97%	-46.46%	-98.84%	0.06%	1.91%	3.70%	-13.92%

The following discussion is for the Comparative Balance sheet schedule presented on the preceding page:

As of the end of the current fiscal year, Mohave County's governmental funds reported combined ending fund balances of \$76.1 million, a decrease of \$12.3 million from the prior year. Fund balances for the Road Fund, Flood Control Fund, Admin Building Debt Service Fund, Jail Debt Service Fund, Library, and the Other Governmental Funds are nonspendable, restricted, or committed and can only be used for specific purposes. Per GASB 65, deferred inflows were separated out from liabilities for the fiscal year ended June 30, 2014, financial statements.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12.8 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund unassigned fund balance equals 17.6% of total General Fund expenditures. The deferred inflows represent deferred property tax collections and accounted for the majority of the increase in the liabilities and deferred inflows. Collections of property tax revenue continue to slow down.

The Road Fund had a total fund balance of \$14.9 million, of which \$239,000 is reserved for inventories and \$14.7 million is restricted and will be used for road maintenance and other approved projects for highway user funds. The current year road revenues exceeded the current year road projects expense by \$971,000, which is reflected by a corresponding increase in the fund balance.

The Flood Control Fund had a total fund balance of \$4.6 million, which was a decrease of \$4 million. The decrease in fund balance and assets, corresponds with the excess expenditures over revenue discussed in the next section.

The Administration building's debt was defeased by transferring funds to a trustee in the prior year. The corresponding \$10.7 million decrease in assets (cash and investments held by trustee) and \$9.8 million decrease in fund balance reflect the payment to certificate holders. The balance of funds remaining at year-end will be used for operations and major maintenance of the Administration building.

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

	<u>General Fund</u>	<u>Road Fund</u>	<u>Flood Control Fund</u>	<u>Admin Building Debt Service Fund</u>	<u>Jail Debt Service Fund</u>	<u>Library Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>2013</b>								
Revenues	\$ 74,048,454	\$13,249,798	\$ 8,052,706	\$ 30,973	\$ 29,885	\$6,210,254	\$ 29,564,957	\$131,187,027
Expenditures	69,986,217	12,677,127	16,399,396	1,836,806	4,873,750	5,415,564	31,142,536	142,331,396
Other financing sources (uses)	<u>(12,831,709)</u>	<u>242,933</u>	<u>(1,240,683)</u>	<u>5,801,453</u>	<u>17,415,156</u>	<u>(544,050)</u>	<u>(9,273,102)</u>	<u>(430,002)</u>
Net change in fund balance	<u>(8,769,472)</u>	<u>815,604</u>	<u>(9,587,373)</u>	<u>3,995,620</u>	<u>12,571,291</u>	<u>250,640</u>	<u>(10,850,681)</u>	<u>(11,574,371)</u>
<b>2014</b>								
Revenues	73,327,282	13,678,671	7,755,835	3,061	12,644	5,926,227	29,279,478	129,983,198
Expenditures	72,358,919	12,707,828	11,225,127	9,811,125	4,871,562	5,407,051	26,170,382	142,551,994
Other financing sources (uses)	<u>(1,269,641)</u>	<u>-</u>	<u>(545,581)</u>	<u>-</u>	<u>4,869,000</u>	<u>(350,912)</u>	<u>(2,445,049)</u>	<u>257,817</u>
Net change in fund balance	<u>(301,278)</u>	<u>970,843</u>	<u>(4,014,873)</u>	<u>(9,808,064)</u>	<u>10,082</u>	<u>168,264</u>	<u>664,047</u>	<u>(12,310,979)</u>
<b>Increase (decrease)</b>								
Revenues	(721,172)	428,873	(296,871)	(27,912)	(17,241)	(284,027)	(285,479)	(1,203,829)
Expenditures	<u>2,372,702</u>	<u>30,701</u>	<u>(5,174,269)</u>	<u>7,974,319</u>	<u>(2,188)</u>	<u>(8,513)</u>	<u>(4,972,154)</u>	<u>220,598</u>
Other financing sources (uses)	<u>\$ 11,562,068</u>	<u>\$ (242,933)</u>	<u>\$ 695,102</u>	<u>\$(5,801,453)</u>	<u>\$(12,546,156)</u>	<u>\$ 193,138</u>	<u>\$ 6,828,053</u>	<u>\$ 687,819</u>
<b>% change</b>								
Revenues	-0.97%	3.24%	-3.69%	-90.12%	-57.69%	-4.57%	-0.97%	-0.92%
Expenditures	3.39%	0.24%	-31.55%	434.14%	-0.04%	-0.16%	-15.97%	0.15%
Other financing sources (uses)	-90.11%	-100.00%	-56.03%	-100.00%	-72.04%	-35.50%	-73.63%	-159.96%

Significant changes reflected in the schedules above will be discussed below, with the exception of the General Fund, which will be discussed separately on page xiii:

**County-wide expenses:** The County gave employees a 2.5% cost of living adjustment (COLA) during the year. This was the first salary increase given in several years. The COLA was offset by salary savings from attrition and decreases in other budget areas. The overall effect on this year's total expenses was minimal.

**The Flood Control Fund** had a total fund balance of \$4.6 million, which was a decrease of \$4 million. Expenditures decreased \$5.2 million from the prior year. The design phase of the Mockingbird wash and Tierra Del Rio wash projects were completed the prior year. One time catch-up contributions to the city governments for flood control projects were also completed the prior year. That accounted for the decrease in expenditures. Revenue was down due to lower assessed values, resulting in decreased tax revenue. Funds are restricted for ongoing County flood control projects.

**The Admin Building Debt Service Fund and the Jail Debt Service Fund** both had one time, Board of Supervisors approved, transfers in for debt service the prior year. This accounts for the large decrease in other financing sources. The funds transferred to the Admin Building Debt Service Fund were used to pay off the BIC's in the current year, as reflected in the increase in expenditures. The Jail Debt Service Fund balance remained at \$16.1 million at year end. The sole purpose of the fund is to collect resources for the repayment of the Jail BIC's.

**The Other Governmental Funds** had a combined fund balance of \$18.6 million at year-end. This was a net increase of \$664,000 from the prior year. The \$5 million decrease in expenditures was due to the 2013 capital expenditure for the Public works building. No major construction projects happened in 2014. The

\$6.8 million decrease in other financing uses was a reduction in transfers out to the debt service funds. There was a one-time Board of Supervisors approved transfer last year into the debt reserves.

### ***Proprietary funds***

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

**Statement of Net Position-Business-type Activities**—Net position for the enterprise funds, in total, decreased slightly from the prior year. After recording depreciation expense which does not affect available cash, the G.V.I.D. Fund and Landfill Fund reflected net losses before contributions and transfers. A capital contribution from governmental capital assets to business-type activities for landfill land, which offset some of the losses.

**Statement of Net Position-Governmental Activities-Internal Service Funds**—Net position for the internal service funds increased slightly over the prior year. The largest portion of the net position for the internal service funds is the unrestricted net position. Most of these funds carry a sizable reserve for a combination of future fixed asset purchases or as a hedge against unexpected and planned future expenses. The Employee Benefit Trust fund (EBT), is required by the actuary to carry a large reserve and the Vehicle Replacement Fund was designed to collect funds for future vehicle purchases, to replace an aging fleet systematically based on a combination of usage and age. The balance in this fund represents approximately 6 years of vehicle purchases, by design. These two funds represent more than 70% of the unrestricted fund balance in the eight internal service funds.

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

**Statement of Revenues, Expenses, and Changes in Fund Net Position-Governmental Activities Internal Service Funds**—The income (loss) before transfers increased from the prior year. Total operating revenues increased by \$2.1 million and operating expenses increased by approximately \$1.7 million in total for all the internal service funds. The majority of the increase in expenses came from an increase in insurance claims of \$931,000 in the EBT and \$423,000 in the Vehicle Replacement Fund, which purchased computer systems for new patrol vehicles. There are minor increases and decreases in all the internal service funds revenue; however, the largest increase of \$1.8 million is also in the EBT fund. In the prior fiscal year, a one-time reduction in the allocation of costs determined in the budget process was eliminated, giving the appearance of a large increase in revenue in the current year. The increase in net position of \$679,000 is attributed to all the changes discussed above, as well as a decrease in net transfers in the Self-insurance fund of \$130,000. Charges for services from the departments were intentionally decreased during the budgeting process in fiscal year 2013 to reduce the fund balance, and in the current year these transfers returned to normal levels to maintain the new fund balance. There was a transfer-out in the prior year to cover claims incurred in the Other Governmental Funds.

## General Fund Budgetary Highlights

### **Variances between Original Budget and Final Budget**

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

**Expenditures:** Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments. The total budgeted expenditures between the original and final budgets for 2014 decreased by \$184,004. Budgeted expenditures decreased \$7.1 million compared to 2013. That decrease reflected \$10 million decrease in budgeted contingency with an increase of \$2.9 million over all other expenditures. Total actual expenditures were below budgeted expenditures by \$3.6 million, \$1.4 million of that amount was public safety expenditures and \$2.8 million was spread throughout the rest of the general government. The difference was a \$522,471 excess actual over budget for recording a new capital lease. This expenditure is offset by an equal amount of other financing sources for capital leases, also unbudgeted.

### **Variations between Final Budget and Actual Revenues or Expenditures**

Variations between actual revenues, expenditures, and final budgeted amounts will be discussed below for all significant differences, as related to the schedule in required supplementary information on pages 42-47.

**Revenues:** The General Fund revenue was less than the total amount budgeted by \$4.1 million (5.3%). The largest difference was in property tax revenue. Revenue budgets were increased by 2.5% for 2014 and actual revenue fell short of the increased budget by 5.3%. The budget for property tax was increased slightly by 0.6% from the prior year. Property tax revenue collected was 9.8% short of the increased budget amount. This was due to slow collections and court approved tax settlement adjustments. This was the primary cause of shortfalls. Miscellaneous Revenue was budgeted at \$612,160 and was only realized at \$149,278, a shortfall of \$462,882 (76%).

**Expenditures:** Actual expenditures were less than budgeted expenditures by \$3.6 million. For the prior year the difference was \$13 million. Actual expenditures increased over the prior year by \$2.4 million. \$1.7 million of the increase reflect increases in salary related expenses. Employees received a 2.5% cost of living increase in 2014. The Jail portion of Public Safety in the General Fund had almost a \$1 million increase in total expenditures from the prior year, including the salary increases. The County contingency budget was \$950,000, \$256,000 was transferred to other General Fund departments, \$126,000 was transferred to non-General Fund departments, and \$568,000 of the budget remained. This accounted for most of the remaining unspent budget. The balance of available budget is scattered throughout the other departments. Most departments were able to maintain operating expenses at the prior year level or reduce them. Vacancy savings and reducing staff by attrition was also employed as a cost reduction method.

