

MOHAVE COUNTY ANNUAL FINANCIAL REPORT



Mohave County Capital Improvement Project—Adult Detention Facility, completed 2010

Fiscal Year ended June 30, 2011



**MOHAVE COUNTY
Annual Financial Report
Year Ended June 30, 2011**

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 - 53
Other Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	55 - 56
Budgetary Comparison Schedule – Road Fund	57
Budgetary Comparison Schedule – Flood Control Fund	58
Notes to Budgetary Comparison Schedules	59
Schedule of Agent Retirement Plans' Funding Progress	60
Note to Schedule of Agent Retirement Plans' Funding Progress.....	61

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 aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2011, 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, 2011, 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.

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 3 through 14, the Budgetary Comparison Schedules on pages 55 through 59, and the Schedule of Agent Retirement Plans' Funding Progress on pages 60 through 61 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 will also issue our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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, management, and others within the County 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.

A handwritten signature in black ink that reads "Fester & Chapman P.C." The signature is written in a cursive, slightly slanted style.

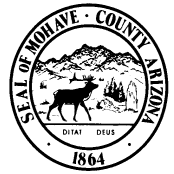
March 16, 2012

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

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2011. Please read the following discussion 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 \$312.9 million, an increase of 2.6% from the prior year. Of this amount, \$80.4 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets as reported in the Statement of Activities increased by \$7.8 million. Of this amount, \$8.7 million (111%) is attributable to governmental activities and -\$0.9 million (-11%) 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 \$100.5 million, a decrease of \$3.85 million. This decrease resulted from payments made for debt service and capital projects from funds collected in previous years.
- The unreserved fund balance for the General Fund increased by \$3.6 million (22.5%), General Fund revenues were below budgeted revenues by \$0.7 million, and expenditures were only 83.3% of both the original adopted and final General Fund budgets.

Overview of the Financial Statements

The intent of this discussion and analysis is to serve as an introduction to Mohave County's basic financial statements. Mohave County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements 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 two finance corporations. The County's Board of Supervisors serves as the board of directors for all of the component units except for the finance corporations, which have a separate board of directors made up of County management. The list of blended component units follows:

- Mohave County Television District provides and maintains communication equipment for TV signals.
- Mohave County Library District provides and maintains library services for County residents.
- Mohave County Flood Control District provides and maintains flood control systems for the County.
- Mohave County Special Assessment Districts provide funds to construct or improve roads, bridges, and water distribution systems.
- Mohave Administration Building Finance Corporation provides financing and oversight of the operation of the Mohave County administration building.
- Mohave Jail Finance Corporation provides financing and oversight of the construction and equipping of a jail facility for use 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 157 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, and the Admin Building Debt Service Fund, all of which are major funds. Data from the other 153 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 55 to 59.

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

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among Mohave County's various functions. Mohave County uses internal service funds to account for its fleet of vehicles, employee benefit health insurance trust, self-insurance trust, janitorial services, communication services, and 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 27-53 of this report.

Other information - In addition to the basic financial statements and accompanying notes, pages 55-61 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 \$313 million at the close of the most recent fiscal year.

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

15% of Mohave County's net assets represent resources subject to external restrictions on how they may be used. The remaining \$80.4 million (26%) 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,			
	2010	2011	Increase (Decrease)	% Change
Current assets and other assets	\$ 151,989,408	\$ 150,869,422	\$ (1,119,986)	-0.74%
Capital assets	228,654,869	234,245,927	5,591,058	2.45%
Total assets	380,644,277	385,115,349	4,471,072	1.17%
Long-term liabilities outstanding	68,502,725	65,080,890	(3,421,835)	-5.00%
Other liabilities	7,019,743	7,094,597	74,854	1.07%
Total liabilities	75,522,468	72,175,487	(3,346,981)	-4.43%
Net assets:				
Invested in capital assets, net of related debt	181,951,869	185,243,637	3,291,768	1.81%
Restricted	51,859,759	47,328,033	(4,531,726)	-8.74%
Unrestricted	71,310,181	80,368,192	9,058,011	12.70%
Total net assets	\$ 305,121,809	\$ 312,939,862	\$ 7,818,053	2.56%

Governmental activities - net assets highlights: The net assets *invested in capital assets, net of related debt* had a net increase of \$3.7 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 decreased \$4.3 million from last year. The decrease was due to principal payments made on the County’s Beneficial Interest Certificates (BIC’s) and special assessment bonds payable, without incurring any new long-term debt.

The **restricted** net assets reflected a net decrease of \$3.2 million from the prior year, approximately \$10.9 million decrease from capital projects, with increases of \$3.2 million from debt service, \$3.9 million from highways and streets and \$.6 million from other sources. **Unrestricted** net assets increased by \$8.2 million from the prior year, from excess tax revenue over expenditures.

Governmental Activities				
Net Assets				
As of June 30,				
	2010	2011	Increase (Decrease)	% Change
Current assets and other assets	\$ 132,994,258	\$ 131,431,096	\$ (1,563,162)	-1.18%
Capital assets	213,296,302	219,284,988	5,988,686	2.81%
Total assets	<u>346,290,560</u>	<u>350,716,084</u>	<u>4,425,524</u>	<u>1.28%</u>
Long-term liabilities outstanding	63,567,275	59,167,108	(4,400,167)	-6.92%
Other liabilities	6,570,947	6,699,315	128,368	1.95%
Total liabilities	<u>70,138,222</u>	<u>65,866,423</u>	<u>(4,271,799)</u>	<u>-6.09%</u>
Net assets:				
Invested in capital assets, net of related debt	166,593,302	170,282,698	3,689,396	2.21%
Restricted	41,960,509	38,753,020	(3,207,489)	-7.64%
Unrestricted	<u>67,598,527</u>	<u>75,813,943</u>	<u>8,215,416</u>	<u>12.15%</u>
Total net assets	<u>\$ 276,152,338</u>	<u>\$ 284,849,661</u>	<u>\$ 8,697,323</u>	<u>3.15%</u>

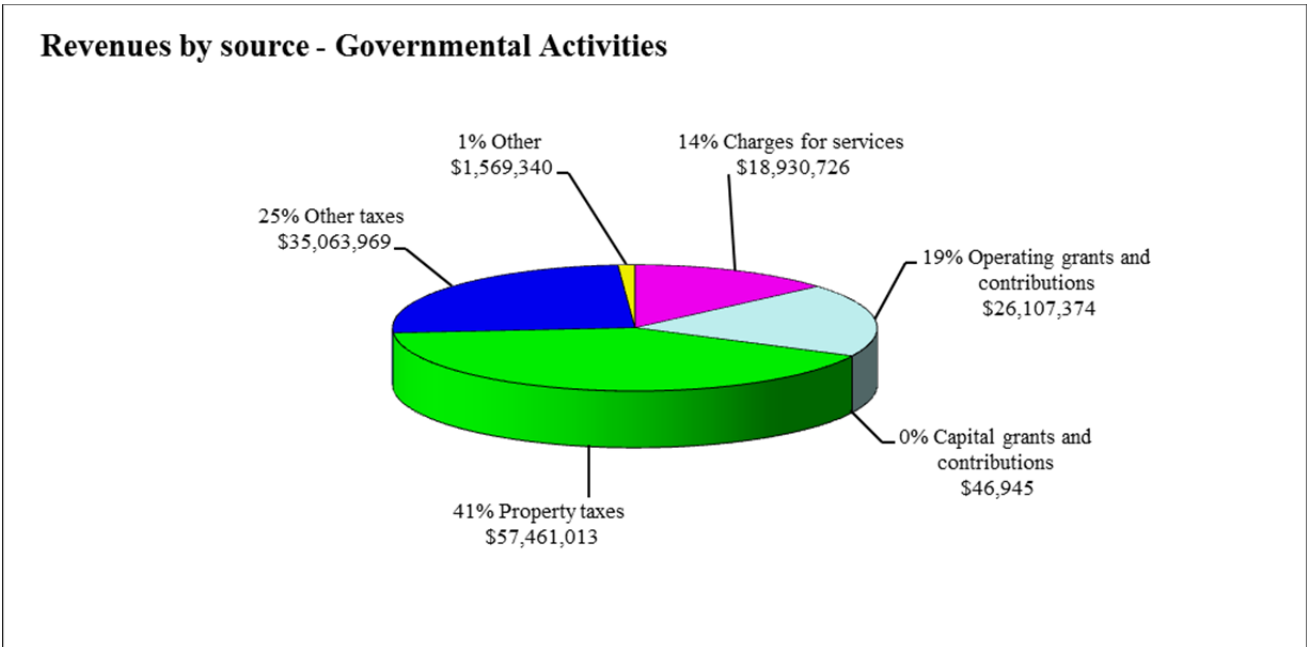
Governmental activities – comparative statement of activities highlights: The current year governmental activities financial statements reflect a decrease of \$7.8 million in total revenues due to several factors. The declining economy continued to affect Federal and state governments, resulting in reduced grant awards given out to local governments, including Mohave County. Investment earnings decreased from the prior year due to record low interest rates on investments and volatile investment markets along with increased banking costs. Decreases in assessed valuations of property resulted in a decrease in property tax revenue.

