

Mohave County Annual Financial Report Fiscal Year Ended June 30, 2008



MOHAVE COUNTY
Annual Financial Report
Year Ended June 30, 2008

TABLE OF CONTENTS

Independent Auditors' Report.....	1 - 2
Required Supplementary Information - Management's Discussion and Analysis	3 - 14
Government-wide Statements	
Statement of Net Assets	16
Statement of Activities	17
Fund Statements	
Governmental Funds	
Balance Sheet	18
Reconciliation of the Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	21
Proprietary Funds	
Statement of Net Assets	22
Statement of Revenues, Expenses, and Changes in Fund Net Assets	23
Statement of Cash Flows	24
Fiduciary Funds	
Statement of Fiduciary Net Assets	25
Statement of Changes in Fiduciary Net Assets	26
Notes to Financial Statements	27 - 52
Other Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	54 - 55
Budgetary Comparison Schedule – Road Fund	56
Budgetary Comparison Schedule – Flood Control Fund	57
Notes to Budgetary Comparison Schedules.....	58
Schedule of Agent Retirement Plans' Funding Progress	59
Notes to Schedule of Agent Retirement Plans' Funding Progress.....	60



Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

Independent Auditors' Report

The Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 3 through 14, the Budgetary Comparison Schedules on pages 54 through 58, and the Schedule of Agent Retirement Plans' Funding Progress on pages 59 and 60 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Foster & Chapman P.C.

March 31, 2009

Mohave County Financial Services



JOHN TIMKO
Financial Services Director

700 West Beale Street
P.O. Box 7000
Kingman, AZ 86402-7000

Phone: (928) 753-0735
Fax: (928) 753-0704

Management's Discussion and Analysis

This discussion and analysis of the County's financial performance is intended to provide an overview of the County's financial activities for the year ended June 30, 2008 based on currently known facts, decisions, or conditions. Please read it in conjunction with the County's basic financial statements, which begin on page 16.

Financial Highlights

- Total assets of the County exceeded its liabilities at the close of the fiscal year by \$267 million, an increase of 6.6% from the prior year. Of this amount, \$69 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- Property tax revenue increased by \$5.25 million. This increase is due to a 9% increase in the tax levy for the primary government, arising from a 2 year lag in recording new construction. The amount of increase for primary property taxes is limited to 2% for existing taxpayers.
- The tax increase for secondary taxes of 33% was created by higher assessed values. The secondary taxes are not currently limited by statute in the amount of increase. The secondary taxes are collected predominantly for special districts such as the library and fire districts.
- The County's total net assets as reported in the Statement of Activities increased by \$16.5 million. Of this amount, \$14.5 million (88%) is attributable to governmental activities and \$2 million (12%) is attributable to business-type activities.
- As reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances, the County's governmental funds reported combined fund balances of \$145.8 million, an increase of \$53.9 million. The majority of the increase, \$46 million, comes from the proceeds of an issuance of Beneficial Interest Certificates to fund the building of the new jail facility.
- The unreserved fund balance for the General Fund decreased by \$1.9 million (13.8%) and General Fund revenues were short of budgeted revenues by \$7.3 million and expenditures were only 83% of both the original adopted and final General Fund budget.

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 comprise 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 themselves.

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

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

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

Both of 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, education, and culture and recreation. The business-type activities of Mohave County include water companies, recreation, and landfill operations.

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

Blended component units include the following: a television district, two tax-levying districts, special assessment districts, and 2 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 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 of and ultimate ownership by Mohave County.

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

Fund financial statements 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 18-21 of this report.

Mohave County maintains 180 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, Scenic Debt Service Fund, and the County Capital Improvement Fund, all of which are major funds. Data from the other 175 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 54 to 57.

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, central print shop services, and for its management information systems. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water companies 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 22-24 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 accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds financial statements can be found on pages 25-26 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 27-52 of this report.

Other information - In addition to the basic financial statements and accompanying notes, pages 54-60 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 assets may serve over time as a useful indicator of a government's financial position. In the case of Mohave County, assets exceeded liabilities by \$267 million at the close of the most recent fiscal year.

By far the largest portion of Mohave County's net assets (54%) 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.

20% of Mohave County's net assets represent resources subject to external restrictions on how they may be used. The remaining \$69.3 million of *unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors. The largest changes in the net assets occurred in the governmental funds. The changes are discussed separately under the following sections; Governmental activities – net assets highlights, Business-type activities – net assets highlights, and Capital Asset and Debt Administration.

Government-wide Net Assets As of June 30,				
	2007 As restated	2008	Increase (Decrease)	% Change
Current assets and other assets	\$ 127,423,015	\$ 187,002,666	\$ 59,579,651	46.76%
Capital assets	159,871,120	163,063,496	3,192,376	2.00%
Total assets	<u>287,294,135</u>	<u>350,066,162</u>	<u>62,772,027</u>	<u>21.85%</u>
Long-term liabilities outstanding	31,827,818	77,354,822	45,527,004	143.04%
Other liabilities	5,119,723	5,850,965	731,242	14.28%
Total liabilities	<u>36,947,541</u>	<u>83,205,787</u>	<u>46,258,246</u>	<u>125.20%</u>
Net assets:				
Invested in capital assets, net of related debt	140,275,120	145,237,151	4,962,031	3.54%
Restricted	28,307,368	52,295,029	23,987,661	84.74%
Unrestricted	81,764,106	69,328,195	(12,435,911)	-15.21%
Total net assets	<u>\$ 250,346,594</u>	<u>\$ 266,860,375</u>	<u>\$ 16,513,781</u>	<u>6.60%</u>

Governmental activities - net assets highlights: The net assets *invested in capital assets, net of related debt* had a net increase of \$5.65 million. The details of the increase in capital assets are discussed later in this report under the Capital Asset and Debt Administration heading. Total liabilities increased \$46 million from last year. The increase was due to the issuance of \$46 million of Beneficial Interest Certificates (BIC's) to finance the building of the new jail facility. The construction had not yet begun at June 30. This also explains most of the increase in current assets as the BIC's proceeds was mostly unspent at year-end.

The 2007 business-type ending net assets were restated for a \$292,839 inventory adjustment as described in note 2.

Governmental Activities Net Assets As of June 30,				
	2007	2008	Increase (Decrease)	% Change
Current assets and other assets	\$ 113,292,245	\$ 170,372,431	\$ 57,080,186	50.38%
Capital assets	143,737,677	147,618,188	3,880,511	2.70%
Total assets	<u>257,029,922</u>	<u>317,990,619</u>	<u>60,960,697</u>	<u>23.72%</u>
Long-term liabilities outstanding	27,744,359	73,256,888	45,512,529	164.04%
Other liabilities	4,658,816	5,525,496	866,680	18.60%
Total liabilities	<u>32,403,175</u>	<u>78,782,384</u>	<u>46,379,209</u>	<u>143.13%</u>
Net assets:				
Invested in capital assets, net of related debt	124,141,677	129,792,188	5,650,511	4.55%
Restricted	20,790,722	43,106,732	22,316,010	107.34%
Unrestricted	79,694,348	66,309,315	(13,385,033)	-16.80%
Total net assets	<u>\$ 224,626,747</u>	<u>\$ 239,208,235</u>	<u>\$ 14,581,488</u>	<u>6.49%</u>

The **restricted** net assets reflected a net increase of \$22 million. This was a result of a \$25.5 million transfer to the Capital Projects Fund's cash held by trustee, less expenses incurred, for restricted use in the jail construction project.

Unrestricted net assets decreased by \$13.4 million from the prior year due to a net transfer of cash to the jail project trustee, restricted capital project fund of \$25.5 million, net of current year revenue.

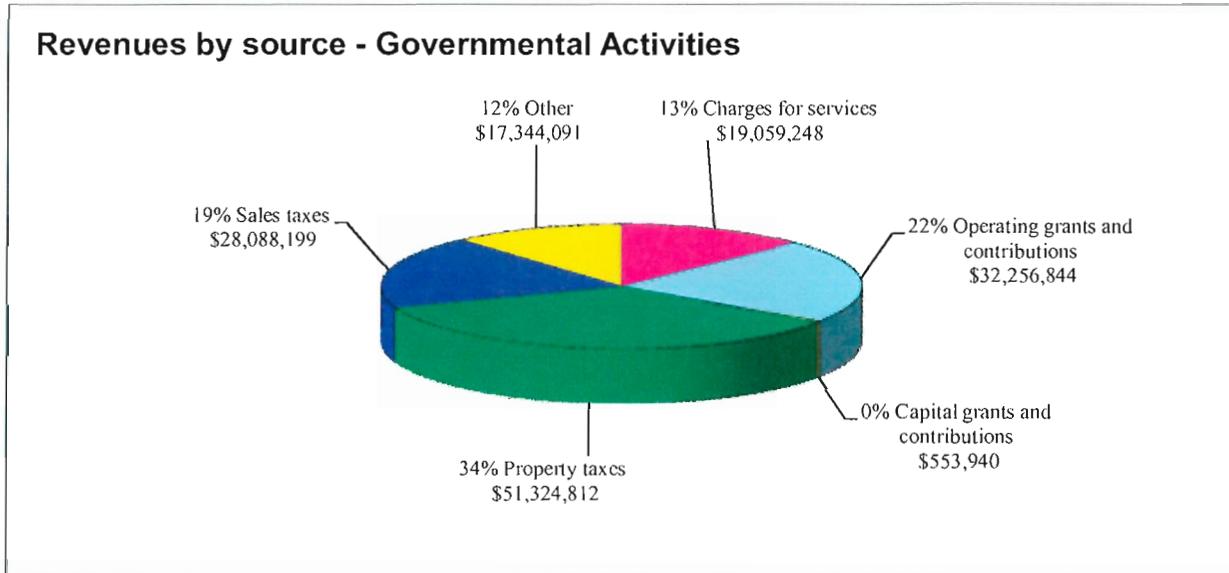
Governmental activities – comparative statement of activities highlights: Mohave County continues to have steady population growth while the economy is starting to decline. While the downturn in the housing market reduced the number of homes built during the year, there is up to a 2 year lag time in getting new construction on the rolls. Higher assessed values on all property, along with new construction, resulted in increased property tax revenues. Most of the increase is due to secondary property taxes, as the Primary is limited to a 2% increase per year. The current year governmental financial statements reflect an increase of \$6.3 million in total revenues due to several factors. Operating grants increased by \$3.0 million due to collections of very old receivables from an emergency experienced in 2005. An additional increase in grants of \$1.1 million, are reflected both in revenues and in expenditures. Property tax revenue rose because of an increase in the tax levies of anywhere from 9% to 25%, depending on the tax authority. There was a decrease in other taxes: sales tax, auto-lieu tax, and capital projects sales tax. These decreases were due to the downturn in all sales, reflecting the current decline in the economy. Investment earnings decreased just slightly over the prior year due to improved return on investments and an unrealized loss recorded in the current year, as opposed to an unrealized gain recorded in 2007.

The expenses increased \$11.6 million over the prior year. The County has managed to maintain moderate growth in controllable expenses, due to increased efficiency, while providing services to an expanding population. The increase in expenses was primarily due to a 2.5% step increase and a 2.5% COLA increase in salaries, along with an increase in payroll benefits (insurance and retirement). The non-controllable expenses such as court costs from increased caseloads and indigent support continue to rise. Interest on long-term debt decreased due to payoff's of a Certificate of Participation and an improvement district bond the previous year.