**Other financing sources (uses):** Transfers out to other funds decreased \$12 million from the prior year. That amount reflects a decrease in Transfers out for debt service of the County's BIC's.

### **Capital Assets and Debt Administration**

**Capital assets**—Mohave County's investment in capital assets for its governmental and business-type activities as of June 30, 2014, is \$267.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, bridges, and an internally generated software program. The decrease in capital assets of \$0.93 million (net of depreciation) resulted from the depreciation expense exceeding the cost of flood control projects, and the purchase of additional fleet vehicles and road equipment. The flood control projects were the only major construction project during this fiscal year.

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

	<u>2013</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated	\$ 38,101,354	\$ 42,484,323	\$ 4,382,969	11.50%
Capital assets, being depreciated	<u>216,032,033</u>	<u>210,989,976</u>	<u>(5,042,057)</u>	<u>-2.33%</u>
Total governmental capital assets	<u>254,133,387</u>	<u>253,474,299</u>	<u>(659,088)</u>	<u>-0.26%</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated	1,737,634	1,960,709	223,075	12.84%
Capital assets, being depreciated	<u>12,314,408</u>	<u>11,819,285</u>	<u>(495,123)</u>	<u>-4.02%</u>
Total business-type capital assets	<u>14,052,042</u>	<u>13,779,994</u>	<u>(272,048)</u>	<u>-1.94%</u>
<b>Total governmental and business-type activities</b>				
Capital assets, not being depreciated	39,838,988	44,445,032	4,606,044	11.56%
Capital assets, being depreciated	<u>228,346,441</u>	<u>222,809,261</u>	<u>(5,537,180)</u>	<u>-2.42%</u>
Total capital assets	<u>\$268,185,429</u>	<u>\$267,254,293</u>	<u>\$ (931,136)</u>	<u>-0.35%</u>

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

- The County replaced 47 aging vehicles from the fleet at a total cost of \$1.7 million. Various sources funded these purchases; 37 from the Vehicle Replacement fund, 2 from the Road Fund, and 8 from Other Governmental Funds.
- Infrastructure project amounts were added to construction in progress for a total of \$2 million.
- \$2.7 million was added to the Mockingbird wash project for a total of \$9.5 million.

Notes 5 and 6, on pages 24-25 of this report, contain additional information on Mohave County's capital assets.

**Long-term liabilities**—At the end of the current fiscal year, Mohave County had total long-term liabilities outstanding of \$43.2 million. Of this amount, \$25.4 million is related to completed construction projects backed as follows: \$16.1 million of funds set aside for early repayment of debt, and \$9.3 million backed by government buildings used as collateral for BICs issued. The remainder of Mohave County's long-term liabilities comprised claims and judgments payable, landfill closure and postclosure care costs payable, capital leases payable, and compensated absences payable incurred during normal operations. For details, see Note 8.

State statutes limit the amount of general obligation debt a government entity may issue to 6% of its total secondary assessed valuation, without taxpayer approval, and up to 15% with the approval of a majority of taxpayers. The debt limitation for Mohave County for fiscal year 2014 was \$108.6 million (6% of \$1.81 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt.

Note 8, on pages 26-30 of this report, contains additional information on Mohave County's long-term debt.

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

Population growth has begun to pick up and is projected to increase over the next two years. Job creation is also up and the increased growth rate is projected to continue. The revenue trend for governments was stagnant for 2013 and was just beginning to come back, slowly, in 2014. This trend is predicted to continue for the next year. A full recovery of the market and from revenue shifting is not expected until 2016 or 2017. All of these factors were considered in preparing Mohave County's budget for the 2015 fiscal year. In an effort to keep expenses down and avoid layoffs, the County will continue to reduce operating costs through attrition and increased efficiency.

The average unemployment rate for Mohave County was 8.7% for 2014, a decrease of 1.0% from the prior year. The unemployment rate in Mohave County exceeded the State's 2014 average unemployment rate of 7.6% and also compares unfavorably to the national average rate 6.8%. In August 2014, Mohave County's rate was at 8.4% while the State's was 7.1% and the federal rate was 6.1%.

## 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 Position  
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 78,269,185	\$ 17,275,229	\$ 95,544,414
Receivables (net of allowances for uncollectibles):			
Property taxes	7,476,300	346	7,476,646
Accounts	1,349,793	254,462	1,604,255
Accrued interest	37,861	8,415	46,276
Due from other governments	5,402,587	123,613	5,526,200
Inventories	289,298	395,403	684,701
Prepaid items	480,929		480,929
Cash and investments held by trustee	17,006,699		17,006,699
Restricted cash		1,022,639	1,022,639
Internal balances	(638,964)	638,964	
Restricted assets- HUD properties	1,316,304		1,316,304
Capital assets, not being depreciated	42,484,323	1,960,709	44,445,032
Capital assets, being depreciated, net	<u>210,989,976</u>	<u>11,819,285</u>	<u>222,809,261</u>
Total assets	<u>364,464,291</u>	<u>33,499,065</u>	<u>397,963,356</u>
<b>Liabilities</b>			
Accounts payable	2,750,960	147,279	2,898,239
Accrued payroll and employee benefits	3,005,671	60,303	3,065,974
Due to other governments	93,826	5,680	99,506
Deposits held for others	240,052	95,095	335,147
Unearned revenue	381,617	14,780	396,397
Noncurrent liabilities			
Due within 1 year	11,998,828	104,142	12,102,970
Due in more than 1 year	<u>23,210,345</u>	<u>7,875,867</u>	<u>31,086,212</u>
Total liabilities	<u>41,681,299</u>	<u>8,303,146</u>	<u>49,984,445</u>
<b>Net Position</b>			
Net investment in capital assets	227,079,209	13,779,994	240,859,203
Restricted for:			
General government	1,193,707		1,193,707
Public safety	16,087,916		16,087,916
Highways and streets	16,672,403		16,672,403
Health	2,420,657		2,420,657
Welfare	1,026,545		1,026,545
Sanitation		5,846,681	5,846,681
Culture and recreation	10,944,064		10,944,064
Education	316,826		316,826
Debt service	15,183,845		15,183,845
Capital projects	1,226,082	1,022,639	2,248,721
Other purposes	2,086,529		2,086,529
Unrestricted	<u>28,545,209</u>	<u>4,546,605</u>	<u>33,091,814</u>
Total net position	<u>\$ 322,782,992</u>	<u>\$ 25,195,919</u>	<u>\$ 347,978,911</u>

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

Mohave County  
Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 56,948,666	\$ 11,064,731	\$ 2,417,216		\$ (43,466,719)		\$ (43,466,719)
Public safety	37,490,771	3,373,149	5,054,221		(29,063,401)		(29,063,401)
Highways and streets	11,112,103	186,221	10,644,733		(281,149)		(281,149)
Health	14,365,125	1,692,044	2,871,789		(9,801,292)		(9,801,292)
Welfare	4,563,980	512,321	3,978,120		(73,539)		(73,539)
Sanitation	38,624	57,165			18,541		18,541
Culture and recreation	4,871,808	88,078	112,567		(4,671,163)		(4,671,163)
Education	1,813,501	71,579	1,622,115		(119,807)		(119,807)
Interest on long-term debt	1,698,723				(1,698,723)		(1,698,723)
Total governmental activities	<u>132,903,301</u>	<u>17,045,288</u>	<u>26,700,761</u>		<u>(89,157,252)</u>		<u>(89,157,252)</u>
Business-type activities:							
Landfill	1,862,114	1,062,699	440,934	\$ 329,850		\$ (28,631)	(28,631)
Recreation	1,630,329	1,603,482		240,000		213,153	213,153
Water companies	2,435,308	1,660,671				(774,637)	(774,637)
Total business-type activities	<u>5,927,751</u>	<u>4,326,852</u>	<u>440,934</u>	<u>569,850</u>		<u>(590,115)</u>	<u>(590,115)</u>
Total primary government	<u>\$ 138,831,052</u>	<u>\$ 21,372,140</u>	<u>\$ 27,141,695</u>	<u>\$ 569,850</u>	<u>(89,157,252)</u>	<u>(590,115)</u>	<u>(89,747,367)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					41,879,820		41,879,820
Property taxes, levied for flood control					7,661,325		7,661,325
Property taxes, levied for special assessments					93,667		93,667
Share of state sales taxes					20,386,957		20,386,957
Special county sales tax for capital projects					6,263,993		6,263,993
Auto-lieu tax					8,457,880		8,457,880
Federal in-lieu tax					3,472,456	100,000	3,572,456
Local in-lieu tax					18,146		18,146
Utilities franchise tax					439,244		439,244
County equalization revenue					192,601		192,601
Investment earnings					1,068,216	252,308	1,320,524
Miscellaneous					257,204	8,324	265,528
Rent					203,481	2,000	205,481
Gain on disposal of capital assets						2,115	2,115
Transfers					(89,000)	89,000	
Total general revenues and transfers					<u>90,305,990</u>	<u>453,747</u>	<u>90,759,737</u>
Change in net position					1,148,738	(136,368)	1,012,370
Net position, July 1, 2013					<u>321,634,254</u>	<u>25,332,287</u>	<u>346,966,541</u>
Net position, June 30, 2014					<u>\$ 322,782,992</u>	<u>\$ 25,195,919</u>	<u>\$ 347,978,911</u>