Expenses increased \$5.1 million (4%) from the prior year. The County managed to maintain moderate growth in controllable expenses, through increased efficiency, and by offsetting increased costs with vacancy savings and suspending cost of living and step increases for employees for a third year. Non-controllable expenses, such as court costs from increased caseloads and indigent support, continue to rise along with health insurance costs, which are reflected in the General government expenses. Insurance claims for our Employee Benefit trust increased \$2.2 million along with increased premium costs billed to all departments. The General government’s share of costs for premiums increased approximately \$1 million. Elections also had an increase of \$.4 million in variable election expenditures, due to the increase in the number of elections held in 2011. In 2010 the State issued a large rebate for excess contributions to the A.H.C.C.C.S. program resulting in a 12% increase to health expenses this year. A comparable rebate was not received in 2011. Education decreased due to ARRA grant funds that expired at the end of the prior fiscal year.

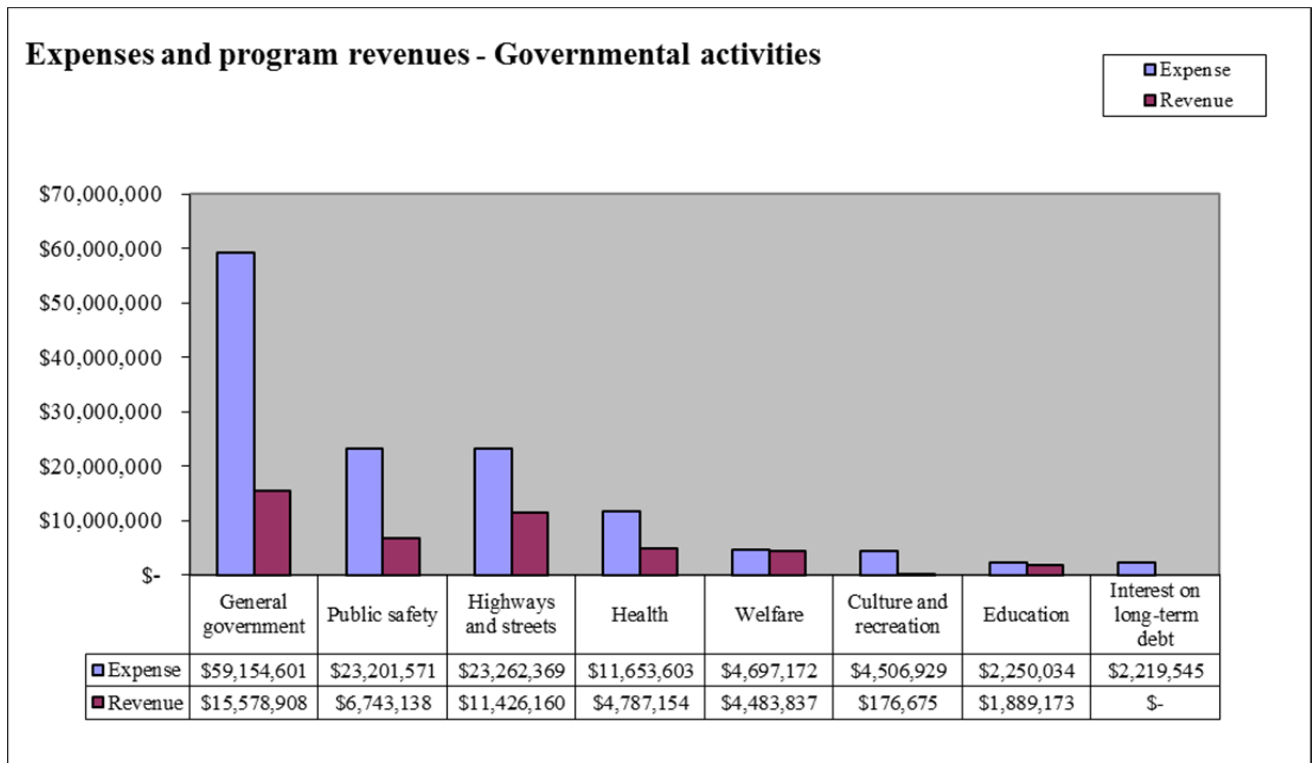
**Governmental Activities
Comparative Statement of Activities
Year Ended June 30,**

	2010	2011	Increase (decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 19,233,326	\$ 18,930,726	\$ (302,600)	-1.57%
Operating grants and contributions	28,590,598	26,107,374	(2,483,224)	-8.69%
Capital grants and contributions	50,410	46,945	(3,465)	-6.87%
Total program revenues	<u>47,874,334</u>	<u>45,085,045</u>	<u>(2,789,289)</u>	<u>-5.83%</u>
General revenues				
Property taxes	61,059,523	57,461,013	(3,598,510)	-5.89%
Other taxes	34,768,476	35,063,969	295,493	0.85%
Other revenues	3,249,820	1,569,340	(1,680,480)	-51.71%
Total general revenues	<u>99,077,819</u>	<u>94,094,322</u>	<u>(4,983,497)</u>	<u>-5.03%</u>
Total revenues	<u>146,952,153</u>	<u>139,179,367</u>	<u>(7,772,786)</u>	<u>-5.29%</u>
Expenses:				
General government	55,530,077	59,154,601	3,624,524	6.53%
Public safety	23,052,108	23,201,571	149,463	0.65%
Highways and streets	22,351,824	23,262,369	910,545	4.07%
Health	10,392,273	11,653,603	1,261,330	12.14%
Welfare	4,746,626	4,697,172	(49,454)	-1.04%
Culture and recreation	4,665,183	4,506,929	(158,254)	-3.39%
Education	2,686,669	2,250,034	(436,635)	-16.25%
Interest on long-term debt	2,395,750	2,219,545	(176,205)	-7.35%
Total expenses	<u>125,820,510</u>	<u>130,945,824</u>	<u>5,125,314</u>	<u>4.07%</u>
Increase in net assets before transfers	21,131,643	8,233,543	(12,898,100)	-61.04%
Transfers	138,707	463,780	325,073	234.36%
Increase in net assets	<u>21,270,350</u>	<u>8,697,323</u>	<u>(12,573,027)</u>	<u>-59.11%</u>
Net assets beginning of year	254,881,988	276,152,338	21,270,350	8.35%
Net assets end of year	<u>\$ 276,152,338</u>	<u>\$ 284,849,661</u>	<u>\$ 8,697,323</u>	<u>3.15%</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 \$139.2 million. General revenues of \$94.1 million are not included in this graph, though they represent 67% 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 \$8.7 million for the fiscal year as indicated on the Statement of Activities.