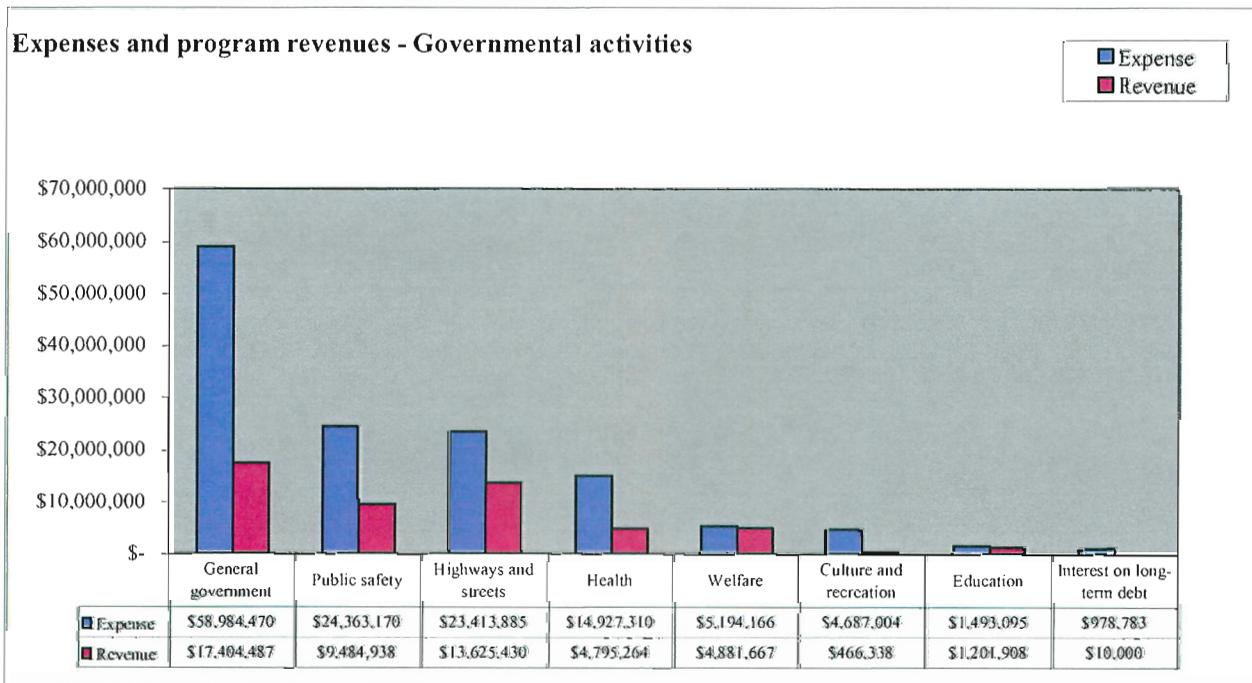
**Governmental Activities
Comparative Statement of Activities
Year Ended June 30,**

	2007	2008	Increase (decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 18,062,035	\$ 19,059,248	\$ 997,213	5.52%
Operating grants & contributions	29,222,553	32,256,844	3,034,291	10.38%
Capital grants & contributions	995,421	553,940	(441,481)	-44.35%
Total program revenues	<u>48,280,009</u>	<u>51,870,032</u>	<u>3,590,023</u>	<u>7.44%</u>
General revenues				
Property taxes	46,074,384	51,324,812	5,250,428	11.40%
Other taxes	42,422,988	40,180,676	(2,242,312)	-5.29%
Other revenues	5,572,531	5,251,614	(320,917)	-5.76%
Total general revenues	<u>94,069,903</u>	<u>96,757,102</u>	<u>2,687,199</u>	<u>2.86%</u>
Total revenues	<u>142,349,912</u>	<u>148,627,134</u>	<u>6,277,222</u>	<u>4.41%</u>
Expenses:				
General government	53,094,286	58,984,470	5,890,184	11.09%
Public safety	22,386,950	24,363,170	1,976,220	8.83%
Highways and streets	21,017,921	23,413,885	2,395,964	11.40%
Health	14,550,332	14,927,310	376,978	2.59%
Welfare	4,379,337	5,194,166	814,829	18.61%
Culture and recreation	4,406,920	4,687,004	280,084	6.36%
Education	1,410,847	1,493,095	82,248	5.83%
Interest on long-term debt	1,243,730	978,783	(264,947)	-21.30%
Total expenses	<u>122,490,323</u>	<u>134,041,883</u>	<u>11,551,560</u>	<u>9.43%</u>
Increase in net assets before transfers	19,859,589	14,585,251	(5,274,338)	-26.56%
Transfers	-	(3,763)	(3,763)	-100.00%
Increase in net assets	<u>19,859,589</u>	<u>14,581,488</u>	<u>(5,278,101)</u>	<u>-26.58%</u>
Net assets beginning of year	204,767,158	224,626,747	19,859,589	9.70%
Net assets end of year	<u>\$ 224,626,747</u>	<u>\$ 239,208,235</u>	<u>\$ 14,581,488</u>	<u>6.49%</u>

The chart below represents all revenues collected from governmental activities, including general revenues, as reported in the Statement of 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 \$149 million. \$97 million of general revenues, which are not included in this graph, represents 65% of total revenues reported for governmental activities. While this graph indicates expenses exceeded program revenues, the addition of general revenues produced an increase to net assets of \$14.6 million for the fiscal year as indicated on the Statement of Activities.

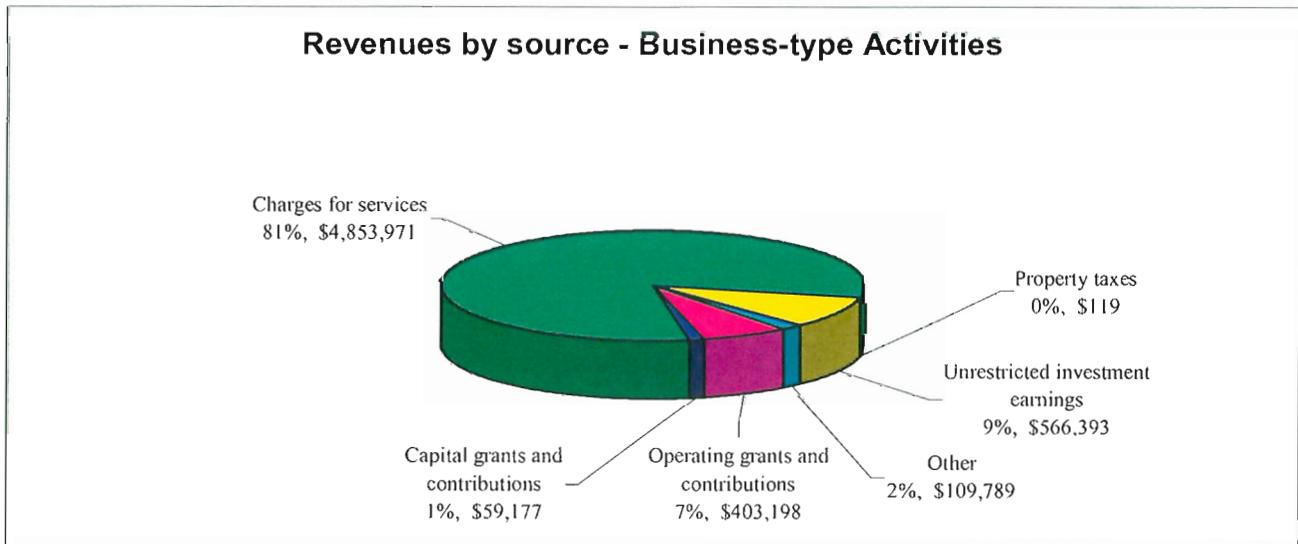


Business-type activities - net assets highlights: Net assets increased by \$1.9 million. The 4% decrease to invested in capital assets, net of related debt was due to depreciation expense. The 22% increase in restricted net assets was from the Landfill fund, consisting of mandated savings for future closure and postclosure costs. The 46% increase to unrestricted net assets was due to a decrease in recreation expenses and an increase in water company revenues.

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

	2007 As restated	2008	Increase (Decrease)	% Change
Current assets and other assets	\$ 14,130,770	\$ 16,630,235	\$ 2,499,465	17.69%
Capital assets	16,133,443	15,445,308	(688,135)	-4.27%
Total assets	30,264,213	32,075,543	1,811,330	5.99%
Long-term liabilities outstanding	4,083,459	4,097,934	14,475	0.35%
Other liabilities	460,907	325,469	(135,438)	-29.39%
Total liabilities	4,544,366	4,423,403	(120,963)	-2.66%
Net assets:				
Invested in capital assets, net of related debt	16,133,443	15,444,963	(688,480)	-4.27%
Restricted	7,516,646	9,188,297	1,671,651	22.24%
Unrestricted	2,069,758	3,018,880	949,122	45.86%
Total net assets	\$ 25,719,847	\$ 27,652,140	\$ 1,932,293	7.51%

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



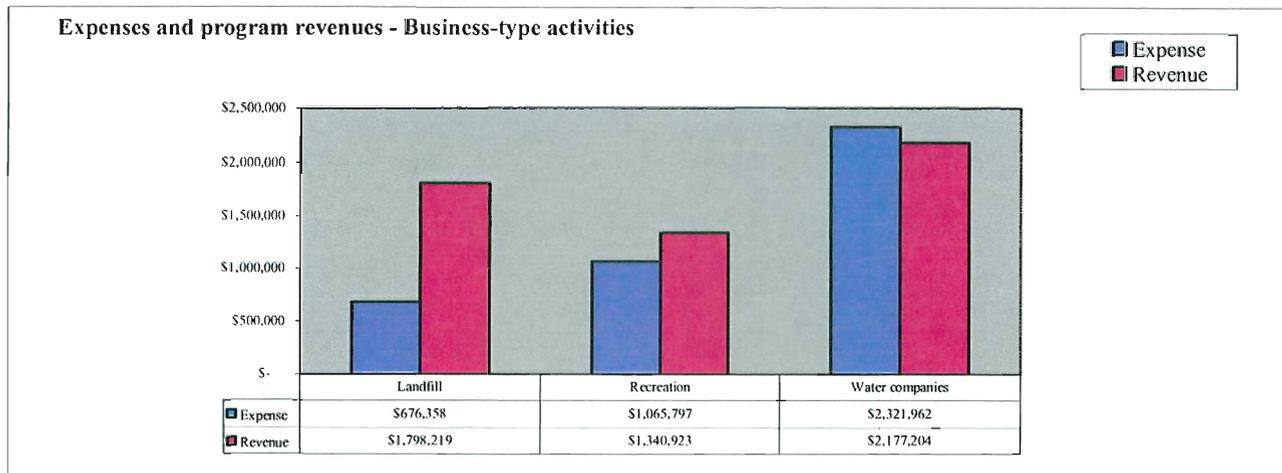
Analysis of revenue changes - The Business-type Activities Comparative Statement of Activities schedule on the following page shows the increases and decreases in revenue with an overall 2% increase to total revenues. The I-40 water corridor saw the biggest increase due to an increase in commercial customers. This increase was offset by a 14.4% decrease in other revenues due to reduced returns on interest income, which affected all funds.

Business-type activities - comparative statement of activities highlights: Net assets for all enterprise funds increased \$1.1 million from the prior year. A significant portion of this increase was due to conscious efforts to reduce expenditures in light of the economic downturn. The 69.9% decrease in capital grants and contributions was due to a one-time grant issued for park improvements that ended during the year. Landfill expenses decreased by 55.7% because waste-tire removal services were not performed during the year. This service has a two-year rotating schedule, so fiscal year 2009 will see a marked increase in spending. Recreation expenses decreased 28.3% due to a reduction of four full-time positions through attrition. In addition, some of the personnel costs associated with the capital improvement grant were absorbed by the grant. Water company expenses increased by 12% due to a revaluation of the prior year inventory resulting in a \$292,000 adjustment. Without this adjustment water company expenses actually decreased by \$50,000.

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

	2007 As restated	2008	Increase (decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 4,493,571	\$ 4,853,971	\$ 360,400	8.02%
Operating grants & contributions	413,274	403,198	(10,076)	-2.44%
Capital grants & contributions	196,613	59,177	(137,436)	-69.90%
Total program revenues	<u>5,103,458</u>	<u>5,316,346</u>	<u>212,888</u>	<u>4.17%</u>
General revenues				
Property taxes	117	119	2	1.71%
Other taxes	100,000	100,000	-	0.00%
Other revenues	672,611	576,182	(96,429)	-14.34%
Total general revenues	<u>772,728</u>	<u>676,301</u>	<u>(96,427)</u>	<u>-12.48%</u>
Total revenues	<u>5,876,186</u>	<u>5,992,647</u>	<u>116,461</u>	<u>1.98%</u>
Expenses:				
Landfill	1,526,240	676,358	(849,882)	-55.68%
Recreation	1,487,227	1,065,797	(421,430)	-28.34%
Water companies	2,077,403	2,321,962	244,559	11.77%
Total expenses	<u>5,090,870</u>	<u>4,064,117</u>	<u>(1,026,753)</u>	<u>-20.17%</u>
Increase in net assets before transfers	785,316	1,928,530	1,143,214	145.57%
Transfers	-	3,763	3,763	100.00%
Increase in net assets	<u>785,316</u>	<u>1,932,293</u>	<u>1,146,977</u>	<u>146.05%</u>
Net assets beginning of year	<u>24,934,531</u>	<u>25,719,847</u>	<u>785,316</u>	<u>3.15%</u>
Net assets end of year	<u>\$ 25,719,847</u>	<u>\$ 27,652,140</u>	<u>\$ 1,932,293</u>	<u>7.51%</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.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Mohave County's governmental funds reported combined ending fund balances of \$145.8 million, an increase of \$53.9 million in comparison with the prior year. The reserved fund balances consist of \$6.3 million reserved for debt service and \$340,761 invested in inventory.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$11.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The General Fund unreserved fund balance represents 17% of total General Fund expenditures.