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

Mohave County  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General Fund	Road Fund	Flood Control Fund	Admin Building Debt Service Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and investments	\$ 13,003,724	\$ 14,476,847	\$ 4,568,678	\$ 27,759	\$ 1,018,625	\$ 9,174,497	\$ 16,554,281	\$ 58,824,411
Receivables (net of allowances for uncollectibles):								
Property taxes	4,881,281		1,391,236			941,400	262,383	7,476,300
Accounts	535,571	265	100			34,898	323,578	894,412
Accrued interest	5,785	6,744	2,942	556	221	3,833	9,848	29,929
Due from:								
Other funds	66,429					2,998	73,382	142,809
Other governments	1,699,384	1,121,982	171,749				2,407,784	5,400,899
Inventories		237,618						237,618
Prepaid items	17,102	1,092				12,174	281,936	312,304
Cash and investments held by trustee				86,822	15,097,023		1,226,082	16,409,927
Total assets	<u>\$ 20,209,276</u>	<u>\$ 15,844,548</u>	<u>\$ 6,134,705</u>	<u>\$ 115,137</u>	<u>\$ 16,115,869</u>	<u>\$ 10,169,800</u>	<u>\$ 21,139,274</u>	<u>\$ 89,728,609</u>
<b>Liabilities</b>								
Accounts payable	1,041,703	637,051	202,973			225,521	338,141	2,445,389
Accrued payroll and employee benefits	1,889,931	276,098	59,580			127,205	537,254	2,890,068
Due to:								
Other funds	20,208	1,867				5,505	114,964	142,544
Other governments							93,826	93,826
Deposits held for others	124,340						115,712	240,052
Advances payable - Landfill							638,964	638,964
Unearned revenue							381,617	381,617
Total liabilities	<u>3,076,182</u>	<u>915,016</u>	<u>262,553</u>			<u>358,231</u>	<u>2,220,478</u>	<u>6,832,460</u>
<b>Deferred Inflows of Resources</b>								
Unavailable revenue—property taxes	4,362,534		1,244,813			844,717	238,705	6,690,769
Unavailable revenue—intergovernmental							92,650	92,650
Total deferred inflows of resources	<u>4,362,534</u>		<u>1,244,813</u>			<u>844,717</u>	<u>331,355</u>	<u>6,783,419</u>
<b>Fund Balances</b>								
Nonspendable	17,102	238,710				12,174	281,936	549,922
Restricted		14,690,822	4,627,339	86,822	15,097,023	8,954,678	14,686,270	58,142,954
Committed				28,315	1,018,846		4,160,488	5,207,649
Unassigned	12,753,458						(541,253)	12,212,205
Total fund balances	<u>12,770,560</u>	<u>14,929,532</u>	<u>4,627,339</u>	<u>115,137</u>	<u>16,115,869</u>	<u>8,966,852</u>	<u>18,587,441</u>	<u>76,112,730</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,209,276</u>	<u>\$ 15,844,548</u>	<u>\$ 6,134,705</u>	<u>\$ 115,137</u>	<u>\$ 16,115,869</u>	<u>\$ 10,169,800</u>	<u>\$ 21,139,274</u>	<u>\$ 89,728,609</u>

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

Mohave County  
 Reconciliation of the Balance Sheet to the Statement of Net Position  
 June 30, 2014

Fund balances—total governmental funds		\$ 76,112,730
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		250,526,553
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		6,783,419
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, and telecommunications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		22,096,055
Some liabilities, including beneficial interest certificates payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Beneficial interest certificates	\$ (25,390,000)	
Capital leases payable	(569,229)	
Compensated absences	<u>(6,776,536)</u>	<u>(32,735,765)</u>
Net position of governmental activities		<u>\$ 322,782,992</u>

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

Mohave County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2014

	General Fund	Road Fund	Flood Control Fund	Admin Building Debt Service Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Taxes	\$ 34,008,369		\$ 7,479,235			\$ 5,581,341	\$ 7,957,754	\$ 55,026,699
Special assessments							93,667	93,667
Licenses and permits	656,269	\$ 48,850	7,400				705,860	1,418,379
Intergovernmental	30,577,441	13,138,789	171,787			27,628	14,809,696	58,725,341
Charges for services	6,127,114	136,652	5,895			29,273	4,591,603	10,890,537
Fines and forfeits	1,636,891	719	200			58,805	526,808	2,223,423
Investment earnings	171,550	185,751	91,252	\$ 3,061	\$ 12,644	137,988	210,576	812,822
Rents		91,956					181,826	273,782
Contributions	370					87,567	178,272	266,209
Miscellaneous	149,278	75,954	66			3,625	23,416	252,339
Total revenues	<u>73,327,282</u>	<u>13,678,671</u>	<u>7,755,835</u>	<u>3,061</u>	<u>12,644</u>	<u>5,926,227</u>	<u>29,279,478</u>	<u>129,983,198</u>
<b>Expenditures:</b>								
Current:								
General government	36,191,118						4,866,470	41,057,588
Public safety	25,540,182		11,225,127				6,580,771	43,346,080
Highways and streets		12,707,828						12,707,828
Sanitation							38,624	38,624
Health	9,611,683						5,796,958	15,408,641
Welfare							4,827,712	4,827,712
Culture and recreation						5,328,459		5,328,459
Education	439,097						1,734,073	2,173,170
Capital outlay	522,471					41,714	2,311,452	2,875,637
Debt service:								
Principal retirement	51,072			9,350,000	3,700,000	34,574	13,826	13,149,472
Interest and fiscal charges	3,296			461,125	1,171,562	2,304	496	1,638,783
Total expenditures	<u>72,358,919</u>	<u>12,707,828</u>	<u>11,225,127</u>	<u>9,811,125</u>	<u>4,871,562</u>	<u>5,407,051</u>	<u>26,170,382</u>	<u>142,551,994</u>
Excess (deficiency) of revenues over expenditures	968,363	970,843	(3,469,292)	(9,808,064)	(4,858,918)	519,176	3,109,096	(12,568,796)
<b>Other financing sources (uses):</b>								
Transfers in	1,386,655				4,869,000		4,158,270	10,413,925
Transfers out	(3,179,267)		(545,581)			(392,626)	(6,603,319)	(10,720,793)
Capital leases	522,971					41,714		564,685
Total other financing sources (uses)	<u>(1,269,641)</u>		<u>(545,581)</u>		<u>4,869,000</u>	<u>(350,912)</u>	<u>(2,445,049)</u>	<u>257,817</u>
Net change in fund balances	(301,278)	970,843	(4,014,873)	(9,808,064)	10,082	168,264	664,047	(12,310,979)
Fund balances, July 1, 2013	13,071,838	13,956,749	8,642,212	9,923,201	16,105,787	8,798,588	17,923,394	88,421,769
Changes in nonspendable resources:								
Increase in inventories		1,940						1,940
Fund balances, June 30, 2014	<u>\$ 12,770,560</u>	<u>\$ 14,929,532</u>	<u>\$ 4,627,339</u>	<u>\$ 115,137</u>	<u>\$ 16,115,869</u>	<u>\$ 8,966,852</u>	<u>\$ 18,587,441</u>	<u>\$ 76,112,730</u>

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

Mohave County  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances to the Statement of Activities  
 Year Ended June 30, 2014

Net change in fund balances—total governmental funds \$ (12,310,979)

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

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

Other financing sources—Capital lease	\$ (564,685)	
Capital outlay	9,889,043	
Depreciation expense	<u>(10,157,692)</u>	(833,334)

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold or transferred. (385,247)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the Statement of Activities.

Capital lease principal repaid	99,472	
Beneficial interest certificates principal repaid	13,050,000	
Amortization of Beneficial interest certificates premium	<u>238,653</u>	13,388,125

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 are reported regardless of when the financial resources are available.

Increase in compensated absences		(225,074)
Increase in capital leases		(668,701)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,502,934

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

Increase in supply inventory		1,940
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, information technology, and telecommunications, to individual funds. The net revenue of certain internal service funds is reported with governmental activities in the Statement of Activities. 679,074

Change in net position of governmental activities \$ 1,148,738

Mohave County  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	<b>Business-Type Activities—Enterprise Funds</b>				<b>Governmental Activities— Internal Service Funds</b>
	<b>Landfill Fund</b>	<b>G.V.I.D. Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 12,886,507	\$ 1,250,264	\$ 3,138,458	\$ 17,275,229	\$ 19,444,774
Cash and investments held by trustee					596,772
Receivables (net of allowances for uncollectibles):					
Property taxes		346		346	
Accounts	122,300	51,841	80,321	254,462	455,381
Accrued interest	5,937	895	1,583	8,415	7,932
Due from:					
Other governments	104,625		18,988	123,613	1,688
Inventories		173,185	222,218	395,403	51,680
Prepaid items					168,625
Total current assets	<u>13,119,369</u>	<u>1,476,531</u>	<u>3,461,568</u>	<u>18,057,468</u>	<u>20,726,852</u>
Noncurrent assets:					
Restricted cash		557,197	465,442	1,022,639	
Advance to other funds	638,964			638,964	
Capital assets, net of accumulated depreciation, where applicable:					
Land	438,549	40,388	1,481,772	1,960,709	
Infrastructure, net	822,840	5,382,877	3,897,556	10,103,273	
Buildings, net		43,599	1,245,306	1,288,905	
Equipment, net		87,662	339,445	427,107	4,264,050
Total noncurrent assets	<u>1,900,353</u>	<u>6,111,723</u>	<u>7,429,521</u>	<u>15,441,597</u>	<u>4,264,050</u>
Total assets	<u>15,019,722</u>	<u>7,588,254</u>	<u>10,891,089</u>	<u>33,499,065</u>	<u>24,990,902</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	32,299	31,606	83,374	147,279	305,571
Accrued payroll and employee benefits	8,105	9,469	42,729	60,303	115,603
Due to:					
Other funds					265
Other governments		4,889	791	5,680	
Deposits held for others		70,095	25,000	95,095	
Unearned revenues		14,780		14,780	
Current portion of:					
Capital leases payable					376,859
Compensated absences payable	17,133	10,387	76,622	104,142	248,792
Claims and judgments payable					1,732,310
Total current liabilities	<u>57,537</u>	<u>141,226</u>	<u>228,516</u>	<u>427,279</u>	<u>2,779,400</u>
Noncurrent liabilities:					
Capital leases payable					59,002
Landfill closure and postclosure care costs payable	7,849,832			7,849,832	
Compensated absences payable	4,283	2,597	19,155	26,035	56,445
Total noncurrent liabilities	<u>7,854,115</u>	<u>2,597</u>	<u>19,155</u>	<u>7,875,867</u>	<u>115,447</u>
Total liabilities	<u>7,911,652</u>	<u>143,823</u>	<u>247,671</u>	<u>8,303,146</u>	<u>2,894,847</u>
<b>Net Position</b>					
Net investment in capital assets	1,261,389	5,554,526	6,964,079	13,779,994	3,828,189
Restricted for:					
Capital projects		557,197	465,442	1,022,639	
Sanitation	5,846,681			5,846,681	
Unrestricted		1,332,708	3,213,897	4,546,605	18,267,866
Total net position	<u>\$ 7,108,070</u>	<u>\$ 7,444,431</u>	<u>\$ 10,643,418</u>	<u>\$ 25,195,919</u>	<u>\$ 22,096,055</u>

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

Mohave County  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended June 30, 2014