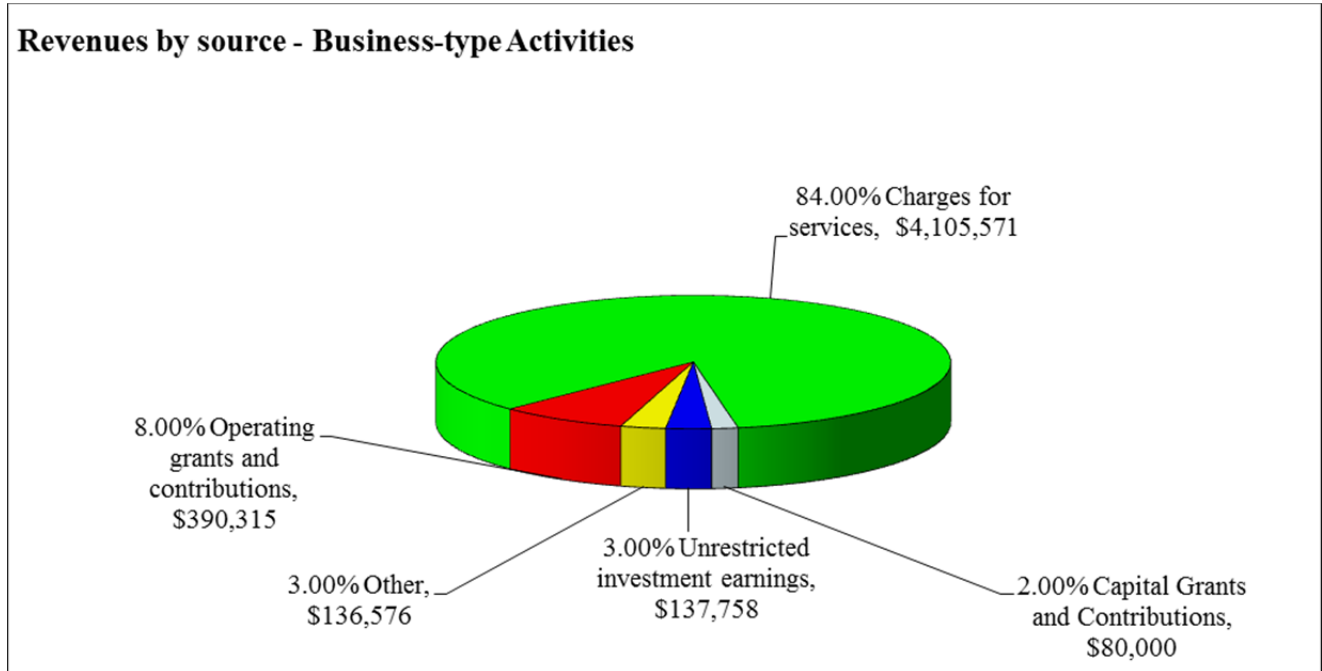


Business-type activities - net assets highlights: Net assets decreased by \$.9 million. Long-term liabilities increased and restricted net assets decreased due to landfill closure and post-closure costs increasing significantly from the prior year; these are estimated future costs provided by engineering consultants for managing the Cerbat and Mohave Valley landfills.

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

	2010	2011	Increase (Decrease)	% Change
Current assets and other assets	\$ 18,995,150	\$ 19,438,326	\$ 443,176	2.33%
Capital assets	15,358,567	14,960,939	(397,628)	-2.59%
Total assets	34,353,717	34,399,265	45,548	0.13%
Long-term liabilities outstanding	4,935,450	5,913,782	978,332	19.82%
Other liabilities	448,796	395,282	(53,514)	-11.92%
Total liabilities	5,384,246	6,309,064	924,818	17.18%
Net assets:				
Invested in capital assets, net of related debt	15,358,567	14,960,939	(397,628)	-2.59%
Restricted	9,899,250	8,575,013	(1,324,237)	-13.38%
Unrestricted	3,711,654	4,554,249	842,595	22.70%
Total net assets	\$ 28,969,471	\$ 28,090,201	\$ (879,270)	-3.04%

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



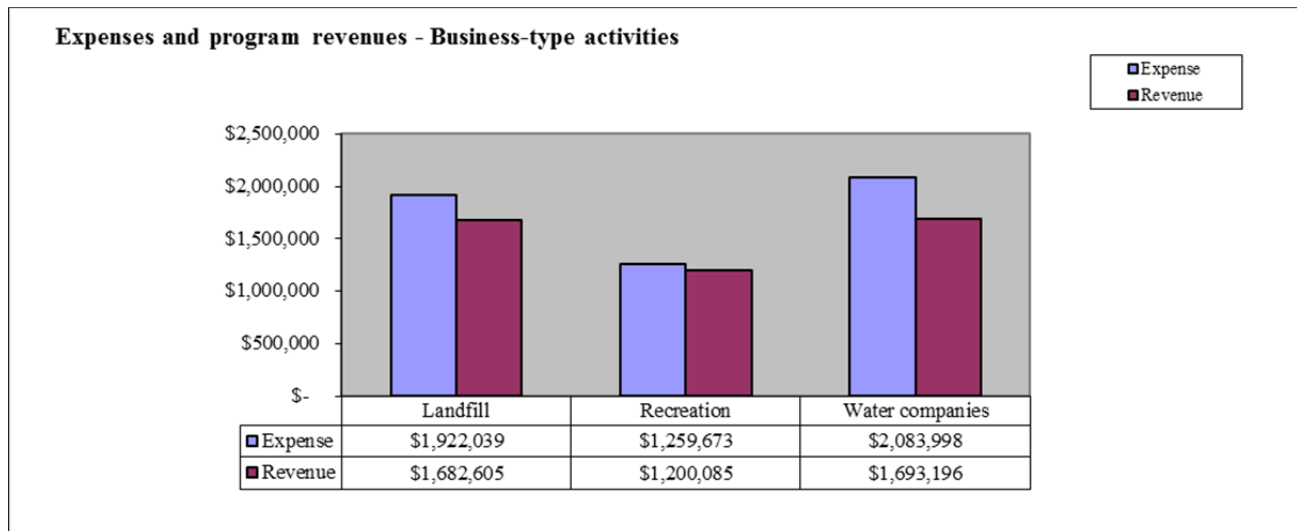
Analysis of revenue changes - The Business-type Activities Comparative Statement of Activities schedule on the following page shows the increases and decreases in revenue with an overall 7.4% decrease to total revenues. This decrease was due to the stalled economy which resulted in higher than normal vacant properties with little need for the services provided by either the water companies or landfills. In addition, investment earnings were dismal.

Business-type activities - comparative statement of activities highlights: Net assets for the enterprise funds decreased by \$879,270 (3%) from the prior year. As discussed earlier, the increase to the landfill closure and post-closure cost estimates was the primary reason for this decrease.