During the current fiscal year, the fund balance of Mohave County's General Fund decreased by \$1.9 million. This represents a 13.8% decrease from the fiscal year 2007 ending balance. Revenues decreased by \$3.8 million (5%), while expenditures increased \$2 million (3%) over the previous year. Total expenditures as a percentage of the total original budget were only 83% in fiscal year 2008. The increases in revenue are from property tax revenue, as a result of increased assessed values and new construction. The County addressed personnel requirements to provide services to a growing Mohave County population by giving market adjustments of 2.5% and COLA increases of 2.5%. These increases along with increased retirement and health insurance costs accounted for a 7% increase in personnel costs. Other costs had an overall decrease due to management being advised to try to cut costs as much as possible, and a decrease in transfers out for debt service of \$2 million.

The Road Fund had a total fund balance of \$9.3 million, of which \$340,761 is reserved for inventories and \$9 million is unreserved and will be used for road maintenance. The net decrease in unrestricted fund balance during the current year in the Road Fund was \$1.7 million. The decrease results from more road projects completed in this fiscal year than the amount of funds collected. The balance reflects funds available for ongoing road projects of the County.

The Flood Control Fund balance increased by \$4.2 million. The majority of revenue for this fund comes from secondary taxes, which increased due to the rise in assessed values, as discussed previously. There is also a new Intergovernmental Agreement with the City of Kingman for Phase III, that brought in \$4 million. The expenses increased by \$1.66 million due to an increase of \$1 million in city projects and the start of a new county flood control project.

The Scenic Debt Service Fund had an ending fund balance of \$1.2 million. The fund balance decreased by \$73,003.

The County Capital Improvement Fund had a fund balance of \$83 million at June 30, 2008. This was an increase of \$49 million from the prior year. The majority of the increase results from the issuance of \$46 million in beneficial interest certificates that will be used to construct a new County jail. The balance of the increase reflects excess revenue from the ¼ cent sales tax over capital projects expenses.

The Other Governmental Funds had a combined fund balance of \$26.6 million at June 30, 2008. This was a net increase of \$4 million from the prior year. The increase is primarily from transfers in exceeding transfers out by \$4 million. The excess revenue over expenditures was less than \$300,000. Comparing the prior year to the current year, there was a net increase in excess revenues over expenditures of \$6 million and a decrease in net transfers in of \$4 million. The increase in revenues are a result of a \$2.2 million increase in property tax revenues and a reimbursement of prior years' emergency costs by the FHWA of \$2.25 million. This coupled with a \$2 million decrease in expenditures from the prior year, resulted net revenue of almost \$300,000 versus a net deficiency of \$5.6 million in 2007. The prior year there was a net transfer in of \$8 million. This year the net transfer in was only \$3.7 million. The difference was a transfer out from other governmental funds to the capital project fund of \$1.9 million and a reduction of transfers in for debt service from the General Fund of \$2 million. There was also an increase in transfers in and out within the Other Governmental Funds category.

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. The results of these measures are reflected in the statements that show increases to net assets, even though revenues did not increase significantly over the prior year.

Statement of Net Assets-Business-type Activities- Net assets for all enterprise funds increased \$1.9 million. At the end of the year, the unrestricted net assets of the water companies and other enterprise funds, which includes park services, was \$3 million. Most of this increase was due to increased revenue from additional commercial customers in the I-40 water corridor and decreased personnel expenses in the other enterprise funds. The Landfill Fund's net assets increased by \$1.5 million. The increase is from reduced expenses for waste tire disposal, offset by a decrease in postclosure costs due to expanded capacity. The accumulated net assets are restricted and will be used for future expansion, as well as closure and postclosure costs.

Governmental Activities-Internal Service Funds- Net assets for the internal service funds increased by \$.5 million. Most of that increase was from the Vehicle Replacement and the Employee Benefit Trust Funds. These increases will be used to build up net assets for purchasing fleet vehicles and reducing future increases in health insurance costs passed on to employees. The increases in these two funds were offset by decreases in the information technology and fleet services funds due to the non-cash depreciation expense. Internal service funds operating expenses increased 32% over last year, 30% of that was due to increased medical claims in the employee benefit trust fund.

Statement of Revenues, Expenses, and Changes in Fund Net Assets-Business-type Activities- Cost cutting efforts reduced operating expenses in the Business-type funds by \$1.3 million over last year. The biggest decrease was in the Landfill fund where post-closure costs decreased due to increased capacity in the Mohave Valley landfill and to limited expenses related to waste-tire removal in the off year cycle. Combined, the water companies did not show profits. However, if non-cash depreciation expense were added back to those funds, they would have shown a profit.

Statement of Revenues, Expenses, and Changes in Fund Net Assets-Governmental Activities internal service funds- Cost cutting efforts in the internal service funds were thwarted by the uncontrollable costs of health insurance claims. Overall, operating expenses increased 32% over the prior year and 30% of that increase was due to health insurance claims. Revenues in these funds only increased 21% over the prior year, posting a \$.5 million increase in net assets. However, if non-cash depreciation expense of \$1.1 million were removed from the operating expense, the increase to net assets would have been much larger.

General Fund Budgetary Highlights

Revenues: The General fund revenue was below the total amount budgeted by \$ 7 million. The 2008 budget reflected a modest increase in revenues, while actual revenues were below the previous year total by close to \$4 million. The decline in the economy affected most income categories. Property Tax revenue, a major revenue source, was short budgeted amounts by \$1.2 million. This was primarily due to interest on delinquent taxes. The prior year showed a substantial increase in this category due to a healthy economy and sales of many delinquent properties (see discussion below).

Expenditures: Differences between the original budget and the final amended budget resulted from moving expenditures between departments and categories of budget. In addition, there were \$145 thousand in decreases to general government activities, which resulted from an increase in split funded salaries from the General fund to other non-major governmental funds.

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 54-55.

Revenues: Overall, revenues fell short of the prior year amounts by \$3.8 million. All major revenue sources were down except Property tax revenue and court fees and fines. Court fees and fines went up \$.55 million due to additional fees charged and an increase in court cases. Property tax revenues were up by \$1.6 million. However, the category was down by \$1.2 million due to a decrease of \$2.8 million in interest on delinquent taxes. The actual tax revenues were below budgeted amounts by \$2.2 million spread across all categories. Sales taxes were \$2.5 million below the budgeted amount and \$1.1 million below last years actual. Again, this was a reflection of the slowing economy, especially the construction industry and real estate.

Expenditures: Expenditures were less than budgetary estimates by \$14 million. Of the County contingency budget of \$10 million, \$1.9 million was transferred to other departments, and \$8.1 million remained unused at the end of the year. An additional \$4 million excess budget was in salary expense from personnel vacancies. As a hedge against the declining economy, the supervisors have put in place a hiring freeze on most vacant positions. In addition to vacant positions, the following departments had these specific savings: General Administration had lower than budgeted legal expense and did not complete some budgeted projects, totaling \$.7 million. The Development Services and Building Inspection departments had excess budget of \$.6 million from not outsourcing the plans review as they had budgeted. The remaining balance of available budget is scattered throughout the other departments in supplies and other services.

Actual expenditures increased over the prior year by \$2.2 million or 3%. This is made up of a \$2.8 million (7%) increase in salary expenses net of decreases in other areas. The employees were given a 2.5% COLA and 2.5% merit increase along with increased costs in benefits. The increases were offset by attrition.

Capital Asset and Debt Administration

Capital assets – Mohave County’s investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounts to \$163 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges. The increase in capital assets of \$3.2 million (net of depreciation) resulted from the following projects and purchases: Completion of the Mohave Wash project, Vanderslice road project, Davis camp improvements and the purchase of vehicles and road equipment added to the fleet.

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

	2007	2008	Increase Decrease	% Change
Governmental activities				
Capital assets, not being depreciated	\$ 39,719,073	\$ 34,198,621	\$ (5,520,452)	-13.90%
Capital assets, being depreciated	104,018,604	113,419,567	9,400,963	9.04%
Total governmental assets	<u>\$ 143,737,677</u>	<u>\$ 147,618,188</u>	<u>\$ 3,880,511</u>	<u>2.70%</u>
Business-type activities				
Capital assets, not being depreciated	\$ 1,995,208	\$ 1,668,990	\$ (326,218)	-16.35%
Capital assets, being depreciated	14,138,235	13,776,318	(361,917)	-2.56%
Total business-type assets	<u>\$ 16,133,443</u>	<u>\$ 15,445,308</u>	<u>\$ (688,135)</u>	<u>-4.27%</u>
Total governmental and business-type activities				
Capital assets, not being depreciated	\$ 41,714,281	\$ 35,867,611	\$ (5,846,670)	-14.02%
Capital assets, being depreciated	118,156,839	127,195,885	9,039,046	7.65%
Total capital assets	<u>\$ 159,871,120</u>	<u>\$ 163,063,496</u>	<u>\$ 3,192,376</u>	<u>2.00%</u>

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

- The first Phase of the Mohave Wash project was completed with a total of \$11.5 million capitalized in 2008. The County is now starting Phase II.
- The County completed the major road improvement project at Vanderslice Road capitalizing \$941,000, which had previously been included in construction in progress. An additional \$1 million of highway user funds were spent on seven other road projects.
- FaulknerUSA began work on the County Correctional Facility with expenditures of \$3.6 million for the year. The project is scheduled for completion fall of 2009 with total expenditures of \$70 million.
- The County replaced 42 aging vehicles from the fleet at a total cost of \$1.2 million. Thirty-three vehicles were purchased using general government funding, five from Road funds, three from non-major governmental funds, and one from business-type funds.

- The Parks fund completed improvements at Davis Camp in Bullhead City and capitalized \$367,000.
- The Golden Valley Improvement District spent \$974,000 for improvements to water quality and future storage capacity.

The 13% decrease to governmental activities capital assets not being depreciated reflects the completion of the Mohave wash project and the 16% decrease to the business-type activities capital assets not being depreciated reflects the completion of the Davis Camp improvements. These projects were previously reported under construction in progress and were not depreciated. Upon completion, the assets were reclassified as depreciable assets. Notes 6 and 7, on pages 38-39 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 \$77.4 million. Of this amount, \$64.8 million is related to construction projects and special assessment debt, backed as follows: \$46 million of unspent proceeds, \$16.3 million backed by buildings of the government used as collateral for Beneficial Interest Certificates issued and \$2.5 million is special assessment debt for which the government can sell the taxpayer's property, to cover the debt, in the event of default by the property owners subject to the assessment. The remainder of Mohave County's long-term liabilities represents claims and judgments payable, notes payable, landfill closure and postclosure care costs payable, and compensated absences payable incurred during normal operations, for details see note 9.

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 2007/2008, was \$151 million (6% of \$2.5 billion secondary assessed value). Mohave County does not have any outstanding general obligation debt and therefore has its full debt limit capacity available for future needs.

Note 9, on pages 40-44 of this report, contains additional information on Mohave County's long-term debt.

Economic Factors and Next Year's Budgets and Rates

Continued population growth that exceeds State and national growth significantly influences future budgets. More citizens result in more service demands. A declining economy creates additional costs and additional demand for public services. Even though there is still a growing trend in population, the revenue trend for governments is declining. This decline is predicted to continue for the next year or two. All of these factors were considered in preparing Mohave County's budget for the 2009 fiscal year.