	<b>Business-Type Activities—Enterprise Funds</b>				<b>Governmental Activities— Internal Service Funds</b>
	<b>Landfill Fund</b>	<b>G.V.I.D. Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
Operating revenues:					
Charges for services	\$ 1,062,699	\$ 609,286	\$ 2,654,867	\$ 4,326,852	\$ 22,005,652
Miscellaneous		5,147	3,177	8,324	4,865
Total operating revenues	<u>1,062,699</u>	<u>614,433</u>	<u>2,658,044</u>	<u>4,335,176</u>	<u>22,010,517</u>
Operating expenses:					
Personnel services	140,718	230,640	1,044,453	1,415,811	2,736,481
Supplies	4,331	17,701	197,186	219,218	678,409
Professional services	304,459	151,119	212,034	667,612	509,157
Communications	1,644	18,836	25,898	46,378	721,347
Insurance		17,652	114,267	131,919	828,667
Landfill closure and postclosure care costs	1,202,293			1,202,293	
Insurance claims					12,565,944
Lawsuit judgments					195,700
Repairs and maintenance		15,898	33,933	49,831	72,638
Public utility service	76,807	98,916	865,795	1,041,518	
Rents and leases	4,574	13,448	20,518	38,540	370,586
Interest expense					59,940
Depreciation	47,763	414,204	489,700	951,667	1,886,141
Other	<u>79,525</u>	<u>44,873</u>	<u>38,566</u>	<u>162,964</u>	<u>1,165,346</u>
Total operating expenses	<u>1,862,114</u>	<u>1,023,287</u>	<u>3,042,350</u>	<u>5,927,751</u>	<u>21,790,356</u>
Operating income (loss)	<u>(799,415)</u>	<u>(408,854)</u>	<u>(384,306)</u>	<u>(1,592,575)</u>	<u>220,161</u>
Nonoperating revenues (expenses):					
Investment earnings	184,187	24,551	43,570	252,308	255,394
Rent income		2,000		2,000	
Grants	440,934		340,000	780,934	
Gain (Loss) on disposal of capital assets			<u>2,115</u>	<u>2,115</u>	<u>(14,349)</u>
Total nonoperating revenues	<u>625,121</u>	<u>26,551</u>	<u>385,685</u>	<u>1,037,357</u>	<u>241,045</u>
Income (loss) before contributions, gains, losses, and transfers	<u>(174,294)</u>	<u>(382,303)</u>	<u>1,379</u>	<u>(555,218)</u>	<u>461,206</u>
Capital contributions	329,850			329,850	
Transfers in			89,000	89,000	300,000
Transfers out					<u>(82,132)</u>
Increase (decrease) in net position	155,556	(382,303)	90,379	(136,368)	679,074
Total net position, July 1, 2013	<u>6,952,514</u>	<u>7,826,734</u>	<u>10,553,039</u>	<u>25,332,287</u>	<u>21,416,981</u>
Total net position, June 30, 2014	<u>\$ 7,108,070</u>	<u>\$ 7,444,431</u>	<u>\$ 10,643,418</u>	<u>\$ 25,195,919</u>	<u>\$ 22,096,055</u>

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

Mohave County  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2014

	Business-Type Activities- Enterprise Funds				Governmental Activities- Internal Service Funds
	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,063,049	\$ 613,140	\$ 2,704,303	\$ 4,380,492	\$ 997,217
Receipts from interfund services provided					20,998,843
Payments to suppliers	(473,696)	(305,870)	(1,446,674)	(2,226,240)	(16,934,819)
Payments for employee wages and benefits	(132,779)	(229,605)	(1,056,908)	(1,419,292)	(2,683,795)
Payments for interfund services used	(35,246)	(57,758)	(175,978)	(268,982)	(343,688)
Net cash provided by operating activities	<u>421,328</u>	<u>19,907</u>	<u>24,743</u>	<u>465,978</u>	<u>2,033,758</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	95,887		89,000	184,887	300,000
Transfers to other funds					(82,132)
Rent income		2,000		2,000	
Subsidy from noncapital grant	439,690		340,000	779,690	
Net cash provided by noncapital financing activities	<u>535,577</u>	<u>2,000</u>	<u>429,000</u>	<u>966,577</u>	<u>217,868</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(3,300)	(100,771)	(182,060)	(286,131)	(1,675,038)
Principal paid on capital debt					(395,564)
Interest paid on capital debt					(17,992)
Proceeds from sales of capital assets			8,350	8,350	59,122
Net cash used for capital and related financing activities	<u>(3,300)</u>	<u>(100,771)</u>	<u>(173,710)</u>	<u>(277,781)</u>	<u>(2,029,472)</u>
Cash flows from investing activities:					
Increase in fair value of investments	99,579	14,496	27,130	141,205	107,071
Interest and dividends received	85,657	10,289	16,757	112,703	151,425
Net cash provided by investing activities	<u>185,236</u>	<u>24,785</u>	<u>43,887</u>	<u>253,908</u>	<u>258,496</u>
Net increase (decrease) in cash and cash equivalents	1,138,841	(54,079)	323,920	1,408,682	480,650
Cash and cash equivalents, July 1, 2013	11,747,666	1,861,540	3,279,980	16,889,186	19,560,896
Cash and cash equivalents, June 30, 2014	<u>\$ 12,886,507</u>	<u>\$ 1,807,461</u>	<u>\$ 3,603,900</u>	<u>\$ 18,297,868</u>	<u>\$ 20,041,546</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (799,415)	\$ (408,854)	\$ (384,306)	\$ (1,592,575)	\$ 220,161
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	47,763	414,204	489,700	951,667	1,886,141
Landfill closure and postclosure care costs	1,202,293			1,202,293	
Expenses incurred but not reported					176,663
Changes in assets and liabilities:					
Receivables, (increase) decrease	348	(1,536)	(39,818)	(41,006)	(148,984)
Due from other funds, (increase) decrease	456		7,227	7,683	4,006
Due from other governments, (increase) decrease			11,088	11,088	2,011
Inventories, (increase) decrease		3,754	7,447	11,201	8,191
Prepaid items, (increase) decrease	205			205	131,239
Accounts payable, increase (decrease)	(38,179)	15,799	(45,905)	(68,285)	55,778
Due to other funds, increase (decrease)	(46)	(3)	(6,223)	(6,272)	265
Due to other governments, increase (decrease)		58	150	208	
Accrued payroll and employee benefits, increase (decrease)	3,239	519	3,981	7,739	15,645
Compensated absences payable, increase (decrease)	4,664	175	(18,598)	(13,759)	23,011
Unearned revenues, increase (decrease)		712		712	
Deposits held for others, increase (decrease)		(4,921)		(4,921)	(474)
Claims and judgments payable, increase (decrease)					(339,895)
Total adjustments	<u>1,220,743</u>	<u>428,761</u>	<u>409,049</u>	<u>2,058,553</u>	<u>1,813,597</u>
Net cash provided by operating activities	<u>\$ 421,328</u>	<u>\$ 19,907</u>	<u>\$ 24,743</u>	<u>\$ 465,978</u>	<u>\$ 2,033,758</u>
Cash at June 30, 2014, comprises of the following:					
Cash and investments	\$ 12,886,507	\$ 1,250,264	\$ 3,138,458	\$ 17,275,229	\$ 19,444,774
Restricted cash		557,197	465,442	1,022,639	596,772
Total	<u>\$ 12,886,507</u>	<u>\$ 1,807,461</u>	<u>\$ 3,603,900</u>	<u>\$ 18,297,868</u>	<u>\$ 20,041,546</u>

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

Mohave County  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

	Investment Trust Funds	Agency Fund
<b>Assets</b>		
Cash and investments	\$ 40,072,848	\$ 185,052
Accrued interest receivable	5,200	
Total assets	40,078,048	185,052
<b>Liabilities</b>		
Accounts payable	1,395,328	
Deposits held for others		185,052
Total liabilities	1,395,328	\$ 185,052
<b>Net Position</b>		
Held in trust for investment trust participants	\$ 38,682,720	

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

Mohave County  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2014

	<u>Investment Trust Funds</u>
Additions:	
Contributions from participants	\$ 284,243,162
Investment earnings:	
Interest and dividend income	282,311
Net increase in fair value of investments	<u>210,101</u>
Net investment earnings	<u>492,412</u>
Total additions	<u>284,735,574</u>
Deductions:	
Distributions to participants	<u>(293,755,060)</u>
Total deductions	<u>(293,755,060)</u>
Change in net position	(9,019,486)
Net position, July 1, 2013	<u>47,702,206</u>
Net position, June 30, 2014	<u>\$ 38,682,720</u>

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

Mohave County  
Notes to Financial Statements  
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

For the year ended June 30, 2014, the County implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Asset and Liabilities*. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources and recognizes certain other items that were previously reported as assets and liabilities as revenues or expenses.

A. Reporting Entity

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

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

The following table describes the County's component units:

<b>Component Unit</b>	<b>Description; Criteria for Inclusion</b>	<b>Reporting Method</b>	<b>For Separate Financial Statements</b>
Mohave County Flood Control District	A tax-levying district that provides flood control systems; County board of supervisors serves as board of directors	Blended	Not available
Mohave County Library District	A tax-levying district that provides and maintains library services for County residents; County board of supervisors serves as board of directors	Blended	Not available
Mohave County Television District	A tax-levying district that 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 Holiday Lighting District	A tax-levying district that provides street lighting for the Holiday Shores area of Bullhead City in Mohave County; County board of supervisors serves as board of directors	Blended	Not available

Mohave County  
Notes to Financial Statements  
June 30, 2014

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Mohave County Special Assessment Districts	Constructs or improves roads, bridges, and water distribution systems; County board of supervisors serves as board of directors for the districts	Blended	Not available
Mohave Administration Building—Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County administration building; management of Mohave County serves as the board of directors of the corporation	Blended	Not available
Mohave Jail—Finance Corporation	A corporation set up to provide financing and oversight of the construction and operation of the Mohave County jail facility; management of Mohave County serves as the board of directors of the corporation	Blended	Not available

Related Organization

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

**B. Basis of Presentation**

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

**Government-wide statements**—Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the 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.

Mohave County  
Notes to Financial Statements  
June 30, 2014

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 activities of proprietary funds. Program revenues include:

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

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

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

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

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

The County reports the following major governmental funds:

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

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

Mohave County  
Notes to Financial Statements  
June 30, 2014

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

The *Library Fund* accounts for all monies collected from local taxpayers in the form of a levy on real property. These funds are used to provide a network of resources and services offering the people of Mohave County access to global information and personal enrichment.

The *Administration Building Debt Service Fund* accounts for debt service payments on the 2004 Beneficial Interest Certificates and is funded from the ¼-cent sales tax fund.

The *Jail Debt Service Fund* accounts for debt service payments on the 2008 Beneficial Interest Certificates and is funded from the ¼-cent sales tax fund.

The County reports the following major enterprise funds:

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

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

The County also reports the following fund types:

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

The *investment trust funds* account for pooled assets the County Treasurer holds and invests on behalf of other governmental entities.

The *agency fund* accounts for assets the County holds as an agent for the Public Fiduciary clients.

### C. Basis of Accounting

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

Mohave County  
Notes to Financial Statements  
June 30, 2014

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

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

#### D. Cash and Investments

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

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

#### E. Inventories and Prepaid Items

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

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

Mohave County  
Notes to Financial Statements  
June 30, 2014

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. They are reflected as nonspendable and restricted for other purposes, respectively.