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

	2010	2011	Increase (decrease)	% Change
Revenues:				
Program revenues				
Charges for services	\$ 4,386,785	\$ 4,105,571	\$ (281,214)	-6.41%
Operating grants and contributions	357,515	390,315	32,800	9.17%
Capital grants and contributions	7,875	80,000	72,125	915.87%
Total program revenues	<u>4,752,175</u>	<u>4,575,886</u>	<u>(176,289)</u>	<u>-3.71%</u>
General revenues				
Other taxes	100,000	100,000	-	0.00%
Other revenues	386,793	174,334	(212,459)	-54.93%
Total general revenues	<u>486,793</u>	<u>274,334</u>	<u>(212,459)</u>	<u>-43.64%</u>
Total revenues	<u>5,238,968</u>	<u>4,850,220</u>	<u>(388,748)</u>	<u>-7.42%</u>
Expenses:				
Landfill	1,202,541	1,922,039	719,498	59.83%
Recreation	1,344,607	1,259,673	(84,934)	-6.32%
Water companies	2,034,224	2,083,998	49,774	2.45%
Total expenses	<u>4,581,372</u>	<u>5,265,710</u>	<u>684,338</u>	<u>14.94%</u>
Increase in net assets before transfers	657,596	(415,490)	(1,073,086)	-163.18%
Transfers	(138,707)	(463,780)	(325,073)	-234.36%
Increase in net assets	518,889	(879,270)	(1,398,159)	-269.45%
Net assets beginning of year	28,450,582	28,969,471	518,889	1.82%
Net assets end of year	<u>\$ 28,969,471</u>	<u>\$ 28,090,201</u>	<u>\$ (879,270)</u>	<u>-3.04%</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 \$100.5 million, a decrease of \$3.8 million in comparison with the prior year. The non-spendable fund balances consist of \$269,824 of prepaid expenses and \$303,707 invested in inventory. Restricted fund balances consist of \$15.3 million for Road Fund, \$19.4 million for Flood Control Fund, \$1.2 million for Admin Building Debt Service Fund, and the majority of the remaining balance for various special taxing districts and some special revenue funds.

The General Fund is the chief operating fund of Mohave County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10.6 million and the fund balance committed by the Board of Supervisors for future projects was \$9.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund unassigned fund balance equals 15.6% of total General Fund expenditures.

During the current fiscal year, the fund balance of Mohave County's General Fund increased by \$3.6 million. There was a one-time transfer in of \$2 million, from other funds, to offset funds withheld by the State from State shared revenues. This accounted for most of the fund balance increase. This represents a 22.5% increase from the fiscal year 2010 ending balance. Revenues increased by \$2.1 million (3%), mostly from tax revenues. Expenditures increased by \$4.5 million and total expenditures as a percentage of the total original budget were only 83% in fiscal year 2011. The County did not provide employees with any cost of living or step increases during the year.

The Road Fund had a total fund balance of \$15.6 million, of which \$305,197 is reserved for inventories and \$15.3 million is restricted and will be used for road maintenance and other approved projects for highway user funds. The net increase in restricted fund balance during the current year in the Road Fund was \$3.9 million. The increase results from fewer road projects completed in this fiscal year and from a transfer in of \$2.8 million from several funds for helping to offset the cost of the funds held back from the State shared revenue. The balance reflects funds available for ongoing road projects of the County.

The Flood Control Fund had a total fund balance of \$19.4, which was a decrease of \$3.1 million. Expenses increased \$1.97 million over the prior year, consisting of additional funds spent on flood channel maintenance projects and capital improvement projects of flood control systems. In addition, \$2.6 million was transferred to a capital construction fund for a public works facility. Revenues also decreased from the prior year with expenditures exceeding revenues collected by \$437,209. Funds are restricted for ongoing flood control projects of the County.

The County Capital Improvement Fund, which had an ending fund balance of \$11.9 million the previous year, no longer qualifies as a major fund. The fund is now reflected as part of the Other Governmental Funds information.

The Admin Building Debt Service Fund qualified as a major fund starting July 1, 2010. This fund was previously included in the Other Governmental Funds and had an ending fund balance of \$9 million at June 30, 2010. The fund balance represents transfers in from the County Capital Improvement - sales tax fund and the General Fund for future debt service payments. During the current year, the transfers in exceeded the debt payments by \$2.3 million. The funds available for future debt payments totaled \$11.3 million, at the end of the year.

The Other Governmental Funds had a combined fund balance of \$34.5 million at year-end. This was a net decrease of \$10.6 million from the prior year. The decrease primarily reflects transactions in the County Capital Improvement Fund-sales tax. Initially, Other Governmental Funds increased by the change in major funds. The beginning balance of the Admin Building Debt Service Fund, which was removed when it became a major fund, was \$9 million. It was replaced by the County Capital Improvement Fund, which had a beginning fund balance of \$11.9 million. That produced an increase of \$2.9 million. However, that fund spent \$6.3 million on the completion of the Jail, \$2 million on other projects and debt transfers exceeded total revenue by \$.7 million. The Bullhead City library remodel cost \$3.1 million. \$1.5 million of that amount was paid from prior years' revenues, which decreased the fund balance.

Proprietary funds

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

Statement of Net Assets-Business-type Activities - Net assets for all enterprise funds decreased \$.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 \$4.5 million. The I-40 Water Corridor Fund, G.V.I.D. Fund, and Landfill Fund all reflected a net loss before contributions and transfers, after recording depreciation expense. The loss in the Landfill Fund reflected two transactions; the landfill non-cash adjustment for closure and postclosure costs of \$1 million and a \$1 million transfer to the Hurf funds (as allowed by a state ARS) to help offset the State's withholding of Hurf funds. Excluding non-cash expenditures, I-40 Water Corridor Fund and G.V.I.D. Fund both showed an increase in cash position. The Other Enterprise Funds' net assets increased by \$22,591 due to a grant issued to the parks for Hualapai mountain park improvements.

Governmental Activities-Internal Service Funds - Net assets for the internal service funds increased by \$1.4 million. Half of the increase was from the Employee Benefit Trust Fund (EBT), which billed an additional \$1.6 million to departments, due to rising claim costs. This resulted in \$.7 million excess revenue over expenses which will be used as a hedge against future claims. The other \$.7 million was from increases to the vehicle replacement, fleet services, and information technology funds. The investment in capital assets, net of related debt decreased due to depreciation expense exceeding purchases in the current year.

Statement of Revenues, Expenses, and Changes in Fund Net Assets-Business-type Activities - The only difference between this statement and the Statement of Activities-Business type, discussed previously on page 10, is the presentation. The expenses are broken out in more detail on this report and the revenues are shown as either operating or non-operating.

Statement of Revenues, Expenses, and Changes in Fund Net Assets-Governmental Activities Internal Service Funds - Total Internal Service Funds operating expenses increased \$2.45 million or 14% from last year, while revenues increased by only \$2 million or 10%. Investment income decreased by \$148,146. This decrease was due to adjusting cash balances down to market. The primary reason for the downward adjustment is the unrealized loss adjustment for the Lehman brothers' investment.

General Fund Budgetary Highlights

Revenues: The General Fund revenue was below the total amount budgeted by \$.7 million (1%). Although the 2011 budget reflected a .03% decrease in budgeted revenues from 2010, it was still overly optimistic due to the economic downturn. Actual revenues increased by \$2 million over the prior year's actuals, but remained lower than budgeted.

Expenditures: Differences between the original budget and the final amended budget line items resulted from moving expenditures between departments and categories of budget. There was no increase in total budgeted expenditures between the original and final budgets for 2011. Total actual expenditures were below budgeted expenditures by \$13.7 million, \$10.6 million of that amount (77.7%) was unspent contingency funds. Actual expenditures increased \$4.5 million from 2010.

Variances 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 55-56.

Revenues: Revenue budgets were adjusted down for 2011 with the exception of taxes and miscellaneous revenues. Property tax revenues fell 2% short of the increased budget. This was due to timing and court approved tax adjustments. Intergovernmental revenue, a major revenue source, was below budget by \$.9 million. The primary cause was estimates of revenue increasing, while actuals continued to decline.

Expenditures: Expenditures were less than budgetary estimates by \$13.7 million. The prior year the difference was \$18.5 million. The budgeted amounts remained approximately the same for 2011 while actual expenditures increased over the prior year by \$4.5 million (7%). Of the County contingency budget of \$11.6 million, \$1 million was transferred to other General Fund departments and \$10.6 million remained unused. This accounted for most of the excess. The County's contribution to the Arizona Health Care Cost Containment System (AHCCCS) received a \$.5 million unbudgeted refund. In October 2007, as a hedge against the declining economy, the Board of Supervisors enacted a hiring freeze on most vacant positions which continued into fiscal year 2011. Personnel vacancies resulted in \$.7 million excess budget. In addition to vacant positions, the Development Services department had excess budget from not outsourcing the plans review function. They had savings of \$.3 million. The remaining balance of available budget is scattered throughout the other departments in supplies and other services. Most departments were able to maintain expenses at the prior year level. The one exception was the jail, which had to increase personnel for the expansion of the new jail. No merit raises or cost of living increases have been given to employees since fiscal year 2009, when a 2.5% step increase was given.