The unemployment rate for Mohave County for 2008 was 5.1% average, which is an increase from a rate of 4.7% in 2007. With this increase, the County's unemployment rate equals the state's average unemployment rate of 5.1% and compares favorably to the national average rate of 5.8%.

Requests for Information

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

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

Basic Financial Statements

MOHAVE COUNTY
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 83,451,523	\$ 14,556,754	\$ 98,008,277
Receivables (net of allowances for uncollectibles):			
Property taxes	4,158,568	624	4,159,192
Accounts	2,385,044	291,445	2,676,489
Accrued interest	430,389	48,558	478,947
Special assessments	1,920,639	-	1,920,639
Due from other governments	6,230,881	98,414	6,329,295
Inventories	466,551	384,481	851,032
Prepaid items	1,056,795	8,560	1,065,355
Noncurrent Assets			
Restricted cash	70,272,041	1,241,399	71,513,440
Capital assets, not being depreciated	34,198,621	1,668,990	35,867,611
Capital assets, being depreciated, net	113,419,567	13,776,318	127,195,885
Total assets	<u>\$ 317,990,619</u>	<u>\$ 32,075,543</u>	<u>\$ 350,066,162</u>
Liabilities			
Current Liabilities			
Accounts payable and other current liabilities	\$ 2,196,097	\$ 83,372	\$ 2,279,469
Accrued payroll and employee benefits	1,712,947	31,424	1,744,371
Accrued interest	516,616	-	516,616
Due to other governments	83,515	19,198	102,713
Deposits held for others	963,811	191,475	1,155,286
Deferred revenue	52,510	-	52,510
Current portion of long-term obligations	13,206,480	151,975	13,358,455
Noncurrent liabilities			
Noncurrent portion of long-term obligations	60,050,408	3,945,959	63,996,367
Total liabilities	<u>\$ 78,782,384</u>	<u>\$ 4,423,403</u>	<u>\$ 83,205,787</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 129,792,188	\$ 15,444,963	\$ 145,237,151
Restricted for:			
Public safety	2,449,517	-	2,449,517
Highways and streets	9,020,694	-	9,020,694
Health	560,555	-	560,555
Welfare	713,722	-	713,722
Education	204,521	-	204,521
Debt service	7,528,879	-	7,528,879
Capital projects	22,199,395	1,241,399	23,440,794
Other purposes	429,449	7,946,898	8,376,347
Unrestricted	66,309,315	3,018,880	69,328,195
Total net assets	<u>\$ 239,208,235</u>	<u>\$ 27,652,140</u>	<u>\$ 266,860,375</u>

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

MOHAVE COUNTY
Statement of Activities
Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	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	\$ 58,984,470	\$ 13,459,323	\$ 3,391,224	\$ 553,940	\$ (41,579,983)	\$ -	\$ (41,579,983)
Public safety	24,363,170	2,530,861	6,954,077	-	(14,878,232)	-	(14,878,232)
Highways and streets	23,413,885	1,118,420	12,507,010	-	(9,788,455)	-	(9,788,455)
Health	14,927,310	1,450,284	3,344,980	-	(10,132,046)	-	(10,132,046)
Welfare	5,194,166	426,344	4,455,323	-	(312,499)	-	(312,499)
Culture and recreation	4,687,004	74,016	392,322	-	(4,220,666)	-	(4,220,666)
Education	1,493,095	-	1,201,908	-	(291,187)	-	(291,187)
Interest on long-term debt	978,783	-	10,000	-	(968,783)	-	(968,783)
Total governmental activities	<u>134,041,883</u>	<u>19,059,248</u>	<u>32,256,844</u>	<u>553,940</u>	<u>(82,171,851)</u>	<u>-</u>	<u>(82,171,851)</u>
Business-type activities:							
Landfill	676,358	1,395,021	403,198	-	-	1,121,861	1,121,861
Recreation	1,065,797	1,329,014	-	11,909	-	275,126	275,126
Water companies	2,321,962	2,129,936	-	47,268	-	(144,758)	(144,758)
Total business-type activities	<u>4,064,117</u>	<u>4,853,971</u>	<u>403,198</u>	<u>59,177</u>	<u>-</u>	<u>1,252,229</u>	<u>1,252,229</u>
Total primary government	<u>\$ 138,106,000</u>	<u>\$ 23,913,219</u>	<u>\$ 32,660,042</u>	<u>\$ 613,117</u>	<u>(82,171,851)</u>	<u>1,252,229</u>	<u>(80,919,622)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					40,534,419	119	40,534,538
Property taxes, levied for flood control					10,790,393	-	10,790,393
Share of state sales taxes					21,017,991	-	21,017,991
Special county sales tax for capital projects					7,070,208	-	7,070,208
Auto-lieu tax					9,736,425	-	9,736,425
Federal in-lieu tax					1,915,199	100,000	2,015,199
Local in-lieu tax					22,327	-	22,327
Utilities franchise tax					418,526	-	418,526
County equalization revenue					152,116	-	152,116
Investment earnings					4,763,088	566,393	5,329,481
Miscellaneous					237,184	8,109	245,293
Rent					99,226	1,680	100,906
Transfers					(3,763)	3,763	-
Total general revenues					<u>96,753,339</u>	<u>680,064</u>	<u>97,433,403</u>
Change in net assets					14,581,488	1,932,293	16,513,781
Net assets, July 1, 2007, as restated					224,626,747	25,719,847	250,346,594
Net assets, June 30, 2008					<u>\$ 239,208,235</u>	<u>\$ 27,652,140</u>	<u>\$ 266,860,375</u>

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

MOHAVE COUNTY
Balance Sheet
Governmental Funds
June 30, 2008

Assets	General Fund	Road Fund	Flood Control Fund	Scenic Debt Service Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 11,506,210	\$ 7,959,441	\$ 13,341,568	\$ 1,207,025	\$ 14,254,597	\$ 23,842,940	\$ 72,111,781
Receivables (net of allowances for uncollectibles):							
Property taxes	2,441,483	-	920,976	-	-	796,109	4,158,568
Accounts	417,764	10,673	50	550	-	301,477	730,514
Accrued interest	48,584	23,619	42,462	4,069	197,302	82,337	398,373
Special assessments	-	-	-	1,675,932	-	244,707	1,920,639
Due from:							
Other funds	43,508	7,998	-	-	-	84,080	135,586
Other governments	1,655,564	1,433,583	410,000	-	603,536	2,114,680	6,217,363
Inventories	-	340,761	-	-	-	-	340,761
Prepaid items	17,620	14,995	782	-	219,322	316,267	568,986
Cash-restricted	261,324	-	-	-	68,199,395	1,799,569	70,260,288
Total assets	\$ 16,392,057	\$ 9,791,070	\$ 14,715,838	\$ 2,887,576	\$ 83,474,152	\$ 29,582,166	\$ 156,842,859
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 710,828	\$ 257,493	\$ 450,397	\$ -	\$ 51,103	\$ 385,422	\$ 1,855,243
Accrued payroll and employee benefits	1,046,002	182,678	11,879	-	-	426,347	1,666,906
Due to:							
Other funds	4,726	5,483	7,998	-	-	117,404	135,611
Other governments	-	-	-	-	-	83,515	83,515
Deposits held for others	917,758	-	-	-	-	43,718	961,476
Beneficial interest certificates:							
Principal payable	-	-	-	-	-	530,000	530,000
Interest payable	-	-	-	-	-	516,616	516,616
Deferred revenue	2,075,772	-	759,122	1,675,932	-	827,416	5,338,242
Total liabilities	4,755,086	445,654	1,229,396	1,675,932	51,103	2,930,438	11,087,609
Fund balances							
Reserved for:							
Inventories	-	340,761	-	-	-	-	340,761
Debt service	-	-	-	-	-	6,303,376	6,303,376
Unreserved, reported in:							
General fund	11,636,971	-	-	-	-	-	11,636,971
Special revenue funds	-	9,004,655	13,486,442	-	-	16,429,026	38,920,123
Capital projects funds	-	-	-	-	83,423,049	3,919,326	87,342,375
Debt service funds	-	-	-	1,211,644	-	-	1,211,644
Total fund balances	11,636,971	9,345,416	13,486,442	1,211,644	83,423,049	26,651,728	145,755,250
Total liabilities and fund balances	\$ 16,392,057	\$ 9,791,070	\$ 14,715,838	\$ 2,887,576	\$ 83,474,152	\$ 29,582,166	\$ 156,842,859

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 Assets
Governmental Funds
June 30, 2008

Fund balances - total governmental funds		\$ 145,755,250
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		143,446,237
Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Property taxes receivable	\$ 3,496,225	
Special assessments receivable	<u>1,789,507</u>	5,285,732
Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		15,479,581
Some liabilities, including bonds and beneficial interest certificates payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Special assessment bonds	(2,471,000)	
Beneficial interest certificates	(61,355,000)	
Beneficial interest certificates premium-unamortized	(437,530)	
Compensated absences	<u>(6,495,035)</u>	<u>(70,758,565)</u>
Net assets of governmental activities		<u>\$ 239,208,235</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, 2008

	General Fund	Road Fund	Flood Control Fund	Scenic Debt Service Fund	County Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 29,787,409	\$ -	\$ 10,790,393	\$ -	\$ 7,070,208	\$ 10,090,602	\$ 57,738,612
Special assessments	-	-	-	477,315	-	76,625	553,940
Licenses and permits	1,110,256	36,900	21,489	-	-	501,303	1,669,948
Intergovernmental	30,875,523	15,184,784	732	-	-	18,708,157	64,769,196
Charges for services	6,138,395	650,031	410,000	-	460	4,885,239	12,084,125
Fines and forfeits	1,939,323	-	-	-	-	68,436	2,007,759
Investment earnings	590,964	320,226	586,990	55,469	1,676,936	1,012,335	4,242,920
Rents	-	117,400	-	-	100,906	-	218,306
Contributions	200	-	-	-	-	460,340	460,540
Miscellaneous	80,552	122,407	-	1,866	-	27,416	232,241
Total revenues	70,522,622	16,431,748	11,809,604	534,650	8,848,510	35,830,453	143,977,587
Expenditures:							
Current:							
General government	37,921,223	-	-	-	-	5,243,425	43,164,648
Public safety	21,623,874	-	-	-	-	7,308,886	28,932,760
Highways and streets	-	18,120,852	7,226,794	-	-	14,496	25,362,142
Health	9,604,000	-	-	-	-	6,546,766	16,150,766
Welfare	-	-	-	-	-	5,341,540	5,341,540
Culture and recreation	-	-	-	-	-	5,769,495	5,769,495
Education	400,297	-	-	-	-	1,357,888	1,758,185
Capital outlay	-	-	-	-	4,832,152	1,821,633	6,653,785
Debt service:							
Principal retirement	-	-	-	450,000	-	1,320,000	1,770,000
Interest and fiscal charges	-	-	-	157,653	-	821,130	978,783
Total expenditures	69,549,394	18,120,852	7,226,794	607,653	4,832,152	35,545,259	135,882,104
Excess (deficiency) of revenues over expenditures	973,228	(1,689,104)	4,582,810	(73,003)	4,016,358	285,194	8,095,483
Other financing sources (uses):							
Transfers in	1,179,690	-	-	-	1,900,000	9,796,868	12,876,558
Transfers out	(4,020,649)	-	(390,919)	-	(2,557,431)	(6,122,602)	(13,091,601)
Proceeds from BIC's issuance	-	-	-	-	46,000,000	-	46,000,000
Total other financing sources and uses	(2,840,959)	-	(390,919)	-	45,342,569	3,674,266	45,784,957
Net change in fund balances	(1,867,731)	(1,689,104)	4,191,891	(73,003)	49,358,927	3,959,460	53,880,440
Fund balances, July 1, 2007	13,504,702	11,018,377	9,294,551	1,284,647	34,064,122	22,692,268	91,858,667
Increase in reserve for inventory of supplies	-	16,143	-	-	-	-	16,143
Fund balances, June 30, 2008	\$ 11,636,971	\$ 9,345,416	\$ 13,486,442	\$ 1,211,644	\$ 83,423,049	\$ 26,651,728	\$ 145,755,250

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
Governmental Funds
Year Ended June 30, 2008