#### F. Property Tax Calendar

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

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

#### G. Capital Assets

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

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

#### Capitalization Threshold

	All	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	\$5,000		
Construction in progress	\$5,000		
Buildings	\$5,000	Straight Line	20-50 years
Equipment	\$5,000	Straight Line	3-20 years
Infrastructure and improvements other than buildings	\$5,000	Straight Line	10-50 years
Utility systems	\$5,000	Straight Line	10-50 years
Intangibles	\$5,000	Straight Line	7-15 years

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Notes to Financial Statements  
June 30, 2014

#### H. Deferred Inflows of Resources

The balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of fund balance that applies to future periods and will be recognized as a revenue in future periods.

#### I. Fund Balance Classifications

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

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

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

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

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

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the County's policy to use committed amounts first, followed by unassigned amounts.

#### J. Investment Earnings

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

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Notes to Financial Statements  
June 30, 2014

K. Compensated Absences

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

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

Note 2 - Stewardship, Compliance, and Accountability

**Deficit fund balances**—At June 30, 2014, the following nonmajor funds reported deficit fund balances:

Fund	Deficit
<b>Governmental Funds:</b>	
Arizona Nutrition Network	\$ 15
Kingman 2100 CFD	3,452
Golden Valley Improvement District construction	<u>537,786</u>
Total	<u>\$541,253</u>

The Golden Valley Improvement District (GVID) construction in progress fund borrowed funds from the Landfill fund to cover expenses of an improvement district instead of issuing bonds. These funds are reflected as a liability, rather than revenue, resulting in a negative fund balance. The liability is to be paid back to the Landfill fund through collections from the property owners. The Arizona Nutrition Network fund is funded through a federal grant and had a deficit fund balance due to timing differences. The Kingman 2100 Community Facilities District (CFD) fund has property taxes receivable to cover the deficit fund balance; however, the CFD has been dissolved, and future collections are uncertain.

**Compliance**—At June 30, the following non-compliance existed:

Arizona Revised Statutes §42-17052(A) states: On or before February 10 of the tax year, the County Assessor shall transmit and certify to the property tax oversight commission and to the governing body of the political subdivision or district in the county the values that are required to compute the levy limit prescribed by sections 42-17051 and 48-807. For the purpose of this

Mohave County  
Notes to Financial Statements  
June 30, 2014

section, these values shall not be changed for the official calculation of levy limits and tax rates after February 10 without the approval of the property tax oversight commission.

Arizona Revised Statutes §48-3620(A) requires that the correct amount of values used to levy the taxes of the Flood control special district be certified annually not less than fifteen days before the first day of the month in which the county board of supervisors is required by law to levy county taxes.

The amounts given to the property tax oversight commission to be certified for the Mohave County Flood Control District were overstated by centrally valued personal property. These amounts were subtracted prior to the official levy being calculated, but the property tax oversight commission and the board of supervisors did not formally adopt the revised levy.

### Note 3 - Deposits and Investments

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

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

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

Custodial credit risk—Statutes require collateral for demand deposits and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

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

Mohave County  
Notes to Financial Statements  
June 30, 2014

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

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

**Deposits**—At June 30, 2014, the carrying amount of the County’s deposits was \$19,532,318 and the bank balance was \$22,412,759. There was cash on hand of \$13,945. It is the County’s policy to collateralize all deposits by at least 101 percent of the deposits not covered by depository insurance.

**Investments**—The County’s investments at June 30, 2014, were as follows:

Investment Type	Amount
U.S. agency securities	\$114,654,552
Corporate bonds	918,750
Registered warrants	179,215
State Treasurer’s Investment Pools 7 & 57	1,053,632
U.S. Treasury and agency money market funds	<u>17,479,240</u>
Total investments	<u>\$134,285,389</u>

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

**Credit risk**—It is the County’s investment policy to invest to preserve the principal value of the portfolio. This is to be accomplished through limiting the types of securities purchased, the percent of the portfolio of each type of security, and the length of time they can be held. Investments allowed are obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities. The County can also invest in certificates of deposits, commercial paper, obligations of Arizona state and local governments, repurchase agreements, money market mutual funds, and corporate bonds, debentures, or notes issued by United States companies with AA or greater ratings by Standard & Poor’s rating service. All purchases must have prior approval of the investment oversight committee. At June 30, 2014, credit risk for the County’s investment was as follows:

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities	AA+	S & P	\$114,654,552
Corporate bonds	Unrated	Not applicable	918,750
Registered warrants	Unrated	Not applicable	179,215
U.S. Treasury and agency money market funds	Unrated	Not applicable	17,479,240
State Treasurer’s Investment Pools 7 & 57	Unrated	Not applicable	<u>1,053,632</u>
			<u>\$134,285,389</u>

Mohave County  
Notes to Financial Statements  
June 30, 2014

**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 an outside party’s possession. The County’s formal policy for custodial credit risk states that an independent third-party custodian, selected by the Mohave County Treasurer, will hold the securities in the County’s name.

**Concentration of credit risk**—The County’s formal investment policy requires at least 10 percent of the overall portfolio to be invested in highly liquid accounts such as local government pools, money market funds, or overnight repurchase agreements to ensure the ability to meet ongoing obligations. It also limits the total amount of corporate securities to 20 percent of the total portfolio, with not more than 5 percent invested in any single corporation. Corporate bonds represented less than 1 percent of the total portfolio at June 30, 2014. All other securities are structured with varying maturity dates, not to exceed 5 years, and in various types of investments described under credit risk. The County had investments at June 30, 2014, of 5 percent or more in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 36 percent, 16 percent, and 29 percent, respectively, of the County’s total investments.

**Interest rate risk**—The County’s formal policy with respect to interest rate risk minimizes the risk by structuring the portfolio into two accounts to meet cash needs. The return on investment is secondary to safety and liquidity. One account consists of highly liquid securities with maturities of 120 days or less. The second account has maturities of greater than 120 days. Both accounts will have active secondary markets. At June 30, 2014, the County had the following investments in debt securities:

Investment Type	Amount	Investment Maturities	
		Less than 1 Year	1 to 5 Years
State Treasurer’s Investment Pools 7 & 57	\$ 1,053,632	\$ 1,053,632	
U.S. agency securities	114,654,552	31,478,088	\$83,176,464
Registered warrants	179,215		179,215
Corporate bonds	918,750	918,750	
U.S. Treasury and agency money market funds	<u>17,479,240</u>	<u>17,479,240</u>	
Total	<u>\$134,285,389</u>	<u>\$50,929,710</u>	<u>\$83,355,679</u>

At June 30, 2014, \$15,004,000 of the investments in U.S. agency securities were considered to be highly sensitive to interest rate changes:

U.S. agency step-up securities—On specified dates, the issuer can call the security. If the security is not called, the interest rate is increased by a specified amount. Prevailing interest rates may increase faster than the increase in the coupon interest rate.

Mohave County  
Notes to Financial Statements  
June 30, 2014

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

Cash, deposits, and investments:

	<b>Amount</b>
Cash on hand	\$ 13,945
Amount of deposits	19,532,318
Amount of investments	<u>134,285,389</u>
Total	<u>\$153,831,652</u>

Statements of Net Position:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Investment Trust Funds</b>	<b>Agency Fund</b>	<b>Total</b>
Cash and investments	\$78,269,185	\$17,275,229	\$40,072,848	\$185,052	\$135,802,314
Cash held by trustee	17,006,699				17,006,699
Restricted cash		<u>1,022,639</u>			<u>1,022,639</u>
Total	<u>\$95,275,884</u>	<u>\$18,297,868</u>	<u>\$40,072,848</u>	<u>\$185,052</u>	<u>\$153,831,652</u>

#### Note 4 - Property Taxes Receivable

Property taxes receivable consist of uncollected real and personal property taxes as determined from the records of the County Treasurer's Office, and at June 30, 2014, were as follows:

	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2013</b>	<b>Prior</b>	<b>Total</b>
General Fund	\$2,785,472	\$661,314	\$1,434,495	\$4,881,281
Flood Control Fund	745,107	173,653	472,476	1,391,236
Library Fund	508,722	120,775	311,903	941,400
Other Governmental Funds	<u>136,791</u>	<u>32,387</u>	<u>93,205</u>	<u>262,383</u>
Total Governmental Funds	<u>\$4,176,092</u>	<u>\$988,129</u>	<u>\$2,312,079</u>	<u>\$7,476,300</u>

The portion of property taxes receivable, not collected within 60 days after June 30, 2014, 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.

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Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 28,312,056	\$ 63,301	\$ 329,850	\$ 28,045,507
Construction in progress	<u>9,789,298</u>	<u>4,649,518</u>		<u>14,438,816</u>
Total capital assets not being depreciated	<u>38,101,354</u>	<u>4,712,819</u>	<u>329,850</u>	<u>42,484,323</u>
Capital assets being depreciated:				
Buildings	159,545,449	1,019,101		160,564,550
Infrastructure and improvements other than buildings	150,506,924	853,681		151,360,605
Intangibles	64,501			64,501
Equipment	<u>44,762,466</u>	<u>5,265,810</u>	<u>1,692,876</u>	<u>48,335,400</u>
Total	<u>354,879,340</u>	<u>7,138,592</u>	<u>1,692,876</u>	<u>360,325,096</u>
Less accumulated depreciation for:				
Buildings	26,737,954	4,661,280		31,399,234
Infrastructure and improvements other than buildings	84,509,141	3,370,099		87,879,240
Intangibles	26,107	9,214		35,321
Equipment	<u>27,574,105</u>	<u>4,003,240</u>	<u>1,556,060</u>	<u>30,021,285</u>
Total	<u>138,847,307</u>	<u>12,043,833</u>	<u>1,556,060</u>	<u>149,335,080</u>
Total capital assets being depreciated, net	<u>216,032,033</u>	<u>(4,905,241)</u>	<u>136,816</u>	<u>210,989,976</u>
Governmental activities capital assets, net	<u>\$254,133,387</u>	<u>\$ (192,422)</u>	<u>\$ 466,666</u>	<u>\$253,474,299</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,630,859	\$ 329,850		\$ 1,960,709
Construction in progress	<u>106,775</u>	<u>1,125</u>	<u>\$ 107,900</u>	<u></u>
Total capital assets not being depreciated	<u>1,737,634</u>	<u>330,975</u>	<u>107,900</u>	<u>1,960,709</u>
Capital assets being depreciated:				
Buildings	2,153,826	70,245		2,224,071
Utility systems	21,718,450	337,261		22,055,711
Equipment	<u>1,331,974</u>	<u>55,273</u>	<u>51,749</u>	<u>1,335,498</u>
Total	<u>25,204,250</u>	<u>462,779</u>	<u>51,749</u>	<u>25,615,280</u>
Less accumulated depreciation for:				
Buildings	879,496	55,670		935,166
Utility systems	11,159,716	792,722		11,952,438
Equipment	<u>850,630</u>	<u>103,275</u>	<u>45,514</u>	<u>908,391</u>
Total	<u>12,889,842</u>	<u>951,667</u>	<u>45,514</u>	<u>13,795,995</u>
Total capital assets being depreciated, net	<u>12,314,408</u>	<u>(488,888)</u>	<u>6,235</u>	<u>11,819,285</u>
Business-type activities capital assets, net	<u>\$ 14,052,042</u>	<u>\$ (157,913)</u>	<u>\$ 114,135</u>	<u>\$ 13,779,994</u>