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, 2011 amounts to \$234.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, improvements other than buildings, machinery and equipment, park facilities, roads, highways, bridges, and an internally generated software program. The increase in capital assets of \$5.6 million (net of depreciation) resulted from the following major projects and purchases: completion of the Mohave County Jail, remodel and expansion of the Bullhead City Library, Moccasin justice court, several flood control projects, and the purchase of additional fleet vehicles.

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

	2010	2011	Increase (Decrease)	% Change
Governmental activities				
Capital assets, not being depreciated	\$ 107,626,255	\$ 36,779,101	\$ (70,847,154)	-65.83%
Capital assets, being depreciated	105,670,047	182,505,887	76,835,840	72.71%
Total governmental capital assets	<u>213,296,302</u>	<u>219,284,988</u>	<u>5,988,686</u>	<u>2.81%</u>
Business-type activities				
Capital assets, not being depreciated	1,714,287	1,812,136	97,849	5.71%
Capital assets, being depreciated	13,644,280	13,148,803	(495,477)	-3.63%
Total business-type capital assets	<u>15,358,567</u>	<u>14,960,939</u>	<u>(397,628)</u>	<u>-2.59%</u>
Total governmental and business-type activities				
Capital assets, not being depreciated	109,340,542	38,591,237	(70,749,305)	-64.71%
Capital assets, being depreciated	119,314,327	195,654,690	76,340,363	63.98%
Total capital assets	<u>\$ 228,654,869</u>	<u>\$ 234,245,927</u>	<u>\$ 5,591,058</u>	<u>2.45%</u>

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

- \$6.6 million completed the Correctional Facility for a total cost of \$74.4 million.
- \$3.1 million was spent on the Bullhead City library addition/remodel with an estimated \$1 million additional needed to complete.
- \$386,050 was spent on the North Canyon Consolidated Court facility with an estimated \$200,000 needed to complete the project.
- The County replaced twenty-five aging vehicles from the fleet at a total cost of \$770,289. Twenty four were purchased using general government funding: thirteen from the General Fund, three from Road Fund, two from Flood Control Fund, six from Other Governmental Funds and one from business-type funds.

The 66% decrease to governmental activities capital assets not being depreciated reflects the cost of the Correctional Facility transferring from construction in progress to a completed building being depreciated. Notes 5 and 6, 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 \$65.1 million. Of this amount, \$50 million is related to completed construction projects and special assessment debt, backed as follows: \$3.5 million of unspent proceeds and reserves, \$45.5 million backed by buildings of the government used as collateral for Beneficial Interest Certificates issued, and \$1 million is special assessment debt for which the government currently has \$.86 million in cash reserves and can sell the taxpayers' property to cover the balance of the debt, in the event of default by the property owners subject to the assessment. The remainder of Mohave County's long-term liabilities are comprised of claims and judgments payable, landfill closure and postclosure care costs payable, and compensated absences payable incurred during normal operations. For details see note 8.

State statutes limit the amount of general obligation debt a government entity may issue to 6% of its total secondary assessed valuation, without taxpayer approval, and up to 15% with the approval of a majority of taxpayers. The debt limitation for Mohave County for fiscal year 2010/2011 was \$156 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 8, 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

Population growth has leveled off, but there are still significant service demands for the existing population. A declining economy creates additional costs and additional demand for public services. The revenue trend for governments was declining for 2011 and is either still declining or flat for 2012. This trend is predicted to continue for the next year or two. All of these factors were considered in preparing Mohave County's budget for the 2012 fiscal year. In an effort to keep expenses down and avoid layoffs, the County will continue to reduce the labor force through attrition.

The average unemployment rate for Mohave County was 10.5% for 2011, which is a decrease from an average rate of 11.2%¹ in 2010. The unemployment rate in Mohave County exceeded the state's average unemployment rate of 9.6% and compares unfavorably to the national average rate 9.3%. In October 2011, Mohave County's rate was at 10.1% while the state's was 9.0% and the Federal rate was 9.0%.

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

¹ Bureau of Labor Statistics (BLS) website is source of unemployment data. Mohave County's 2010 figures were amended since fiscal year 2010 financials were prepared.

Basic Financial Statements

MOHAVE COUNTY
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
Assets			
Current Assets			
Cash and investments	\$ 112,614,235	\$ 16,665,558	\$ 129,279,793
Receivables (net of allowances for uncollectibles):			
Property taxes	6,198,986	386	6,199,372
Accounts	1,223,390	321,463	1,544,853
Accrued interest	377,001	54,234	431,235
Special assessments	885,532	-	885,532
Due from other governments	5,867,545	104,431	5,971,976
Inventories	406,589	416,931	823,520
Prepaid items	754,839	2,553	757,392
Restricted cash	4,022,654	953,095	4,975,749
Internal balances	(919,675)	919,675	-
Capital assets, not being depreciated	36,779,101	1,812,136	38,591,237
Capital assets, being depreciated, net	182,505,887	13,148,803	195,654,690
Total assets	<u>350,716,084</u>	<u>34,399,265</u>	<u>385,115,349</u>
Liabilities			
Current Liabilities			
Accounts payable	2,602,772	127,651	2,730,423
Accrued payroll and employee benefits	2,463,772	42,626	2,506,398
Accrued interest	482,066	-	482,066
Due to other governments	284,008	13,449	297,457
Deposits held for others	362,383	110,995	473,378
Deferred revenue	504,314	100,561	604,875
Noncurrent liabilities			
Current portion of long-term obligations	13,180,776	123,024	13,303,800
Noncurrent portion of long-term obligations	45,986,332	5,790,758	51,777,090
Total liabilities	<u>65,866,423</u>	<u>6,309,064</u>	<u>72,175,487</u>
Net Assets			
Invested in capital assets, net of related debt	170,282,699	14,960,939	185,243,638
Restricted for:			
Public safety	3,105,475	-	3,105,475
Highways and streets	15,326,357	-	15,326,357
Health	620,945	-	620,945
Welfare	1,012,659	-	1,012,659
Sanitation	-	7,621,918	7,621,918
Education	189,603	-	189,603
Debt service	14,047,364	-	14,047,364
Capital projects	3,774,204	953,095	4,727,299
Other purposes	676,413	-	676,413
Unrestricted	75,813,942	4,554,249	80,368,191
Total net assets	<u>\$ 284,849,661</u>	<u>\$ 28,090,201</u>	<u>\$ 312,939,862</u>