Net change in fund balances - total governmental funds		\$ 53,880,440
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 11,261,422	
Depreciation expense	<u>(6,385,613)</u>	4,875,809
In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold.		
Net effect of disposal of capital assets		(899,967)
Debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Principal repaid on long-term debt:		
Special assessment bonds	715,000	
Beneficial interest certificates issuance	(46,000,000)	
Beneficial interest certificates-payments	1,055,000	
Beneficial interest certificates premium-amortization	<u>39,777</u>	(44,190,223)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.		
Increase in compensated absences		(825,544)
Collections of deferred revenues plus current-year revenues recorded in the governmental funds exceeded revenues reported in the Statement of Activities.		
		1,227,048
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, inventories are reported as expenses when consumed.		
Increase in supply inventory		16,143
Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
		<u>497,782</u>
Change in net assets of governmental activities		<u><u>\$ 14,581,488</u></u>

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

MOHAVE COUNTY
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	
Assets						
Current assets:						
Cash and investments	\$ 893,890	\$ 11,561,143	\$ 921,978	\$ 1,179,743	\$ 14,556,754	\$ 11,339,742
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	624	-	624	-
Accounts	16,174	234,054	40,099	1,118	291,445	1,654,530
Accrued interest	5,644	36,009	4,509	2,396	48,558	32,016
Due from:						
Other funds	-	-	-	-	-	25
Other governments	-	95,008	-	3,406	98,414	13,518
Inventories	184,505	-	199,976	-	384,481	125,790
Prepaid items	-	-	6,084	2,476	8,560	487,809
Total current assets	<u>1,100,213</u>	<u>11,926,214</u>	<u>1,173,270</u>	<u>1,189,139</u>	<u>15,388,836</u>	<u>13,653,430</u>
Noncurrent assets:						
Cash - restricted	740,572	-	500,827	-	1,241,399	11,753
Capital assets, net of accumulated depreciation, where applicable						
Land	-	106,818	40,388	1,481,772	1,628,978	-
Infrastructure, net	3,929,090	998,626	6,172,988	632,599	11,733,303	-
Buildings, net	-	-	50,872	1,496,073	1,546,945	-
Equipment, net	57,669	38,562	195,031	204,808	496,070	4,171,951
Construction in progress	-	-	40,012	-	40,012	-
Total noncurrent assets	<u>4,727,331</u>	<u>1,144,006</u>	<u>7,000,118</u>	<u>3,815,252</u>	<u>16,686,707</u>	<u>4,183,704</u>
Total assets	<u>5,827,544</u>	<u>13,070,220</u>	<u>8,173,388</u>	<u>5,004,391</u>	<u>32,075,543</u>	<u>17,837,134</u>
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	18,092	18,287	14,849	32,044	83,272	340,854
Accrued payroll and employee benefits	3,895	5,300	6,916	15,313	31,424	46,041
Due to:						
Other governments	17,059	-	2,139	-	19,198	-
Deposits held for others	33,798	-	157,777	-	191,575	2,335
Current portion of:						
Compensated absences payable	17,919	23,991	28,930	81,135	151,975	191,797
Claims and judgments payable	-	-	-	-	-	1,776,526
Total current liabilities	<u>90,763</u>	<u>47,578</u>	<u>210,611</u>	<u>128,492</u>	<u>477,444</u>	<u>2,357,553</u>
Noncurrent liabilities:						
Landfill closure and postclosure care costs payable	-	3,929,072	-	-	3,929,072	-
Compensated absences payable	1,991	2,666	3,214	9,016	16,887	-
Total noncurrent liabilities	<u>1,991</u>	<u>3,931,738</u>	<u>3,214</u>	<u>9,016</u>	<u>3,945,959</u>	<u>-</u>
Total liabilities	<u>92,754</u>	<u>3,979,316</u>	<u>213,825</u>	<u>137,508</u>	<u>4,423,403</u>	<u>2,357,553</u>
Net Assets						
Investment in capital assets, net of related debt	3,986,759	1,144,006	6,499,291	3,814,907	15,444,963	4,171,951
Restricted for:						
Capital projects	740,572	-	500,827	-	1,241,399	-
Sanitation	-	7,946,898	-	-	7,946,898	-
Unrestricted	1,007,459	-	959,445	1,051,976	3,018,880	11,307,630
Total net assets	<u>\$ 5,734,790</u>	<u>\$ 9,090,904</u>	<u>\$ 7,959,563</u>	<u>\$ 4,866,883</u>	<u>\$ 27,652,140</u>	<u>\$ 15,479,581</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 Assets
Proprietary Funds
Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	
Operating revenues:						
Taxes	\$ -	\$ -	\$ 119	\$ -	\$ 119	\$ 3
Charges for services	1,414,191	1,395,021	700,059	1,344,700	4,853,971	20,807,084
Miscellaneous	216	14	4,370	3,509	8,109	4,943
Total operating revenues	<u>1,414,407</u>	<u>1,395,035</u>	<u>704,548</u>	<u>1,348,209</u>	<u>4,862,199</u>	<u>20,812,030</u>
Operating expenses:						
Personnel services	209,409	276,543	330,888	518,071	1,334,911	2,217,624
Supplies	60,189	29,243	59,575	118,751	267,758	297,509
Professional services	23,795	65,896	79,984	58,707	228,382	111,150
Communications	4,435	1,652	19,311	17,004	42,402	656,861
Insurance	57,126	9,587	9,349	14,597	90,659	709,463
Landfill closure and postclosure care costs	-	4,237	-	-	4,237	-
Insurance claims	-	-	-	-	-	12,767,463
Lawsuit judgments	-	-	-	-	-	313,830
Repairs and maintenance	6,035	1,933	16,896	7,603	32,467	107,539
Public utility service	508,897	126,821	102,119	255,986	993,823	-
Rents and leases	2,180	6,500	2,500	8,394	19,574	1,086,644
Depreciation	433,660	59,575	301,159	106,233	900,627	1,108,315
Other	10,804	96,664	27,434	5,304	140,206	1,308,249
Total operating expenses	<u>1,316,530</u>	<u>678,651</u>	<u>949,215</u>	<u>1,110,650</u>	<u>4,055,046</u>	<u>20,684,647</u>
Operating income (loss)	<u>97,877</u>	<u>716,384</u>	<u>(244,667)</u>	<u>237,559</u>	<u>807,153</u>	<u>127,383</u>
Nonoperating revenues (expenses):						
Investment earnings	59,617	425,713	53,886	27,177	566,393	520,168
Rent income	-	-	1,680	-	1,680	-
Noncapital grants	-	403,198	-	100,000	503,198	-
Gain (loss) on disposal of capital assets	-	2,293	(10,324)	(1,040)	(9,071)	(103,698)
Total nonoperating revenues	<u>59,617</u>	<u>831,204</u>	<u>45,242</u>	<u>126,137</u>	<u>1,062,200</u>	<u>416,470</u>
Income (loss) before contributions and transfers	157,494	1,547,588	(199,425)	363,696	1,869,353	543,853
Capital contributions	-	-	40,012	19,165	59,177	(257,351)
Transfers in	-	12,950	-	28,211	41,161	211,280
Transfers out	-	(24,448)	-	(12,950)	(37,398)	-
Increase (decrease) in net assets	<u>157,494</u>	<u>1,536,090</u>	<u>(159,413)</u>	<u>398,122</u>	<u>1,932,293</u>	<u>497,782</u>
Total net assets, July 1, 2007, as restated	<u>5,577,296</u>	<u>7,554,814</u>	<u>8,118,976</u>	<u>4,468,761</u>	<u>25,719,847</u>	<u>14,981,799</u>
Total net assets, June 30, 2008	<u>\$ 5,734,790</u>	<u>\$ 9,090,904</u>	<u>\$ 7,959,563</u>	<u>\$ 4,866,883</u>	<u>\$ 27,652,140</u>	<u>\$ 15,479,581</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, 2008

	Business-type Activities- Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 1,691,895	\$ 1,313,705	\$ 730,549	\$ 1,342,797	\$ 5,078,946	\$ 1,095,775
Receipts from interfund services provided	-	-	-	-	-	18,090,904
Payments to suppliers	(578,354)	(330,598)	(233,126)	(437,344)	(1,579,422)	(16,609,517)
Payments to employees	(213,966)	(250,304)	(325,080)	(534,037)	(1,323,387)	(2,221,337)
Payments for interfund services used	(19,922)	(49,960)	(74,778)	(40,985)	(185,645)	(200,333)
Net cash provided by operating activities	879,653	682,843	97,565	330,431	1,990,492	155,492
Cash flows from noncapital financing activities:						
Transfer from other funds	-	-	-	-	-	211,280
Rent income	-	-	1,680	-	1,680	-
Advances from other funds	-	-	-	3,763	3,763	-
Subsidy from federal grant	-	407,004	-	100,000	507,004	-
Net cash provided by noncapital financing activities	-	407,004	1,680	103,763	512,447	211,280
Cash flows from capital and related financing activities:						
Purchases of capital assets	(111,779)	(56,015)	(13,660)	(32,954)	(214,408)	(1,444,603)
Proceeds from sales of capital assets	-	12,950	2,530	36,543	52,023	42,427
Net cash provided by (used for) capital and related financing activities	(111,779)	(43,065)	(11,130)	3,589	(162,385)	(1,402,176)
Cash flows from investing activities:						
Interest and dividends received	55,634	406,970	52,090	26,031	540,725	509,793
Net cash provided by investing activities	55,634	406,970	52,090	26,031	540,725	509,793
Net increase (decrease) in cash and cash equivalents	823,508	1,453,752	140,205	463,814	2,881,279	(525,611)
Cash and cash equivalents, July 1, 2007	810,954	10,107,391	1,282,600	715,929	12,916,874	11,877,106
Cash and cash equivalents, June 30, 2008	\$ 1,634,462	\$ 11,561,143	\$ 1,422,805	\$ 1,179,743	\$ 15,798,153	\$ 11,351,495
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 97,877	\$ 716,384	\$ (244,667)	\$ 237,559	\$ 807,153	\$ 127,383
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	433,660	59,575	301,159	106,233	900,627	1,108,315
Landfill closure and postclosure care costs	-	4,237	-	-	4,237	-
Expenses incurred but not reported	-	-	-	-	-	497,358
Change in assets and liabilities:						
Receivables, (increase) decrease	359,239	(81,330)	23,215	(540)	300,584	(1,641,954)
Due from other funds, decrease	217	-	102	-	319	12,666
Due from other governments, increase	-	-	-	(12)	(12)	(2,111)
Inventories, (increase) decrease	49,352	-	10,722	-	60,074	(20,959)
Prepaid items, (increase) decrease	48,732	-	(2,423)	368	46,677	(101,834)
Accounts payable and accrued liabilities, increase (decrease)	(116,784)	(41,387)	3,430	8,182	(146,559)	223,813
Due to other funds, decrease	(783)	(545)	(1,789)	(850)	(3,967)	(41,255)
Due to other governments, decrease	(3,674)	-	(577)	-	(4,251)	-
Accrued payroll and related benefits, increase (decrease)	98	2,143	733	(1,356)	1,618	5,163
Compensated absences, increase (decrease)	(4,281)	23,766	4,606	(13,853)	10,238	(11,175)
Deferred revenues, decrease	-	-	-	-	-	(125)
Customer deposits, increase (decrease)	16,000	-	3,054	(5,300)	13,754	207
Total adjustments	781,776	(33,541)	342,232	92,872	1,183,339	28,109
Net cash provided by operating activities	\$ 879,653	\$ 682,843	\$ 97,565	\$ 330,431	\$ 1,990,492	\$ 155,492
Cash at June 30, 2008 is comprised of the following:						
Cash and investments	\$ 893,890	\$ 11,561,143	\$ 921,978	\$ 1,179,743	\$ 14,556,754	\$ 11,339,742
Restricted cash	740,572	-	500,827	-	1,241,399	11,753
Total	\$ 1,634,462	\$ 11,561,143	\$ 1,422,805	\$ 1,179,743	\$ 15,798,153	\$ 11,351,495

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

MOHAVE COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	<u>\$ 52,129,417</u>	<u>\$ 327,714</u>
Total assets	<u><u>\$ 52,129,417</u></u>	<u><u>\$ 327,714</u></u>
Liabilities		
Deposits held for others	<u>-</u>	<u>\$ 327,714</u>
Total liabilities	<u>-</u>	<u><u>\$ 327,714</u></u>
Net Assets		
Held in trust for investment trust participants	<u><u>\$ 52,129,417</u></u>	