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Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,635,658
Public safety	3,973,800
Highways and streets	4,055,781
Health	65,670
Welfare	70,786
Culture and recreation	355,997
Internal service funds	<u>1,886,141</u>
Total governmental activities depreciation expense	<u>\$12,043,833</u>
Business-type activities:	
Landfill	\$ 47,763
Recreation	118,812
Water companies	<u>785,092</u>
Total business-type activities depreciation expense	<u>\$ 951,667</u>

Note 6 - Construction and Other Significant Commitments

The County had two major contractual commitments at June 30, 2014, as follows:

Contractual Commitments	Funding Source	Expenditures to Date	Total Contractual Commitments	Remaining Commitments
Prison health care contract 11/17/13 through 11/16/14	Tax revenues	\$1,787,266	\$2,680,158	\$ 892,892
Bullhead City Judicial Facility Expansion	Tax revenues	<u>                    </u>	<u>627,987</u>	<u>627,987</u>
Total		<u>\$1,787,266</u>	<u>\$3,308,145</u>	<u>\$1,520,879</u>

Note 7 - Restricted Assets

As of June 30, 2014, the County had restricted assets as follows:

**Governmental activities assets:**

Cash and investments held by trustee	\$16,409,927	Cash held by trustees restricted by agreements for construction, debt payments, loans, or major maintenance.
HUD properties	<u>1,316,304</u>	U.S. Housing and Urban Development (HUD) rehabilitated homes restricted for sale to qualified buyers.
Total governmental activities	<u>\$17,726,231</u>	

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**Business-type activities assets:**

Restricted cash	\$ 465,442	I-40 collections restricted for future repairs of infrastructure by agreement with customers.
Restricted cash	<u>557,197</u>	GVID water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities	<u>\$ 1,022,639</u>	

**Note 8 - Long-Term Liabilities**

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within 1 Year
<b>Governmental activities:</b>					
Beneficial interest certificates payable	\$39,105,000		\$13,715,000	\$25,390,000	\$ 3,820,000
Beneficial interest certificates premium unamortized	238,653		238,653		
Capital leases payable		\$ 1,500,126	495,036	1,005,090	478,828
Compensated absences payable	6,833,688	6,176,429	5,928,344	7,081,773	6,000,000
Claims and judgments payable	<u>1,560,602</u>	<u>12,907,564</u>	<u>12,735,856</u>	<u>1,732,310</u>	<u>1,700,000</u>
Total governmental activities long-term liabilities	<u>\$47,737,943</u>	<u>\$20,584,119</u>	<u>\$33,112,889</u>	<u>\$35,209,173</u>	<u>\$11,998,828</u>
<b>Business-type activities:</b>					
Landfill closure and postclosure care costs payable	\$ 6,647,539	\$ 1,202,293		\$ 7,849,832	
Compensated absences payable	<u>143,936</u>	<u>113,143</u>	<u>\$ 126,902</u>	<u>130,177</u>	<u>\$ 104,142</u>
Total business-type activities long-term liabilities	<u>\$ 6,791,475</u>	<u>\$ 1,315,436</u>	<u>\$ 126,902</u>	<u>\$ 7,980,009</u>	<u>\$ 104,142</u>

**Beneficial Interest Certificates (BIC)**—The County has one remaining issuance of 12-year beneficial interest certificates that are callable at specific future dates. The principal is payable in annual installments and interest is payable semiannually. The proceeds were used to construct capital facilities. The BICs are secured, for the life of the certificates, by the ¼ percent sales tax revenue, up to the amount of the annual debt payments. Current year debt payments were \$15.6 million. \$4.9 million of the payments was made from current year sales tax revenue (77.7% of current year revenue). The remaining payments were made from the Administration Building Debt Service Funds' prior year fund balance, held by the trustee. The 2004 BICs were defeased in substance as of June 30, 2014, and the debt was extinguished on July 1, 2014.

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The remaining debt secured by the ¼ percent sales tax revenue is for the Jail 2008 BICs, with annual payments of \$4.9 million. The County projects sales tax revenue of approximately \$6 million per year to cover future debt payments. The original amount of certificates issued in prior years was \$46 million.

Beneficial interest certificates outstanding at June 30, 2014, were as follows:

Description	Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal June 30, 2014
Beneficial interest certificates				
Series 2008	<u>\$46,000,000</u>	10/2014-4/2020	4.00%-4.25%	<u>\$25,390,000</u>
Total	<u>\$46,000,000</u>			<u>\$25,390,000</u>

The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2014:

Year Ending June 30,	<b>Governmental Activities Beneficial Interest Certificates</b>	
	<b>Principal</b>	<b>Interest</b>
2015	\$ 3,820,000	\$1,048,813
2016	3,975,000	896,012
2017	4,135,000	737,013
2018	4,305,000	566,444
2019	4,485,000	383,481
2020	<u>4,670,000</u>	<u>198,475</u>
Total	<u>\$25,390,000</u>	<u>\$3,830,238</u>

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

The following were acquired through capital leases:

	<b>Governmental Activities</b>
Machinery & Equipment-copiers	\$ 522,471
Machinery & Equipment-computers	<u>1,370,883</u>
Total capital assets	1,893,354
Less: accumulated depreciation	<u>(937,849)</u>
Carrying value	<u>\$ 955,505</u>

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The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2014.

	<b>Governmental Activities</b>
Year ending June 30	
2015	\$ 494,789
2016	259,832
2017	115,991
2018	108,735
2019	<u>54,368</u>
Total minimum lease payments	\$1,033,715
Less amount representing interest	<u>(28,625)</u>
Present value of net minimum lease payments	<u>\$1,005,090</u>

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

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

The amount of cost recognized each year is based on landfill capacity used at the end of each fiscal year. The \$7,849,832 reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills. The calculation is based on the use of 97.1% and 87.2% of the estimated capacity of the open cells of the landfills, respectively. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$555,286 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 2014 for existing open cells. The actual costs may be higher because of inflation, changes in technology, or changes in regulations. The County expects existing, open cells at the Cerbat landfill to reach capacity in March 2015 and existing, open cells at the Mohave landfill to reach capacity by mid-2017. The County expects to reach capacity of the landfill's unopened cells in the years 2065 and 2066, respectively. The landfills are expected to have in excess of 50 years remaining, considering unopened cells. According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure that the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

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

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

**Compensated Absences and Insurance Claims**—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Insurance claims are paid from the internal service funds. During fiscal year 2014, the County's liability for compensated absences is allocated as follows: 61 percent to the General Fund, 16 percent to other major funds, and 23 percent to other nonmajor funds.

The County paid for health insurance claims through the EBT Fund. The claims paid from the EBT Fund were medical claims funded through payroll deductions and contributions from County funds. The Self-Insured Trust Fund was funded \$704,662 (55%) by the General Fund, \$437,499 (34%) by various Public Works Funds, \$44,154 (4%) by Internal Service Funds, \$62,264 (5%) by Enterprise Funds, and \$28,812 (2%) by Other Governmental Funds this past year to cover insurance expense and possible settlements.

The insurance claims payable liability of the SIR and EBT Funds totaling \$1,732,310, included in the balance below at June 30, 2014, is the estimated ultimate cost of settling claims that have been reported but not settled, and claims that have been incurred but not reported. This estimate is based on actuarial estimates provided by the County's healthcare administrator (based on claims received subsequent to June 30, 2014) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences).

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Changes in the funds' claims payable for the years ended June 30, 2013, and 2014, were as follows:

	<b>2013</b>	<b>2014</b>
Claims payable, beginning of year	\$ 1,538,978	\$ 1,560,602
Claims incurred and changes in estimates	12,290,564	12,907,564
Claims paid	<u>(12,268,940)</u>	<u>(12,735,856)</u>
Claims payable, end of year	<u>\$ 1,560,602</u>	<u>\$ 1,732,310</u>

### Note 9 - Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2014, were as follows:

	General Fund	Road Fund	Flood Control Fund	Admin Building Debt Service Fund	Jail Debt Service Fund	Library Fund	Other Governmental Funds	Total
<b>Fund balances:</b>								
<b>Nonspendable</b>								
Inventories		\$ 237,618						\$ 237,618
Prepaid items	\$ 17,102	1,092				\$ 12,174	\$ 281,936	312,304
Total nonspendable	<u>17,102</u>	<u>238,710</u>				<u>12,174</u>	<u>281,936</u>	<u>549,922</u>
<b>Restricted for:</b>								
General government							7,386,369	7,386,369
Public safety			\$4,627,339				3,644,270	8,271,609
Highways and streets		14,690,822						14,690,822
Health							1,339,300	1,339,300
Welfare							866,073	866,073
Education							224,176	224,176
Culture and recreation						8,954,678		8,954,678
Debt service				\$ 86,822	\$15,097,023			15,183,845
Capital projects							1,226,082	1,226,082
Total restricted		<u>14,690,822</u>	<u>4,627,339</u>	<u>86,822</u>	<u>15,097,023</u>	<u>8,954,678</u>	<u>14,686,270</u>	<u>58,142,954</u>
<b>Committed to:</b>								
Sanitation							97,882	97,882
Capital projects							4,062,606	4,062,606
Debt service				28,315	1,018,846			1,047,161
Total committed				<u>28,315</u>	<u>1,018,846</u>		<u>4,160,488</u>	<u>5,207,649</u>
<b>Unassigned</b>	12,753,458						(541,253)	12,212,205
<b>Total fund balances</b>	<u>\$12,770,560</u>	<u>\$14,929,532</u>	<u>\$4,627,339</u>	<u>\$115,137</u>	<u>\$16,115,869</u>	<u>\$8,966,852</u>	<u>\$18,587,441</u>	<u>\$76,112,730</u>

### Note 10 - Risk Management

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

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

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

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

## Note 11 - Pensions and Other Postemployment Benefits

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

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

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

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

The *Corrections Officer Retirement Plan* (CORP) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit plan that covers state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. Also, the plan administers a cost-sharing, multiple-employer defined benefit pension plan and a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan for Administrative Office of the Courts (AOC) Officers. The CORP is governed by the PSPRS Board of Trustees and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Beginning in fiscal year 2014, PSPRS and CORP established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefits contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund

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

ASRS  
3300 N. Central Ave.  
PO Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2000 or 1-800-621-3778  
[www.azasrs.gov](http://www.azasrs.gov)

PSPRS and CORP  
3010 E. Camelback Rd., Suite 200  
Phoenix, AZ 85016-4416  
(602) 255-5575  
[www.psprs.com](http://www.psprs.com)

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

*Cost-sharing plans*—For the year ended June 30, 2014, statute required active ASRS members to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and statute

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required the County to contribute at the actuarially determined rate of 11.54 percent (10.7 percent for retirement, 0.6 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the CORP-AOC plan, statute required active members to contribute 8.41 percent of the members' annual covered payroll and statute required the County to contribute 15.58 percent of the members' annual covered payroll. The aggregate of the members' and County's contributions is the actuarially required amount. The health insurance premium benefit portion of the contribution rate was 1.13 percent.