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

MOHAVE COUNTY
Statement of Activities
Year Ended June 30, 2011

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	\$ 59,154,601	\$ 13,042,771	\$ 2,489,192	\$ 46,945	\$ (43,575,693)	\$ -	\$ (43,575,693)
Public safety	23,201,571	3,059,203	3,683,935	-	(16,458,433)	-	(16,458,433)
Highways and streets	23,262,369	663,552	10,762,608	-	(11,836,209)	-	(11,836,209)
Health	11,653,603	1,544,398	3,242,756	-	(6,866,449)	-	(6,866,449)
Welfare	4,697,172	548,180	3,935,657	-	(213,335)	-	(213,335)
Culture and recreation	4,506,929	72,622	104,053	-	(4,330,254)	-	(4,330,254)
Education	2,250,034	-	1,889,173	-	(360,861)	-	(360,861)
Interest on long-term debt	2,219,545	-	-	-	(2,219,545)	-	(2,219,545)
Total governmental activities	<u>130,945,824</u>	<u>18,930,726</u>	<u>26,107,374</u>	<u>46,945</u>	<u>(85,860,779)</u>	<u>-</u>	<u>(85,860,779)</u>
Business-type activities:							
Landfill	1,922,039	1,292,290	390,315	-	-	(239,434)	(239,434)
Recreation	1,259,673	1,120,085	-	80,000	-	(59,588)	(59,588)
Water companies	2,083,998	1,693,196	-	-	-	(390,802)	(390,802)
Total business-type activities	<u>5,265,710</u>	<u>4,105,571</u>	<u>390,315</u>	<u>80,000</u>	<u>-</u>	<u>(689,824)</u>	<u>(689,824)</u>
Total primary government	<u>\$ 136,211,534</u>	<u>\$ 23,036,297</u>	<u>\$ 26,497,689</u>	<u>\$ 126,945</u>	<u>(85,860,779)</u>	<u>(689,824)</u>	<u>(86,550,603)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					46,415,469	-	46,415,469
Property taxes, levied for flood control					11,045,544	-	11,045,544
Share of state sales taxes					17,503,529	-	17,503,529
Special county sales tax for capital projects					5,710,609	-	5,710,609
Auto-lieu tax					8,215,028	-	8,215,028
Federal in-lieu tax					3,250,738	100,000	3,350,738
Local in-lieu tax					16,519	-	16,519
Utilities franchise tax					367,546	-	367,546
County equalization revenue					125,505	-	125,505
Investment earnings					1,103,684	137,758	1,241,442
Miscellaneous					216,362	34,576	250,938
Rent					123,789	2,000	125,789
Transfers					463,780	(463,780)	-
Total general revenues					<u>94,558,102</u>	<u>(189,446)</u>	<u>94,368,656</u>
Change in net assets					8,697,323	(879,270)	7,818,053
Net assets, July 1, 2010					276,152,338	28,969,471	305,121,809
Net assets, June 30, 2011					<u>\$ 284,849,661</u>	<u>\$ 28,090,201</u>	<u>\$ 312,939,862</u>

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

MOHAVE COUNTY
Balance Sheet
Governmental Funds
June 30, 2011

Assets	General Fund	Road Fund	Flood Control Fund	Admin Building Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 18,781,261	\$ 14,666,040	\$ 19,424,950	\$ 10,941,576	\$ 31,902,329	\$ 95,716,156
Receivables (net of allowances for uncollectibles):						
Property taxes	3,545,316	-	1,442,208	-	1,211,462	6,198,986
Accounts	401,959	4,454	2,147	-	262,336	670,896
Accrued interest	69,121	47,949	77,319	33,243	104,454	332,086
Special assessments	-	-	-	-	885,532	885,532
Due from:						
Other funds	51,092	-	997	-	365,013	417,102
Other governments	2,190,374	1,195,081	-	-	2,476,118	5,861,573
Inventories	-	303,707	-	-	-	303,707
Prepaid items	18,754	1,490	-	-	249,580	269,824
Restricted cash	-	-	-	1,240,349	2,766,296	4,006,645
Total assets	\$ 25,057,877	\$ 16,218,721	\$ 20,947,621	\$ 12,215,168	\$ 40,223,120	\$ 114,662,507
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 584,222	\$ 223,792	\$ 352,063	\$ -	\$ 1,239,473	\$ 2,399,550
Accrued payroll and employee benefits	1,529,100	229,106	41,256	-	588,823	2,388,285
Due to:						
Other funds	11,498	135,759	-	-	249,000	396,257
Other governments	-	-	-	-	284,008	284,008
Deposits held for others	287,215	-	-	-	75,168	362,383
Advances payable - Landfill	-	-	-	-	919,667	919,667
Beneficial interest certificates:						
Principal payable	-	-	-	605,000	-	605,000
Interest payable	-	-	-	314,028	168,038	482,066
Deferred revenue	2,929,907	-	1,201,671	-	2,232,450	6,364,028
Total liabilities	5,341,942	588,657	1,594,990	919,028	5,756,627	14,201,244
Fund balances						
Nonspendable	18,754	305,197	-	-	249,580	573,531
Restricted	-	15,324,867	19,352,631	1,240,349	30,457,781	66,375,628
Committed	9,067,845	-	-	10,055,791	3,759,132	22,882,768
Unassigned	10,629,336	-	-	-	-	10,629,336
Total fund balances	19,715,935	15,630,064	19,352,631	11,296,140	34,466,493	100,461,263
Total liabilities and fund balances	\$ 25,057,877	\$ 16,218,721	\$ 20,947,621	\$ 12,215,168	\$ 40,223,120	\$ 114,662,507

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, 2011

Fund balances - total governmental funds		\$ 100,461,263
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.		216,508,726
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	5,142,525	
Special assessments receivable	<u>717,189</u>	5,859,714
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, and telecommunications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		18,480,565
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	(991,000)	
Beneficial interest certificates	(48,075,000)	
Beneficial interest certificates premium-unamortized	(318,203)	
Compensated absences	<u>(7,076,404)</u>	<u>(56,460,607)</u>
Net assets of governmental activities		<u>\$ 284,849,661</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, 2011

	General Fund	Road Fund	Flood Control Fund	Admin Building Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 36,475,427	\$ -	\$ 11,045,544	\$ -	\$ 16,115,751	\$ 63,636,722
Special assessments	-	-	-	-	395,722	395,722
Licenses and permits	590,757	36,550	5,312	-	706,860	1,339,479
Intergovernmental	26,962,016	12,796,099	205,233	-	14,852,656	54,816,004
Charges for services	6,815,791	621,351	-	40,000	4,737,538	12,214,680
Fines and forfeits	1,700,397	339	-	-	632,149	2,332,885
Investment earnings	278,754	121,003	302,497	76,783	189,507	968,544
Rents	-	86,358	-	-	102,431	188,789
Contributions	1,116	-	-	-	156,874	157,990
Miscellaneous	113,207	35,892	-	-	36,585	185,684
Total revenues	<u>72,937,465</u>	<u>13,697,592</u>	<u>11,558,586</u>	<u>116,783</u>	<u>37,926,073</u>	<u>136,236,499</u>
Expenditures:						
Current:						
General government	37,520,524	-	-	-	6,013,515	43,534,039
Public safety	23,587,033	-	-	-	4,724,045	28,311,078
Highways and streets	-	12,146,026	11,995,795	-	8,199	24,150,020
Health	6,725,677	-	-	-	6,057,614	12,783,291
Welfare	-	-	-	-	4,763,122	4,763,122
Culture and recreation	-	-	-	-	8,509,870	8,509,870
Education	426,371	-	-	-	2,127,892	2,554,263
Capital outlay	-	-	-	-	8,711,280	8,711,280
Debt service:						
Principal retirement	-	-	-	1,195,000	3,820,000	5,015,000
Interest and fiscal charges	-	-	-	645,806	1,573,739	2,219,545
Total expenditures	<u>68,259,605</u>	<u>12,146,026</u>	<u>11,995,795</u>	<u>1,840,806</u>	<u>46,309,276</u>	<u>140,551,508</u>
Excess (deficiency) of revenues over expenditures	<u>4,677,860</u>	<u>1,551,566</u>	<u>(437,209)</u>	<u>(1,724,023)</u>	<u>(8,383,203)</u>	<u>(4,315,009)</u>
Other financing sources (uses):						
Transfers in	3,362,852	2,781,795	-	4,028,553	10,015,199	20,188,399
Transfers out	(4,423,490)	(432,403)	(2,639,430)	-	(12,229,296)	(19,724,619)
Total other financing sources (uses)	<u>(1,060,638)</u>	<u>2,349,392</u>	<u>(2,639,430)</u>	<u>4,028,553</u>	<u>(2,214,097)</u>	<u>463,780</u>
Net change in fund balances	3,617,222	3,900,958	(3,076,639)	2,304,530	(10,597,300)	(3,851,229)
Fund balances, July 1, 2010	16,098,713	11,712,541	22,429,270	8,991,610	45,063,793	104,295,927
Changes in nonspendable resources:						
Increase in inventories	-	16,565	-	-	-	16,565
Fund balances, June 30, 2011	<u>\$ 19,715,935</u>	<u>\$ 15,630,064</u>	<u>\$ 19,352,631</u>	<u>\$ 11,296,140</u>	<u>\$ 34,466,493</u>	<u>\$ 100,461,263</u>