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

MOHAVE COUNTY
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2008

	<u>Investment Trust Funds</u>
Additions:	
Contributions from participants	\$ 427,647,561
Investment earnings:	
Interest and dividend income	2,905,366
Net decrease in fair value of investments	<u>(361,084)</u>
Net investment earnings	<u>2,544,282</u>
Total additions	<u>430,191,843</u>
Deductions:	
Distributions to participants	<u>(444,927,409)</u>
Total deductions	<u>(444,927,409)</u>
Change in net assets	(14,735,566)
Net assets, July 1, 2007	<u>66,864,983</u>
Net assets, June 30, 2008	<u>\$ 52,129,417</u>

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Table of Contents

Note 1 - Summary of Significant Accounting Policies.....	28
A. Reporting Entity.....	28
B. Basis of Presentation.....	29
C. Basis of Accounting.....	30
D. Cash and Investments.....	31
E. Inventories and Prepaid Items.....	31
F. Property Tax Calendar.....	32
G. Capital Assets.....	32
H. Investment Earnings.....	32
I. Compensated Absences.....	33
Note 2 – Beginning Balances Restated / Prior Period Adjustment.....	33
Note 3 – Stewardship, Compliance, and Accountability.....	34
Note 4 – Deposits and Investments.....	34
Note 5 – Property Taxes Receivable.....	37
Note 6 – Capital Assets.....	38
Note 7 – Construction and Other Significant Commitments.....	39
Note 8 – Restricted Assets.....	39
Note 9 – Long-Term Liabilities.....	40
Note 10 – Risk Management.....	44
Note 11 – Operating Leases.....	45
Note 12 – Retirement Plans.....	45
Note 13 – Interfund Balances and Activity.....	49
Note 14 – County Treasurer’s Investment Pool.....	50
Note 15 – Subsequent Events.....	52

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

Mohave County is a general purpose local government that is governed by a separately elected board of three county supervisors. 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 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. Each blended component unit discussed below has a June 30 year end. The County has no discretely presented component units.

The following table describes the County's component units:

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

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

B. Basis of Presentation

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

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

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

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

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

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

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

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 subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenue generated by ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be nonoperating expenses.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

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

The County reports the following major governmental funds:

- **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Road Fund** accounts for all taxes on gas and auto license fees collected for building and maintaining County roads.
- **Flood Control Fund** accounts for all 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.
- **Scenic Debt Service Fund** accounts for collections of special district assessments from taxpayers, and semiannual bond payments.
- **County Capital Improvement Fund** accounts for a ¼ cent sales tax collected to provide for major capital improvements of the County.

The County reports the following major enterprise funds:

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

The County reports the following fund types:

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

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

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

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, with the exception of agency funds, and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus. 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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

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

they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they became 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 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.

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

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

D. Cash and Investments

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

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

E. Inventories and Prepaid Items

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

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

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

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 reported in the government-wide statements and proprietary funds are as follows:

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

H. Investment Earnings

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

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

I. Compensated Absences

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

Employees may accumulate an unlimited number of PTO hours. Upon termination of employment, unused PTO hours, up to a limit of 400, are paid to employees. Any PTO balance in excess of the maximum 400 hours is 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 – Beginning Balances Restated / Prior Period Adjustment

Prior Period Corrections-Business-type Activities: The net assets, as of July 1, 2007, on the government-wide Statement of Activities for the Business-type activities were restated by \$292,839 due to an adjustment to the prior years inventory balance. The correction to the prior year inventory balance also affected the total net assets as of July 1, 2007 on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

Statement of Activities	Business-Type Activities
Net Assets, June 30, 2007	\$25,427,008
Prior period corrections	<u>292,839</u>
Net Assets, July 1, 2007, as restated	<u>\$25,719,847</u>

Statement of Revenues, Expenses and Changes in Fund Net Assets		
Proprietary Funds		
	I-40 Water Corridor	G.V.I.D
Net Assets, June 30, 2007	\$ 5,467,451	\$7,935,982
Prior period corrections	<u>109,845</u>	<u>182,994</u>
Net Assets, July 1, 2007, as restated	<u>\$ 5,577,296</u>	<u>\$8,118,976</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 3 – Stewardship, Compliance, and Accountability

Deficit fund balances or net assets-At June 30, 2008, the following funds reported deficits in net assets or fund balances:

<u>Fund</u>	<u>Deficit</u>
Special revenue	
Emergency management	\$623,658
J.I.P.S.	26,441
JAIBG grants	16,577
Community punishment program	14,161
Victims crime assistance	13,991
Housing grants	3,175
Health grant	80
Case processing grant	12
Probation victim rights	11

The Emergency management deficit primarily reflects an expense for a FEMA declared emergency in Beaver Dam in December 2005. Most of the expenditures are qualified to be fully refunded by the Federal Highway Administration. The County received \$1,241,864 in reimbursements in January 2008. Any of the balance not received at a future date, will be reimbursed by the Road Fund.

The other funds reflect programs for which additional funding is expected to become available in the next program year. The deficit will be made up by the General Fund for any funding that does not become available.

Note 4 – Deposits and Investments

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

Credit risk

Statutes have the following requirements for credit risk:

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 4 – Deposits and Investments (cont'd)

Custodial credit risk

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

Concentration of credit risk

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

Interest rate risk

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

Foreign currency risk

Statutes do not allow foreign investments.

Deposits - At June 30, 2008, the carrying amount of the County's deposits was \$27,960,015 and the bank balance was \$32,379,032. There was cash on hand of \$14,071. The County does not have a formal policy for custodial credit risk.

At June 30, 2008, \$31,979,032 of the County's bank balance was exposed to custodial risk through uninsured deposits with collateral held by the pledging financial institution.

Investments – The County's investments at June 30, 2008, were as follows:

<u>Investment Type</u>	<u>Amount</u>
Guaranteed investment contract	\$ 67,964,739
U.S. agency securities	76,381,746
Corporate bonds	49,226,691
State Treasurer's Local Government Investment Pool	431,586
Total investments	<u>\$194,004,762</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.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 4 – Deposits and Investments (cont'd)

Credit Risk – The County does not have a formal credit risk policy. At June 30, 2008, credit risk for the for the County’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
U.S. agency securities	Aaa	Moody’s	\$ 76,381,746
Corporate bonds	AAA	Moody’s	4,008,017
Corporate bonds	AA2	Moody’s	10,025,679
Corporate bonds	AA3	Moody’s	9,693,021
Corporate bonds	A1	Moody’s	9,423,196
Corporate bonds	A2	Moody’s	4,941,258
Corporate bonds	BAA1	Moody’s	11,135,520
State Treasurer’s Local Government Investment Pool	Unrated	Not applicable	<u>431,586</u>
			<u><u>\$126,040,023</u></u>

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

Concentration of Credit Risk - The County’s formal investment policy does not currently address concentration of credit risk. However, the policy is being revised to include interest rate risk and concentration of credit risk and will be presented to the Board of Supervisors for approval. The County had investments at June 30, 2008, of 5 percent or more in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 11.89 percent, 20.94 percent, and 28.03 percent, respectively, of the County’s total investments. The County Capital Improvement fund had 100% of its beneficial interest certificates proceeds held in a guaranteed investment contract, which was 25% of the primary government’s total investments.

Interest Rate Risk – The County does not have a formal policy with respect to interest rate risk. At June 30, 2008, the County had the following investments in debt securities.

Investment Type	<u>Amount</u>	<u>Investment Maturities</u>	
		<u>Less than 1 year</u>	<u>1 to 5 Years</u>
State Treasurer's investment pools	\$ 431,586	\$ 431,586	\$ -
U.S. agency securities	76,381,746	5,512,815	70,868,931
Corporate bonds	49,226,691	-	49,226,691
Total	<u><u>\$ 126,040,023</u></u>	<u><u>\$ 5,944,401</u></u>	<u><u>\$ 120,095,622</u></u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 4 – Deposits and Investments (concl'd)

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

Cash, deposits, and investments:

	<u>Amount</u>
Cash on hand	\$ 14,071
Amount of deposits	27,960,015
Amount of investments	<u>194,004,762</u>
Total	<u>\$ 221,978,848</u>

Statements of Net Assets:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and investments	\$ 83,451,523	\$ 14,556,754	\$ 52,129,417	\$ 327,714	\$ 150,465,408
Restricted cash	<u>70,272,041</u>	<u>1,241,399</u>	-	-	<u>71,513,440</u>
Total	<u>\$ 153,723,564</u>	<u>\$ 15,798,153</u>	<u>\$ 52,129,417</u>	<u>\$ 327,714</u>	<u>\$ 221,978,848</u>

Note 5 – 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, 2008 were as follows:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
2007	\$ 1,775,616	\$ 848,641	\$ 712,512	\$ 3,336,769
2006	27,914	8,022	8,160	44,096
Prior	637,953	64,313	75,437	777,703
Total	<u>\$ 2,441,483</u>	<u>\$ 920,976</u>	<u>\$ 796,109</u>	<u>\$ 4,158,568</u>

That portion of property taxes receivable, not collected within 60 days after June 30, 2008, has been deferred and, consequently, is not included in current-year revenues on the fund statements. For the government-wide statements, the entire receivable balance has been recognized as revenue.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 25,151,603	\$ 175,661	\$ -	\$ 25,327,264
Construction in progress	14,567,470	6,819,112	(12,515,225)	8,871,357
Total capital assets not being depreciated	<u>39,719,073</u>	<u>6,994,773</u>	<u>(12,515,225)</u>	<u>34,198,621</u>
Capital assets being depreciated:				
Buildings	61,332,797	697,854	-	62,030,651
Infrastructure & improvements other than buildings	95,467,425	12,903,437	-	108,370,862
Equipment	40,350,296	4,339,690	(3,636,843)	41,053,143
Total	<u>197,150,518</u>	<u>17,940,981</u>	<u>(3,636,843)</u>	<u>211,454,656</u>
Less accumulated depreciation for:				
Buildings	(11,895,866)	(1,256,862)	-	(13,152,728)
Infrastructure & improvements other than buildings	(60,560,781)	(2,842,688)	-	(63,403,469)
Equipment	(20,675,267)	(3,394,377)	2,590,752	(21,478,892)
Total	<u>(93,131,914)</u>	<u>(7,493,927)</u>	<u>2,590,752</u>	<u>(98,035,089)</u>
Total capital assets being depreciated, net	<u>104,018,604</u>	<u>10,447,054</u>	<u>(1,046,091)</u>	<u>113,419,567</u>
Governmental activities capital assets, net	<u>\$ 143,737,677</u>	<u>\$ 17,441,827</u>	<u>\$ (13,561,316)</u>	<u>\$ 147,618,188</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,628,978	\$ -	\$ -	\$ 1,628,978
Construction in progress	366,230	41,006	(367,224)	40,012
Total capital assets not being depreciated	<u>1,995,208</u>	<u>41,006</u>	<u>(367,224)</u>	<u>1,668,990</u>
Capital assets being depreciated:				
Buildings	2,089,062	260,481	(18,100)	2,331,443
Utility systems	19,381,445	254,511	-	19,635,956
Equipment	1,151,641	84,571	(86,213)	1,149,999
Total	<u>22,622,148</u>	<u>599,563</u>	<u>(104,313)</u>	<u>23,117,398</u>
Less accumulated depreciation for:				
Buildings	(734,523)	(49,975)	-	(784,498)
Utility systems	(7,145,802)	(756,851)	-	(7,902,653)
Equipment	(603,588)	(93,801)	43,460	(653,929)
Total	<u>(8,483,913)</u>	<u>(900,627)</u>	<u>43,460</u>	<u>(9,341,080)</u>
Total capital assets being depreciated, net	<u>14,138,235</u>	<u>(301,064)</u>	<u>(60,853)</u>	<u>13,776,318</u>
Business-type activities capital assets, net	<u>\$ 16,133,443</u>	<u>\$ (260,058)</u>	<u>\$ (428,077)</u>	<u>\$ 15,445,308</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 6 – Capital Assets (concl'd)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,356,708
Public safety	794,673
Highways and streets	3,966,938
Health	18,550
Welfare	59,233
Culture and recreation	188,719
Education	791
Internal service funds	<u>1,108,315</u>
Total governmental activities depreciation expense	<u><u>\$ 7,493,927</u></u>
Business-type activities:	
Landfill	\$ 59,575
Recreation	91,427
Water companies	<u>749,625</u>
Total business-type activities depreciation expense	<u><u>\$ 900,627</u></u>

Note 7 – Construction and Other Significant Commitments

The County had major contractual commitments related to various capital projects at June 30, 2008, for the construction of a correctional facility, Beaver Dam bridge project, and the Development Services building. At June 30, 2008, the County had spent \$5,981,350 on these projects and had remaining contractual commitments with contractors of \$72,978,000 for the correctional facility. The project will be financed with Beneficial Interest Certificates. The remaining two projects, with commitments totaling \$282,600, will be funded by tax revenues.