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

<b>Year ended June 30</b>	<b>Retirement Fund</b>	<b>Health Benefit Supplement Fund</b>	<b>Long-Term Disability Fund</b>
<b>ASRS</b>			
2014	\$3,783,805	\$212,176	\$84,870
2013	3,544,105	224,748	82,984
2012	3,577,496	228,351	86,991
<b>Year ended June 30</b>	<b>Pension</b>	<b>Health Insurance Premium Benefit</b>	
<b>CORP-AOC</b>			
2014	\$418,699	\$35,520	
2013	314,294	43,805	
2012	309,932	37,881	

*Agent plans*—For the year ended June 30, 2014, statute required active PSPRS members to contribute 10.35 percent of the members' annual covered payroll, and the County was required to contribute 27.61 percent, the aggregate of which is the actuarially required amount. The health insurance premium benefit portion of the contribution was actuarially set at 1.43 percent of covered payroll. Statute required active CORP members to contribute 8.41 percent of the members' annual covered payroll. In addition, statute required the County to contribute 8.16 percent. The aggregate of the members' and the County's contributions is the actuarially required amount. The health insurance premium benefit portion of the contribution rate was actuarially set at 0.77 percent of covered payroll.

**Actuarial methods and assumptions**—The contribution requirements for the year ended June 30, 2014, were established by the June 30, 2012, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions:

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

Projections of benefits are based on (1) the plans as the County and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2014 contribution requirements:

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	24 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases includes inflation at	5%-9% for PSPRS and 5%-8.25% for CORP 5% for PSPRS and CORP

**Annual Pension/OPEB Cost**—The County's pension/OPEB cost for the agent plans for the year ended June 30, 2014, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>	
	<b>Pension</b>	<b>Health Insurance Premium Benefit</b>	<b>Pension</b>	<b>Health Insurance Premium Benefit</b>
Annual pension/OPEB cost	\$1,170,350	\$67,620	\$285,574	\$33,216
Contributions made	1,170,350	67,620	285,574	33,216

Mohave County  
Notes to Financial Statements  
June 30, 2014

**Trend Information**—Annual pension cost and OPEB cost information for the current and 2 preceding years follows for each of the agent plans:

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/OPEB Obligation
<b>PSPRS</b>				
Pension	2014	\$1,170,350	100%	\$-
Health insurance premium benefit	2014	67,620	100%	-
Pension	2013	1,028,981	100%	-
Health insurance premium benefit	2013	74,680	100%	-
Pension	2012	785,331	100%	-
Health insurance premium benefit	2012	71,696	100%	-
<b>CORP</b>				
Pension	2014	285,574	100%	-
Health insurance premium benefit	2014	33,216	100%	-
Pension	2013	256,680	100%	-
Health insurance premium benefit	2013	40,052	100%	-
Pension	2012	155,969	100%	-
Health insurance premium benefit	2012	36,111	100%	-

**Funded Status**—The plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow:

Mohave County  
Notes to Financial Statements  
June 30, 2014

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial value of assets (a)	\$19,477,891	\$1,195,069	\$6,593,818	\$ 539,633
Actuarial accrued liability (b)	37,588,720	896,475	5,975,988	253,412
Unfunded actuarial accrued liability (funding excess) (b) – (a)	18,110,829	(298,594)	(617,830)	(286,221)
Funded ratio (a)/(b)	51.8%	133.31%	110.3%	212.95%
Annual covered payroll (c)	\$ 4,440,966	\$4,440,966	\$3,830,354	\$3,830,354
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a)/(c)	407.8%	(6.72)%	(16.13)%	(7.47)%

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4%-8% for PSPRS and 4%-7.25% for CORP 4% for PSPRS and CORP

Mohave County  
Notes to Financial Statements  
June 30, 2014

Note 12 - Interfund Balances and Activity

**Interfund receivables and payables**—Interfund balances as of June 30, 2014, were as follows:

	<b>Payable to</b>				<b>Total</b>
	<b>General Fund</b>	<b>Library Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Landfill Fund</b>	
<b>Payable from</b>					
General Fund			\$20,208		\$ 20,208
Road Fund	\$ 1,867				1,867
Library Fund	2,507	\$2,998			5,505
Nonmajor Governmental Funds	61,790		53,174	\$638,964	753,928
Internal Service Funds	265				265
Total	<u>\$66,429</u>	<u>\$2,998</u>	<u>\$73,382</u>	<u>\$638,964</u>	<u>\$781,773</u>

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

The balance of \$638,964 due to the Landfill Fund from the nonmajor governmental funds is an advance from the landfill to cover special assessment engineering fees. This expense is to be reimbursed over the next 8 years, from property owners through collections assessed on tax bills.

**Interfund Transfers**—Interfund transfers for the year ended June 30, 2014, were as follows:

	<b>Transfers to</b>					<b>Total</b>
	<b>General Fund</b>	<b>Jail Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Other Enterprise Funds</b>	<b>Internal Service Funds</b>	
<b>Transfer from</b>						
General Fund			\$2,854,267	\$25,000	\$300,000	\$3,179,267
Flood Control Fund	\$ 392,626		152,955			545,581
Library Fund	392,626					392,626
Nonmajor Governmental Funds	601,403	\$4,869,000	1,068,916	64,000		6,603,319
Internal Service Funds			82,132			82,132
Total	<u>\$1,386,655</u>	<u>\$4,869,000</u>	<u>\$4,158,270</u>	<u>\$89,000</u>	<u>\$300,000</u>	<u>\$10,802,925</u>

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

Mohave County  
Notes to Financial Statements  
June 30, 2014

Note 13 - County Treasurer's Investment Pool

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

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

The deposits and investments the County holds are included in the County Treasurer's investment pool, except for \$2,376,437 of deposits and \$17,006,699 held by trustees in the County's name. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rate(s)	Maturities	Amount
U.S. agency securities	\$114,920,000	0.130-1.93%	10/14-07/18	\$114,654,552
Corporate bonds	3,647,488	N/A	N/A	918,750
Registered warrants	179,215	2.00%	N/A	179,215
U.S. Treasury and agency money market fund	1,069,312	None stated	N/A	1,069,312
State Treasurer's Investment Pool	<u>1,122,561</u>	None stated	N/A	<u>1,053,632</u>
	<u>\$120,938,576</u>			<u>\$117,875,461</u>

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

**Statement of Net Position**

Assets	\$ 134,487,620
Liabilities	
Net position	<u>\$ 134,487,620</u>
Net position held in trust for:	
Internal participants	\$ 95,893,995
External participants	<u>38,593,625</u>
Total net position held in trust	<u>\$ 134,487,620</u>

Mohave County  
Notes to Financial Statements  
June 30, 2014

**Statement of Changes in Net Position**

Total additions	\$ 408,099,369
Total deductions	<u>(416,137,889)</u>
Net decrease	(8,038,520)
Net position held in trust:	
July 1, 2013	<u>142,526,140</u>
June 30, 2014	<u>\$ 134,487,620</u>

**Note 14 - Loss Contingency**

The County is currently in tax litigation with two taxpayers that may create a liability for all the taxing districts in Mohave County. Legal counsel has advised that if the prior tax years' assessed valuations are lowered by a tax court, there is a probability that between \$4 million and \$6.5 million may be owed back to the taxpayers. Mohave County and its blended component units' share of the liability would be between \$900,000 and \$1.5 million of the total.

**Note 15 - Subsequent Event**

In August, the Mineral Park Mine, near Golden Valley, filed bankruptcy. On December 29, 2014, the mine began laying off 383 employees due to the drop in prices of molybdenum and copper. The copper mine owes about \$8.6 million in back property taxes dating back to 2012 (including interest and fees). Of that amount, \$2.5 million, or 29 percent, belongs to the County's General Fund and 71 percent goes to the various taxing districts such as schools, flood control, or fire districts. An additional \$6.4 million was billed subsequent to the date of these financials, increasing the amount owed to \$15 million.

One of the County's road department vehicles was involved in an injury accident on December 3, 2014, involving 4 teenagers. As of the date of the auditor's report, there was no formal litigation or estimate of possible liabilities relating to the accident, which is still under investigation.

**Note 16 - Credit Card Payments by Governmental Entities**

A.R.S. §35-391 requires the annual financial report to disclose the amount of any reward, discount, incentive, or other financial consideration received resulting from the use of credit card payments by governmental entities. During fiscal year 2014, \$68,076 in rebates were received from the use of credit card payments by the County.