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

MOHAVE COUNTY
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2011

Net change in fund balances - total governmental funds		\$ (3,851,229)
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	14,250,776	
Depreciation expense	<u>(7,686,582)</u>	6,564,194
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		(281,328)
Debt proceeds provide current financial resources to governmental 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	580,000	
Beneficial interest certificates-payments	4,435,000	
Beneficial interest certificates premium-amortization	<u>39,776</u>	5,054,776
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.		
Decrease in compensated absences		2,726
Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities		(171,426)
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		16,565
Internal service funds are used by management to charge the costs of certain activities, such as insurance, automotive maintenance and operation, information technology and telecommunications, to individual funds. The net revenue of certain internal service funds is reported with governmental activities in the Statement of Activities.		
		<u>1,363,045</u>
Change in net assets of governmental activities		<u>\$ 8,697,323</u>

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

MOHAVE COUNTY
Statement of Net Assets
Proprietary Funds
June 30, 2011

	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 1,674,296	\$ 12,280,678	\$ 1,536,334	\$ 1,174,250	\$ 16,665,558	\$ 16,898,079
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	386	-	386	-
Accounts	105,505	162,770	53,188	-	321,463	552,494
Accrued interest	6,183	38,064	6,611	3,376	54,234	44,915
Due from:						
Other funds	-	-	8	-	8	324
Other governments	-	97,032	-	7,399	104,431	5,972
Inventories	217,014	-	199,917	-	416,931	102,882
Prepaid items	-	-	-	2,553	2,553	485,015
Total current assets	<u>2,002,998</u>	<u>12,578,544</u>	<u>1,796,444</u>	<u>1,187,578</u>	<u>17,565,564</u>	<u>18,089,681</u>
Noncurrent assets:						
Restricted cash	410,162	-	542,933	-	953,095	16,009
Advance to other funds	-	919,667	-	-	919,667	-
Capital assets, net of accumulated depreciation, where applicable						
Land	-	108,699	40,388	1,481,772	1,630,859	-
Infrastructure, net	3,583,262	857,459	6,267,983	602,694	11,311,398	-
Buildings, net	-	-	47,236	1,241,436	1,288,672	-
Equipment, net	27,167	44,290	224,895	252,381	548,733	2,776,262
Construction in progress	-	94,723	-	86,554	181,277	-
Total noncurrent assets	<u>4,020,591</u>	<u>2,024,838</u>	<u>7,123,435</u>	<u>3,664,837</u>	<u>16,833,701</u>	<u>2,792,271</u>
Total assets	<u>6,023,589</u>	<u>14,603,382</u>	<u>8,919,879</u>	<u>4,852,415</u>	<u>34,399,265</u>	<u>20,881,952</u>
Liabilities						
Current liabilities:						
Accounts payable	24,866	56,834	18,689	27,262	127,651	203,222
Accrued payroll and employee benefits	3,736	8,886	7,712	22,292	42,626	75,487
Due to:						
Other funds	-	-	-	-	-	21,177
Other governments	5,558	-	7,891	-	13,449	-
Deposits held for others	25,000	-	85,995	-	110,995	-
Deferred revenues	86,358	-	14,203	-	100,561	-
Current portion of:						
Compensated absences payable	13,965	30,135	15,722	63,202	123,024	234,289
Claims and judgments payable	-	-	-	-	-	1,841,182
Total current liabilities	<u>159,483</u>	<u>95,855</u>	<u>150,212</u>	<u>112,756</u>	<u>518,306</u>	<u>2,375,357</u>
Noncurrent liabilities:						
Landfill closure and postclosure care costs payable	-	5,777,090	-	-	5,777,090	-
Compensated absences payable	1,552	3,348	1,746	7,022	13,668	26,030
Total noncurrent liabilities	<u>1,552</u>	<u>5,780,438</u>	<u>1,746</u>	<u>7,022</u>	<u>5,790,758</u>	<u>26,030</u>
Total liabilities	<u>161,035</u>	<u>5,876,293</u>	<u>151,958</u>	<u>119,778</u>	<u>6,309,064</u>	<u>2,401,387</u>
Net Assets						
Invested in capital assets, net of related debt	3,610,429	1,105,171	6,580,502	3,664,837	14,960,939	2,776,262
Restricted for:						
Capital projects	410,162	-	542,933	-	953,095	-
Sanitation	-	7,621,918	-	-	7,621,918	-
Unrestricted	1,841,963	-	1,644,486	1,067,800	4,554,249	15,704,303
Total net assets	<u>\$ 5,862,554</u>	<u>\$ 8,727,089</u>	<u>\$ 8,767,921</u>	<u>\$ 4,732,637</u>	<u>\$ 28,090,201</u>	<u>\$ 18,480,565</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
June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental
	I-40 Water Corridor Fund	Landfill Fund	G.V.I.D. Fund	Other Enterprise Funds	Total	Activities- Internal Service Funds
Operating revenues:						
Charges for services	\$ 1,028,219	\$ 1,292,290	\$ 634,413	\$ 1,150,649	\$ 4,105,571	\$ 21,332,104
Miscellaneous	26,273	-	1,194	7,109	34,576	30,678
Total operating revenues	<u>1,054,492</u>	<u>1,292,290</u>	<u>635,607</u>	<u>1,157,758</u>	<u>4,140,147</u>	<u>21,362,782</u>
Operating expenses:						
Personnel services	130,302	269,139	260,494	624,001	1,283,936	2,160,348
Supplies	18,368	16,361	23,709	124,936	183,374	332,805
Professional services	57,563	348,226	75,937	61,539	543,265	117,574
Communications	5,631	1,482	18,851	18,022	43,986	547,695
Insurance	65,870	13,036	11,441	17,941	108,288	720,406
Landfill closure and postclosure care costs	-	1,009,421	-	-	1,009,421	-
Insurance claims	-	-	-	-	-	12,571,658
Lawsuit judgments	-	-	-	-	-	384,879
Repairs and maintenance	-	5,556	31,780	76,724	114,060	76,487
Public utility service	493,328	91,878	112,189	261,866	959,261	-
Rents and leases	5,000	9,634	11,000	6,679	32,313	1,255,903
Depreciation	278,331	55,245	369,913	112,375	815,864	890,910
Other	17,315	102,061	36,138	18,157	173,671	1,086,145
Total operating expenses	<u>1,071,708</u>	<u>1,922,039</u>	<u>951,452</u>	<u>1,322,240</u>	<u>5,267,439</u>	<u>20,144,810</u>
Operating income (loss)	<u>(17,216)</u>	<u>(629,749)</u>	<u>(315,845)</u>	<u>(164,482)</u>	<u>(1,127,292)</u>	<u>1,217,972</u>
Nonoperating revenues (expenses):						
Investment earnings	14,703	111,768	4,214	7,073	137,758	135,140
Rent income	-	-	2,000	-	2,000	-
Grants	-	390,315	-	180,000	570,315	-
Gain on disposal of capital assets	-	-	1,729	-	1,729	9,139
Total nonoperating revenues	<u>14,703</u>	<u>502,083</u>	<u>7,943</u>	<u>187,073</u>	<u>711,802</u>	<u>144,279</u>
Income (loss) before contributions and transfers	<u>(2,513)</u>	<u>(127,666)</u>	<u>(307,902)</u>	<u>22,591</u>	<u>(415,490)</u>	<u>1,362,251</u>
Capital contributions	-	-	-	-	-	794
Transfers in	-	-	662,252	-	662,252	-
Transfers out	-	(1,126,028)	(4)	-	(1,126,032)	-
Increase (decrease) in net assets	<u>(2,513)</u>	<u>(1,253,694)</u>	<u>354,346</u>	<u>22,591</u>	<u>(879,270)</u>	<u>1,363,045</u>
Total net assets, July 1, 2010	<u>5,865,067</u>	<u>9,980,783</u>	<u>8,413,575</u>	<u>4,710,046</u>	<u>28,969,471</u>	<u>17,117,520</u>
Total net assets, June 30, 2011	<u>\$ 5,862,554</u>	<u>\$ 8,727,089</u>	<u>\$ 8,767,921</u>	<u>\$ 4,732,637</u>	<u>\$ 28,090,201</u>	<u>\$ 18,480,565</u>