Note 8 – Restricted Assets

As of June 30, 2008, the County had restricted assets as follows:

Governmental activities assets:

Cash	<u>\$ 70,272,041</u>	Cash held by trustees restricted by agreements for construction, debt payments, insurance trusts, loans, or major maintenance.
Cash	\$ 740,572	I-40 collections restricted for future repairs of infrastructure by agreement with customers.
Cash	<u>500,827</u>	GVID water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities assets	<u><u>\$ 1,241,399</u></u>	

Note 9 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 9 – Long-Term Liabilities

The following schedule details the County’s long-term liability and obligation activity for the year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>1 Year</u>
<u>Governmental activities:</u>					
Special assessment bonds payable	\$ 3,186,000	\$ -	\$ (715,000)	\$ 2,471,000	\$ 606,000
Beneficial Interest Certificates payable	16,925,000	46,000,000	(1,040,000)	61,885,000	4,275,000
Beneficial Interest Certificates premium-unamortized	477,307	-	(39,777)	437,530	39,775
Compensated absences payable	5,872,463	6,980,152	(6,165,783)	6,686,832	6,686,832
Claims and judgments payable	<u>1,283,589</u>	<u>13,547,263</u>	<u>(13,054,326)</u>	<u>1,776,526</u>	<u>1,598,873</u>
Total governmental activities long-term liabilities	<u>\$ 27,744,359</u>	<u>\$ 66,527,415</u>	<u>\$ (21,014,886)</u>	<u>\$ 73,256,888</u>	<u>\$ 13,206,480</u>
<u>Business-type activities:</u>					
Landfill closure and postclosure care costs payable	\$ 3,924,835	\$ 4,237	\$ -	\$ 3,929,072	\$ -
Compensated absences payable	<u>158,624</u>	<u>174,414</u>	<u>(164,176)</u>	<u>168,862</u>	<u>151,975</u>
Total business-type activities long-term liabilities	<u>\$ 4,083,459</u>	<u>\$ 178,651</u>	<u>\$ (164,176)</u>	<u>\$ 4,097,934</u>	<u>\$ 151,975</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 9 – Long-Term Liabilities (cont'd)

Bonds - The County's bonded debt consists of special assessment bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for constructing infrastructure assets. Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The County is not obligated in any manner for the special assessment debt. However, if the property owner defaults on their payment of the debt, the County places a lien on the property. In the event that the lien is not cleared, the property is sold and the proceeds are used to pay off the debt. The original amount of special assessment bonds issued in prior years was \$5,238,000.

Bonds outstanding at June 30, 2008, were as follows:

<u>District</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2008</u>
Horizon Six street improvement	\$ 647,000	1/09-1/10	6.375%	\$ 130,000
Scenic road and bridge project improvement	4,500,000	1/09-1/13	6.30%	2,250,000
Mohave County improvement district	<u>91,000</u>	in arrears	5.50%	<u>91,000</u>
Total	<u>\$ 5,238,000</u>			<u>\$ 2,471,000</u>

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2008.

Year Ending June 30,	<u>Governmental activities Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 606,000	\$ 258,722
2010	515,000	103,369
2011	450,000	70,875
2012	450,000	42,525
2013	<u>450,000</u>	<u>14,175</u>
Total	<u>\$ 2,471,000</u>	<u>\$ 489,666</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 9 – Long-Term Liabilities (cont'd)

Beneficial Interest Certificates - The County has issued beneficial interest certificates to purchase or construct capital facilities that are generally noncallable with interest payable semiannually. The original amount of certificates issued in a prior year was \$19,320,000.

Beneficial interest certificates outstanding at June 30, 2008, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2008</u>
Beneficial interest certificates Series 2004	\$ 19,320,000	7/2008-7/2019	2.0%-5.25%	\$ 15,885,000
Beneficial interest certificates Series 2008	<u>46,000,000</u>	4/2009-4/2020	3.0%-4.25%	<u>46,000,000</u>
Total	<u>\$ 65,320,000</u>			<u>\$ 61,885,000</u>

The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2008:

<u>Year Ending June 30,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 4,275,000	\$ 2,425,638
2010	4,390,000	2,313,652
2011	4,540,000	2,167,496
2012	4,700,000	2,007,119
2013	4,875,000	1,832,181
2014-18	27,335,000	6,180,810
2019-20	<u>11,770,000</u>	<u>720,425</u>
Total	<u>\$ 61,885,000</u>	<u>\$ 17,647,321</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 9 - Long-Term Liabilities (cont'd)

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

State and federal laws and regulations require the County to place a final cover on its Cerbat and Mohave Valley landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports 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 \$3,929,072 reported as landfill closure and postclosure care liability at June 30, 2008 represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 78% and 62%, respectively, of the estimated capacity of the open cells of the landfills. The County will recognize the remaining estimated costs of closure and postclosure care costs of \$1,408,743 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 2008. The County expects to close the landfills in the years 2011 and 2028, respectively, and the actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

Insurance Claims - The County established two internal service funds, Health Insurance and Self-Insurance. The Health Insurance Fund accounts for employee health benefits through a combination of self-insurance and commercial insurance. The Self-Insurance Fund provides property, casualty, and general liability coverage up to \$50,000 per claim and also accounts for premium payments to the Arizona Counties Workers' Compensation Pool for workers' compensation coverage. The Self-Insurance Fund 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 four fiscal years.

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 9 - Long-Term Liabilities (concl'd)

The insurance claims payable liability of the Self-Insurance Fund and Health Insurance Fund totaling \$1,776,526, included in the balance below at June 30, 2008, 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, 2008) and Arizona Counties Property and Casualty Pool (based on expected outcomes of outstanding lawsuits and incurred but not reported occurrences).

Changes in the funds' claims payable for the years ended June 30, 2007 and 2008, were as follows:

	<u>2007</u>	<u>2008</u>
Claims payable - beginning of year	\$ 1,693,999	\$ 1,283,589
Add: Claims incurred and changes in estimates	8,810,464	13,547,263
Deduct: Claims paid	<u>(9,220,874)</u>	<u>(13,054,326)</u>
Claims payable - end of year	<u>\$ 1,283,589</u>	<u>\$ 1,776,526</u>

Compensated absences and claims and judgments -- Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2008, the County paid for compensated absences as follows: 58 percent from the General Fund, 14 percent from major funds, and 28 percent from other funds. The County paid for claims and judgments as follows: 99 percent from the General Fund and 1 percent from the Self-Insurance Fund. The claims paid from the General Fund were associated with one specific lawsuit being handled by the County, not by the pool. However, the Self-Insurance Fund was funded \$551,000 by the General Fund and \$365,000 by various Public Works Funds this past year to cover insurance expense and possible settlements. Occasionally it is also reimbursed by other major funds.

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; but was unable to obtain insurance at a cost it considered to be economically justifiable for Workers' Compensation or liability insurance. Therefore, the County joined and is covered by two public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool, which are described below.

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 10 – Risk Management (concl'd)

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.

Note 11 – Operating Leases

The County leases buildings, copiers, computers, land, and a parking lot under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$893,781 for the year ended June 30, 2008. The operating leases have remaining noncancellable lease terms from one to eighty eight years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2008, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2009	\$742,433	\$1,301
2010	321,726	1,952
2011	239,150	1,952
2012	212,640	1,952
2013	195,620	1,952
2014-2018	76,412	650
2019-2023	12,005	0
2024-2096	2,473	0
Total minimum lease payments	\$1,802,459	\$9,759

Note 12 – Retirement Plans

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 12- Retirement Plans (cont'd)

sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

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

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

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

ASRS

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

PSPRS and CORP

3010 E. Camelback Road,
Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575

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, 2008, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll. The County was required by statute to contribute at the actuarially determined rate of 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll.

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

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ended June 30			
2008	\$3,276,129	\$427,321	\$203,487
2007	3,012,854	469,746	202,477
2006	2,047,151	400,915	177,396

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 12- Retirement Plans (cont'd)

Agent plans - For the year ended June 30, 2008, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll and the County was required to contribute 13.86 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 0.63 percent of covered payroll. Active CORP members were required by statute to contribute 7.96 percent of the members' annual covered payroll and the County was required to contribute 5.0 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 0.42 percent of covered payroll.

Actuarial methods and assumptions-The contribution requirements for the year ended June 30, 2008, were established by the June 30, 2006, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans 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 understood by the County and the plans' members 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 that are 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 all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2008 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	30 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50%-8.50% for PSPRS and CORP
Inflation rate	5.00%

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 12- Retirement Plans (concl'd)

Annual Pension Costs - The County's pension costs for the two agent plans for the year ended June 30, 2008, and related information follows.

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/OPEB cost	\$644,564	\$49,548	\$114,391	\$28,188
Contributions made	\$644,564	\$49,548	\$114,391	\$28,188

Trend Information – Annual pension cost information for the current and two preceding years follows for each of the agent plans. Annual OPEB cost information for the current year (i.e., transition year) is as follows. Information about preceding years will be added over the next 2 years.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/OPEB Obligation</u>
<u>PSPRS</u>				
Pension	2008	\$644,564	100%	\$ -
Health insurance	2008	49,548	100%	-
Pension and health insurance	2007	559,816	100%	-
	2006	459,875	100%	-
<u>CORP</u>				
Pension	2008	114,391	100%	-
Health insurance	2008	28,188	100%	-
Pension and health insurance	2007	127,121	100%	-
	2006	82,510	100%	-

Funded Status-The funded status of the plans as of the most recent valuation date, June 30, 2008, along with the actuarial assumptions and methods used in those valuations follow.

Funded Status

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Actuarial accrued liability (a)	\$22,877,000	\$ 668,103	\$3,110,055	\$ 168,504
Actuarial value of assets (b)	16,132,055	-	4,581,742	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	6,744,945	668,103	(1,471,687)	168,504
Funded ratio (b) / (a)	70.5%	0.0%	147.3%	0.0%
Covered payroll (c)	5,215,621	5,215,621	2,876,277	2,876,277
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) – (b))/(c)	129.3%	12.8%	(51.2%)	5.9%

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 12- Retirement Plans (concl'd)

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

Actuarial valuation date	June 30, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50%-8.50% for PSPRS and CORP
Inflation rate	5.00%

Note 13 – Interfund Balances and Activity

Interfund Receivables and Payables - Interfund balances at June 30, 2008, were as follows:

	<u>Payable to</u>				<u>Total</u>
	<u>General Fund</u>	<u>Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	
Payable From					
General Fund	\$ -	\$ -	\$ 4,726	\$ -	\$ 4,726
Road Fund	5,483	-	-	-	5,483
Flood Control Fund	-	7,998	-	-	7,998
Nonmajor Governmental Funds	<u>38,025</u>	<u>-</u>	<u>79,354</u>	<u>25</u>	<u>117,404</u>
Total	<u>\$ 43,508</u>	<u>\$ 7,998</u>	<u>\$ 84,080</u>	<u>\$ 25</u>	<u>\$ 135,611</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 13 – Interfund Balances and Activity (concl'd)

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

Interfund Transfers –Interfund transfers for the year ended June 30, 2008, were as follows:

	Transfers out to Other Funds						Total
	General Fund	Flood Control Fund	County Capital Improvement Fund	Nonmajor Governmental Funds	Landfill	Nonmajor Enterprise Funds	
Transfers in from Other Funds							
General Fund	\$ -	\$ 390,919	\$ -	\$ 788,771	\$ -	\$ -	\$ 1,179,690
County Capital Improvement Fund	-	-	-	1,900,000	-	-	1,900,000
Nonmajor Governmental Funds	3,809,369	-	2,557,431	3,430,068	-	-	9,796,868
Landfill	-	-	-	-	-	12,950	12,950
Nonmajor Enterprise Funds	-	-	-	3,763	24,448	-	28,211
Internal Service Funds	211,280	-	-	-	-	-	211,280
Total	<u>\$ 4,020,649</u>	<u>\$ 390,919</u>	<u>\$ 2,557,431</u>	<u>\$ 6,122,602</u>	<u>\$ 24,448</u>	<u>\$ 12,950</u>	<u>\$ 13,128,999</u>

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

Note 14 – 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 his stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 14 – County Treasurer’s Investment Pool (concl’d)

All deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$2,224,625 of deposits held by the Treasurer and \$70,010,717 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 4 for disclosure of the County’s deposit and investment risks.