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## Required Supplementary Information

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 37,692,600	\$ 37,692,600	\$ 34,008,369	\$ (3,684,231)
Licenses and permits	591,400	591,400	656,269	64,869
Intergovernmental	30,291,090	30,291,090	30,577,441	286,351
Charges for services	6,343,717	6,343,717	6,127,114	(216,603)
Fines and forfeits	1,812,269	1,812,269	1,636,891	(175,378)
Investment earnings	70,000	70,000	171,550	101,550
Contributions			370	370
Miscellaneous	612,160	612,160	149,278	(462,882)
Total revenues	<u>77,413,236</u>	<u>77,413,236</u>	<u>73,327,282</u>	<u>(4,085,954)</u>
Expenditures:				
General government				
Assessor	3,484,306	3,484,306	3,291,510	192,796
County attorney	3,821,815	3,791,815	3,778,330	13,485
Board of Supervisors	648,870	648,870	604,196	44,674
Clerk of board	243,588	269,538	197,316	72,222
Housing community development	443,914	443,914	421,153	22,761
General administration	1,721,809	1,896,809	1,726,547	170,262
Clerk of superior court	2,097,120	2,097,120	2,096,421	699
Constables	402,634	402,634	388,219	14,415
Contingency	950,000	567,608		567,608
Elections	350,077	350,077	345,885	4,192
Finance	1,100,321	1,100,321	1,079,166	21,155
Building and grounds maintenance	2,182,227	2,182,227	2,009,743	172,484
Justice courts	3,045,554	3,051,554	2,959,019	92,535
Juvenile detention	1,352,987	1,352,987	1,338,288	14,699
Personnel	511,132	511,132	389,058	122,074
Development services	2,327,172	2,327,172	1,703,138	624,034
Public fiduciary	493,687	493,687	421,223	72,464
Public defender	4,819,721	4,869,548	4,769,677	99,871
Public legal defender	1,003,004	953,177	951,424	1,753
Building inspector	1,093,417	1,093,417	968,788	124,629
Procurement	404,950	404,950	383,695	21,255
Recorder	698,576	698,576	692,106	6,470
Superior courts	2,966,441	2,980,734	2,959,768	20,966
Treasurer	1,457,194	1,457,194	1,383,800	73,394
Voter registration	349,486	349,486	318,815	30,671
Supervisory districts	1,193,330	1,193,330	1,013,833	179,497
Total general government	<u>39,163,332</u>	<u>38,972,183</u>	<u>36,191,118</u>	<u>2,781,065</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2014  
(Continued)

	<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	\$ 563,362	\$ 563,362	\$ 532,117	\$ 31,245
Jail	12,137,651	12,137,651	11,537,191	600,460
Medical examiner	738,600	738,600	738,305	295
Probation	1,756,594	1,756,594	1,705,796	50,798
Sheriff	11,719,724	11,726,869	11,026,773	700,096
Total public safety	<u>26,915,931</u>	<u>26,923,076</u>	<u>25,540,182</u>	<u>1,382,894</u>
Health				
AHCCCS	<u>9,611,700</u>	<u>9,611,700</u>	<u>9,611,683</u>	<u>17</u>
Education				
School superintendent	<u>463,045</u>	<u>463,045</u>	<u>439,097</u>	<u>23,948</u>
Capital outlay			<u>522,471</u>	<u>(522,471)</u>
Debt service:				
Principal retirement			<u>51,072</u>	<u>(51,072)</u>
Interest and fiscal charges			<u>3,296</u>	<u>(3,296)</u>
Total expenditures	<u>76,154,008</u>	<u>75,970,004</u>	<u>72,358,919</u>	<u>3,611,085</u>
Excess (deficiency) of revenues over expenditures	<u>1,259,228</u>	<u>1,443,232</u>	<u>968,363</u>	<u>(474,869)</u>
Other financing sources (uses):				
Transfers in	1,407,518	1,407,517	1,386,655	(20,862)
Transfers out	(3,116,746)	(3,270,750)	(3,179,267)	91,483
Capital leases			<u>522,971</u>	<u>522,971</u>
Total other financing sources and uses	<u>(1,709,228)</u>	<u>(1,863,233)</u>	<u>(1,269,641)</u>	<u>593,592</u>
Net change in fund balances	(450,000)	(420,001)	(301,278)	118,723
Fund balances, July 1, 2013	<u>450,000</u>	<u>420,001</u>	<u>13,071,838</u>	<u>12,651,837</u>
Fund balances, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,770,560</u>	<u>\$ 12,770,560</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Road Fund  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 48,850	\$ 18,850
Intergovernmental	12,000,000	12,000,000	13,138,789	1,138,789
Charges for services	78,815	78,815	136,652	57,837
Fines and forfeits	544	544	719	175
Investment earnings	43,491	43,491	185,751	142,260
Rents	81,387	81,837	91,956	10,119
Miscellaneous	<u>416,300</u>	<u>416,300</u>	<u>75,954</u>	<u>(340,346)</u>
Total revenues	<u>12,650,537</u>	<u>12,650,987</u>	<u>13,678,671</u>	<u>1,027,684</u>
Expenditures:				
Highways and streets	<u>18,699,893</u>	<u>19,556,424</u>	<u>12,707,828</u>	<u>6,848,596</u>
Total expenditures	<u>18,699,893</u>	<u>19,556,424</u>	<u>12,707,828</u>	<u>6,848,596</u>
Excess (deficiency) of revenues over expenditures	<u>(6,049,356)</u>	<u>(6,905,437)</u>	<u>970,843</u>	<u>7,876,280</u>
Other financing sources (uses):				
Transfers in	36,976	36,976		(36,976)
Transfers out	<u>(33,298)</u>	<u>(33,298)</u>		<u>33,298</u>
Total other financing sources and uses	<u>3,678</u>	<u>3,678</u>		<u>(3,678)</u>
Net change in fund balances	(6,045,678)	(6,901,759)	970,843	7,872,602
Fund balances, July 1, 2013	6,045,678	6,901,759	13,956,749	7,054,990
Increase in reserve for inventory			<u>1,940</u>	<u>1,940</u>
Fund balances, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,929,532</u>	<u>\$ 14,929,532</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Flood Control Fund  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,961,373	\$ 7,961,373	\$ 7,479,235	\$ (482,138)
Licenses and permits	5,000	5,000	7,400	2,400
Intergovernmental	350,000	350,000	171,787	(178,213)
Charges for services			5,895	5,895
Investment earnings	69,734	69,734	91,252	21,518
Fines and forfeits			200	200
Miscellaneous			66	66
Total revenues	<u>8,386,107</u>	<u>8,386,107</u>	<u>7,755,835</u>	<u>(630,272)</u>
Expenditures:				
Public safety	<u>23,356,666</u>	<u>23,356,666</u>	<u>11,225,127</u>	<u>12,131,539</u>
Total expenditures	<u>23,356,666</u>	<u>23,356,666</u>	<u>11,225,127</u>	<u>12,131,539</u>
Excess (deficiency) of revenues over expenditures	<u>(14,970,559)</u>	<u>(14,970,559)</u>	<u>(3,469,292)</u>	<u>11,501,267</u>
Other financing sources (uses):				
Transfers out	<u>(538,562)</u>	<u>(538,562)</u>	<u>(545,581)</u>	<u>(7,019)</u>
Total other financing sources and uses	<u>(538,562)</u>	<u>(538,562)</u>	<u>(545,581)</u>	<u>(7,019)</u>
Net change in fund balances	(15,509,121)	(15,509,121)	(4,014,873)	11,494,248
Fund balances, July 1, 2013	<u>15,509,121</u>	<u>15,509,121</u>	<u>8,642,212</u>	<u>(6,866,909)</u>
Fund balances, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,627,339</u>	<u>\$ 4,627,339</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Library Fund  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,844,178	\$ 5,844,178	\$ 5,581,341	\$ (262,837)
Intergovernmental	28,380	28,380	27,628	(752)
Charges for services	14,000	14,000	29,273	15,273
Fines and forfeits	34,700	34,700	58,805	24,105
Investment earnings	55,000	55,000	137,988	82,988
Contributions	5,000	91,214	87,567	(3,647)
Miscellaneous	100	100	3,625	3,525
Total revenues	<u>5,981,358</u>	<u>6,067,572</u>	<u>5,926,227</u>	<u>(141,345)</u>
Expenditures:				
Culture and recreation	<u>14,633,531</u>	<u>14,719,745</u>	<u>5,328,459</u>	<u>9,391,286</u>
Capital outlay	<u>                    </u>	<u>                    </u>	<u>41,714</u>	<u>(41,714)</u>
Debt service:				
Principal retirement	<u>                    </u>	<u>                    </u>	<u>34,574</u>	<u>(34,574)</u>
Interest and fiscal charges	<u>                    </u>	<u>                    </u>	<u>2,304</u>	<u>(2,304)</u>
Total expenditures	<u>14,633,531</u>	<u>14,719,745</u>	<u>5,407,051</u>	<u>9,312,694</u>
Excess (deficiency) of revenues over expenditures	<u>(8,652,173)</u>	<u>(8,652,173)</u>	<u>519,176</u>	<u>9,171,349</u>
Other financing sources (uses):				
Transfers out	(392,626)	(392,626)	(392,626)	
Capital leases	<u>                    </u>	<u>                    </u>	<u>41,714</u>	<u>41,714</u>
Total other financing sources and uses	<u>(392,626)</u>	<u>(392,626)</u>	<u>(350,912)</u>	<u>41,714</u>
Net change in fund balances	(9,044,799)	(9,044,799)	168,264	9,213,063
Fund balances, July 1, 2013	<u>9,044,799</u>	<u>9,044,799</u>	<u>8,798,588</u>	<u>(246,211)</u>
Fund balances, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,966,852</u>	<u>\$ 8,966,852</u>

See accompanying notes to budgetary comparison schedule.

Mohave County  
Required Supplementary Information  
Notes to Budgetary Comparison Schedules  
June 30, 2014

Note 1 - Budgeting and Budgetary Control

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the General Fund, each fund includes only one department.

Note 2 - Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles. There are no differences between the budget and the annual financial report based on the basis of accounting used.

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2014, there were no expenditures that exceeded final budget amounts at the department level (the legal level of budgetary control) in the General Fund or in any of the major special revenue funds presented.

Mohave County  
 Required Supplementary Information  
 Schedule of Agent Retirement Plans' Funding Progress  
 June 30, 2014

**Public Safety Personnel Retirement System**

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued Liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b)-(a)/c
Pension 06/30/2014	\$19,477,891	\$37,588,720	\$18,110,829	51.8%	\$4,440,966	407.8%
Health insurance premium benefit 06/30/2014	1,195,069	896,475	(298,594)	133.3%	4,440,966	(6.7)%
Pension 06/30/2013	20,062,339	32,283,981	12,221,642	62.1%	4,346,341	281.2%
Health insurance premium benefit 06/30/2013		854,452	854,452	0.0%	4,346,341	19.7%
Pension 06/30/2012	19,464,007	31,053,893	11,589,886	62.7%	4,574,572	253.4%
Health insurance premium benefit 06/30/2012		837,829	837,829	0.0%	4,574,572	18.3%

**Corrections Officer Retirement Plan**

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued Liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b)-(a)/c
Pension 06/30/2014	\$6,593,818	\$5,975,988	\$ (617,830)	110.3%	\$3,830,354	(16.1)%
Health insurance premium benefit 06/30/2014	539,633	253,412	(286,221)	212.9%	3,830,354	(7.5)%
Pension 06/30/2013	6,532,044	5,045,425	(1,486,619)	129.5%	3,715,361	(40.0)%
Health insurance premium benefit 06/30/2013		240,522	240,522	0%	3,715,361	6.5%
Pension 06/30/2012	6,208,354	5,274,146	(934,208)	117.7%	4,017,855	(23.3)%
Health insurance premium benefit 06/30/2012		242,406	242,406	0.0%	4,017,855	6.0%

See accompanying Note to Schedule of Agent Retirement Plans' Funding Progress.

Mohave County  
Required Supplementary Information  
Notes to Schedule of Agent Retirement Plans' Funding Progress  
June 30, 2014

Note 1 - Factors That Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS and CORP established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.