Details of each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. agency securities	\$ 75,960,000	3.56-5.125%	07/08-06/13	\$ 76,381,746
Corporate bonds	51,081,000	4.21-7.00%	11/09-12/12	49,226,691
State Treasurer’s Local Government Investment Pool	431,586	1.00%	N/A	431,586
	<u>\$127,472,586</u>			<u>\$126,040,023</u>

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

Statement of Net Assets

Assets	\$150,222,453
Liabilities	-
Net assets	<u>\$150,222,453</u>
Net assets held in trust for:	
Internal participants	\$ 99,312,716
External participants	50,909,737
Total net assets held in trust	<u>\$150,222,453</u>

Statement of Changes in Net Assets

Total additions	\$804,587,586
Total deductions	(829,610,439)
Net decrease	<u>(25,022,853)</u>
Net assets held in trust:	
July 1, 2007	175,245,306
June 30, 2008	<u>\$150,222,453</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2008

Note 15 – Subsequent Events

Economy:

Subsequent to June 30, 2008, it was determined that the United States of America is in the middle of a recession. The effects were beginning to appear during fiscal year 2008. Since then the following events have occurred:

- **Lehman Brothers** has filed for chapter 11 bankruptcy – The County directly holds a \$5,000,000 bond (\$4,935,000 cost basis), and indirectly through LGIP holds \$127,117 of securities. The Treasurer has segregated these funds from the other investments on their books effective December 30, 2008, pending a final ruling from the bankruptcy court.
- **Ambac Assurance Corp.** – The County’s guarantor for the Administration building has been downgraded by the major rating agencies.
- **Assured Guarantee Corp.** – The County’s guarantor for the Jail project has been downgraded by Moody’s, but with a stable outlook. It is still AAA with the other rating agencies.

Capital Projects:

Mohave Wash, flood control project - The Board of Supervisors approved a \$4,478,182 contract for the Kingman Area Master Plan Mohave County Update, Mohave Wash Channel Project, Phase III, on September 6, 2006. This is an on-going flood control project.

Law and Justice Center - A needs assessment has been performed to determine the requirements for a new Law and Justice Center in Kingman to accommodate all the courts and the Probation Department. Construction is not projected to begin for approximately two years.

Other Required Supplementary Information

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 31,999,333	\$ 31,999,333	\$ 29,787,409	\$ (2,211,924)
Licenses and permits	2,273,373	2,273,373	1,110,256	(1,163,117)
Intergovernmental	34,138,128	34,168,998	30,875,523	(3,293,475)
Charges for services	7,501,677	7,501,677	6,138,395	(1,363,282)
Fines and forfeits	1,493,039	1,493,039	1,939,323	446,284
Investment earnings	325,000	325,000	590,964	265,964
Contributions	-	350	200	(150)
Miscellaneous	36,307	36,307	80,552	44,245
Total revenues	<u>77,766,857</u>	<u>77,798,077</u>	<u>70,522,622</u>	<u>(7,275,455)</u>
Expenditures:				
Current:				
General government				
Assessor	4,102,853	4,122,453	4,006,827	115,626
County attorney	4,308,672	4,238,210	4,043,229	194,981
Risk management	352,074	352,074	272,791	79,283
Board of supervisors	1,214,131	1,214,131	954,508	259,623
Clerk of board	238,463	238,463	214,071	24,392
Housing community development	593,218	593,218	580,962	12,256
General administration	2,109,051	2,925,400	1,697,978	1,227,422
Clerk of superior court	2,023,457	2,023,457	1,843,046	180,411
Constables	373,463	374,463	360,939	13,524
Contingency	10,044,000	8,135,511		8,135,511
Elections	474,052	499,692	476,708	22,984
Finance	1,151,676	1,151,676	1,087,765	63,911
Building & grounds maintenance	2,034,115	2,034,115	1,863,978	170,137
Justice courts	3,024,369	3,050,269	2,976,001	74,268
Juvenile detention	1,410,559	1,410,559	1,253,239	157,320
Personnel	719,777	719,777	616,131	103,646
Development services	2,985,354	2,985,354	1,857,717	1,127,637
Public fiduciary	516,393	516,393	460,421	55,972
Public defender	3,394,416	4,097,416	3,463,319	634,097
Public legal defender	1,018,018	1,018,018	951,066	66,952
Building inspector	1,567,834	1,567,834	1,220,591	347,243
Public works	42,691	42,691	38,545	4,146
Procurement	383,152	383,152	373,481	9,671
Recorder	851,852	851,852	794,609	57,243
Superior courts	3,800,895	4,102,895	3,982,366	120,529
Treasurer	2,081,450	2,081,450	1,949,854	131,596
Voter registration	340,028	340,028	277,758	62,270
Supervisory districts	357,522	357,522	303,323	54,199
Total general government	<u>\$ 51,513,535</u>	<u>\$ 51,428,073</u>	<u>\$ 37,921,223</u>	<u>\$ 13,506,850</u>

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2008
(Concluded)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
Public safety:				
Animal control	\$ 736,302	\$ 736,302	\$ 673,989	\$ 62,313
Jail	9,280,020	9,280,020	9,058,905	221,115
Medical examiner	437,000	437,000	422,000	15,000
Probation	1,797,482	1,809,482	1,759,578	49,904
Sheriff	10,167,203	10,094,761	9,709,402	385,359
Total public safety	<u>22,418,007</u>	<u>22,357,565</u>	<u>21,623,874</u>	<u>733,691</u>
Health				
A.H.C.C.C.S.	<u>9,604,200</u>	<u>9,604,200</u>	<u>9,604,000</u>	<u>200</u>
Education				
School superintendent	<u>412,578</u>	<u>412,578</u>	<u>400,297</u>	<u>12,281</u>
Total expenditures	<u>83,948,320</u>	<u>83,802,416</u>	<u>69,549,394</u>	<u>14,253,022</u>
Excess (deficiency) of revenues over expenditures	<u>(6,181,463)</u>	<u>(6,004,339)</u>	<u>973,228</u>	<u>6,977,567</u>
Other financing sources (uses):				
Transfers in	1,179,690	1,179,690	1,179,690	
Transfers out	<u>(5,042,227)</u>	<u>(5,042,227)</u>	<u>(4,020,649)</u>	<u>1,021,578</u>
Total other financing sources (uses)	<u>(3,862,537)</u>	<u>(3,862,537)</u>	<u>(2,840,959)</u>	<u>1,021,578</u>
Excess of revenues and other sources over (under) expenditures and other uses	(10,044,000)	(9,866,876)	(1,867,731)	7,999,145
Fund balances, July 1, 2007	<u>10,044,000</u>	<u>9,866,876</u>	<u>13,504,702</u>	<u>3,637,826</u>
Fund balances, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,636,971</u>	<u>\$ 11,636,971</u>

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 36,900	\$ 11,900
Intergovernmental	15,601,000	15,601,000	15,184,784	(416,216)
Charges for services	167,000	167,000	650,031	483,031
Investment earnings	200,000	200,000	320,226	120,226
Rents	117,400	117,400	117,400	-
Miscellaneous	42,000	42,000	122,407	80,407
Total revenues	<u>16,152,400</u>	<u>16,152,400</u>	<u>16,431,748</u>	<u>279,348</u>
Expenditures:				
Current:				
Highways and streets	<u>25,167,357</u>	<u>25,167,357</u>	<u>18,120,852</u>	<u>7,046,505</u>
Total expenditures	<u>25,167,357</u>	<u>25,167,357</u>	<u>18,120,852</u>	<u>7,046,505</u>
Excess of revenues (under) expenditures	<u>(9,014,957)</u>	<u>(9,014,957)</u>	<u>(1,689,104)</u>	<u>7,325,853</u>
Other financing sources (uses):				
Transfers out	<u>(104,521)</u>	<u>(104,521)</u>	<u>-</u>	<u>104,521</u>
Total other financing sources (uses)	<u>(104,521)</u>	<u>(104,521)</u>	<u>-</u>	<u>104,521</u>
Excess of revenues and other sources under expenditures and other uses	(9,119,478)	(9,119,478)	(1,689,104)	7,430,374
Fund balances, July 1, 2007	9,119,478	9,119,478	11,018,377	1,898,899
Increase (decrease) in reserve for inventory	<u>-</u>	<u>-</u>	<u>16,143</u>	<u>16,143</u>
Fund balances, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,345,416</u>	<u>\$ 9,345,416</u>

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control Fund
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 11,640,650	\$ 11,640,650	\$ 10,790,393	\$ (850,257)
Licenses and permits	50,000	50,000	21,489	(28,511)
Intergovernmental	1,103	1,103	732	(371)
Charges for services	435,000	435,000	410,000	(25,000)
Investment earnings	200,000	200,000	586,990	386,990
Total revenues	<u>12,326,753</u>	<u>12,326,753</u>	<u>11,809,604</u>	<u>(517,149)</u>
Expenditures:				
Current:				
Highways and streets	21,035,235	21,035,235	7,226,794	13,808,441
Total expenditures	<u>21,035,235</u>	<u>21,035,235</u>	<u>7,226,794</u>	<u>13,808,441</u>
Excess of revenues over expenditures	<u>(8,708,482)</u>	<u>(8,708,482)</u>	<u>4,582,810</u>	<u>13,291,292</u>
Other financing sources (uses):				
Transfers out	<u>(390,919)</u>	<u>(390,919)</u>	<u>(390,919)</u>	<u>-</u>
Total other financing sources (uses)	<u>(390,919)</u>	<u>(390,919)</u>	<u>(390,919)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>(9,099,401)</u>	<u>(9,099,401)</u>	<u>4,191,891</u>	<u>13,291,292</u>
Fund balances, July 1, 2007	<u>9,099,401</u>	<u>9,099,401</u>	<u>9,294,551</u>	<u>195,150</u>
Fund balances, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,486,442</u>	<u>\$ 13,486,442</u>

Mohave County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2008

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, 2008, 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, 2008

Public Safety Personnel Retirement System

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
Pension						
06/30/2008	\$ 16,132,055	\$ 22,877,000	\$ (6,744,945)	70.5%	\$ 5,215,621	129.3%
Health Insurance						
06/30/2008	-	668,103	(668,103)	0.0%	\$ 5,215,621	12.8%
Pension and Health Insurance						
6/30/2007	14,857,616	22,191,473	(7,333,857)	67.0%	4,748,734	154.4%
6/30/2006	14,634,246	19,435,624	(4,801,378)	75.3%	4,496,673	106.8%

Corrections Officer Retirement System

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
Pension						
06/30/2008	\$ 4,581,742	\$ 3,110,055	\$ 1,471,687	147.3%	\$ 2,876,277	N/A
Health Insurance						
06/30/2008	-	168,504	(168,504)	0.0%	2,876,277	5.9%
Pension and Health Insurance						
6/30/2007	4,245,772	2,923,117	1,322,655	145.2%	2,753,573	N/A
6/30/2006	4,009,017	2,532,419	1,476,598	158.3%	2,184,299	N/A

Mohave County
Required Supplementary Information
Notes to Schedule of Agent Retirement Plans' Funding Progress
June 30, 2008

Note 1 – Actuarial Information Available

For valuation years prior to 2008, which was prior to the implementation of GASB Statement Nos. 43 and 45, the actuarial measurements were made in the aggregate as to pension and health insurance benefits. In future years, when GASB Statement Nos. 43 and 45 measurements are made and reported, the pension and health insurance benefits information will be disaggregated and reported separately.