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

MOHAVE COUNTY
Statement of Cash Flows
Proprietary Funds
June 30, 2011

	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	\$ 949,698	\$ 1,374,679	\$ 629,142	\$ 1,157,994	\$ 4,111,513	\$ 441,077
Receipts from interfund services provided	-	-	-	-	-	20,691,272
Payments to suppliers	(663,819)	(498,459)	(239,640)	(524,069)	(1,925,987)	(16,321,138)
Payments to employees	(138,396)	(269,501)	(277,731)	(628,693)	(1,314,321)	(2,116,869)
Payments for interfund services used	(40,125)	(67,743)	(90,802)	(70,252)	(268,922)	(188,472)
Net cash provided by (used for) operating activities	<u>107,358</u>	<u>538,976</u>	<u>20,969</u>	<u>(65,020)</u>	<u>602,283</u>	<u>2,505,870</u>
Cash flows from noncapital financing activities:						
Transfers from (to) other funds	-	(1,123,195)	662,252	-	(460,943)	-
Rent income	-	-	2,000	-	2,000	-
Subsidy from non-capital grant	-	382,326	-	180,000	562,326	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(740,869)</u>	<u>664,252</u>	<u>180,000</u>	<u>103,383</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	(97,095)	(41,708)	(106,193)	(175,537)	(420,533)	(631,994)
Proceeds from sales of capital assets	-	-	7,474	-	7,474	(24,818)
Net cash used for capital and related financing activities	<u>(97,095)</u>	<u>(41,708)</u>	<u>(98,719)</u>	<u>(175,537)</u>	<u>(413,059)</u>	<u>(656,812)</u>
Cash flows from investing activities:						
Interest and dividends received	15,082	102,826	3,894	8,124	129,926	143,343
Net cash provided by investing activities	<u>15,082</u>	<u>102,826</u>	<u>3,894</u>	<u>8,124</u>	<u>129,926</u>	<u>143,343</u>
Net increase (decrease) in cash and cash equivalents	25,345	(140,775)	590,396	(52,433)	422,533	1,992,401
Cash and cash equivalents, July 1, 2010	2,059,113	12,421,453	1,488,871	1,226,683	17,196,120	14,921,687
Cash and cash equivalents, June 30, 2011	<u>\$ 2,084,458</u>	<u>\$ 12,280,678</u>	<u>\$ 2,079,267</u>	<u>\$ 1,174,250</u>	<u>\$ 17,618,653</u>	<u>\$ 16,914,088</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (17,216)	\$ (629,749)	\$ (315,845)	\$ (164,482)	\$ (1,127,292)	\$ 1,217,972
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	278,331	55,245	369,913	112,375	815,864	890,910
Landfill closure and postclosure care costs	-	1,009,421	-	-	1,009,421	-
Expenses incurred but not reported	-	-	-	-	-	622,165
Changes in assets and liabilities:						
Receivables, (increase) decrease	(93,858)	82,287	(5,128)	7,634	(9,065)	(339,133)
Due from other funds, decrease	-	-	85	-	85	133,068
Due from other governments, (increase) decrease	-	-	100	(7,399)	(7,299)	(618)
Inventories, (increase)	(33,391)	-	(16,592)	-	(49,983)	(2,814)
Prepaid items, (increase) decrease	58,357	166	-	90	58,613	(133,188)
Accounts payable, increase (decrease)	(78,513)	22,774	10,724	(6,023)	(51,038)	77,129
Due to other funds, increase (decrease)	(17)	(2)	-	-	(19)	21,177
Due to other governments, increase	5,928	-	357	-	6,285	-
Accrued payroll and employee benefits increase (decrease)	(2,156)	(30)	(2,495)	1,504	(3,177)	9,032
Compensated absences payable, increase (decrease)	(6,191)	(1,136)	(15,043)	(8,719)	(31,089)	10,170
Deferred revenues, increase (decrease)	(3,916)	-	14,203	-	10,287	-
Deposits held for others, (decrease)	-	-	(19,310)	-	(19,310)	-
Total adjustments	<u>124,574</u>	<u>1,168,725</u>	<u>336,814</u>	<u>99,462</u>	<u>1,729,575</u>	<u>1,287,898</u>
Net cash provided by (used for) operating activities	<u>\$ 107,358</u>	<u>\$ 538,976</u>	<u>\$ 20,969</u>	<u>\$ (65,020)</u>	<u>\$ 602,283</u>	<u>\$ 2,505,870</u>
Cash at June 30, 2011 is comprised of the following:						
Cash and investments	\$ 1,674,296	\$ 12,280,678	\$ 1,536,334	\$ 1,174,250	\$ 16,665,558	\$ 16,898,079
Restricted cash	410,162	-	542,933	-	953,095	16,009
Total	<u>\$ 2,084,458</u>	<u>\$ 12,280,678</u>	<u>\$ 2,079,267</u>	<u>\$ 1,174,250</u>	<u>\$ 17,618,653</u>	<u>\$ 16,914,088</u>

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

MOHAVE COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Investment Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and investments	<u>\$ 55,038,195</u>	<u>\$ 317,131</u>
Total assets	<u>55,038,195</u>	<u>\$ 317,131</u>
Liabilities		
Deposits held for others	<u>-</u>	<u>\$ 317,131</u>
Total liabilities	<u>-</u>	<u>\$ 317,131</u>
Net Assets		
Held in trust for investment trust participants	<u>\$ 55,038,195</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, 2011

	<u>Investment Trust Funds</u>
Additions:	
Contributions from participants	388,500,723
Investment earnings:	
Interest and dividend income	817,992
Net increase in fair value of investments	<u>547,403</u>
Net investment earnings	<u>1,365,395</u>
Total additions	<u>389,866,118</u>
Deductions:	
Distributions to participants	<u>(407,113,348)</u>
Total deductions	<u>(407,113,348)</u>
Change in net assets	(17,247,230)
Net assets, July 1, 2010	<u>72,285,425</u>
Net assets, June 30, 2011	<u><u>55,038,195</u></u>

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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. Fund Balance Classifications.....	32
I. Investment Earnings	33
J. Compensated Absences	33
Note 2 – Stewardship, Compliance, and Accountability	34
Note 3 – Deposits and Investments	34
Note 4 – Property Taxes Receivable	37
Note 5 – Capital Assets	38
Note 6 – Construction and Other Significant Commitments.....	39
Note 7 – Restricted Assets.....	40
Note 8 – Long-Term Liabilities.....	40
Note 9 – Fund Balance Classifications of the Governmental Funds	45
Note 10 – Risk Management	45
Note 11 – Operating Leases.....	46
Note 12 – Pensions and Other Postemployment Benefits	46
Note 13 – Interfund Balances and Activity	51
Note 14 – County Treasurer’s Investment Pool	52

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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).

For the year ended June 30, 2011, the County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions.

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

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 operation 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, 2011

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 noncapital grants, 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, 2011

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

The County reports the following major governmental funds:

- **The General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **The Road Fund** accounts for all taxes on gas and auto license fees collected for building and maintaining County roads.
- **The Flood Control Fund** accounts for all monies collected from local taxpayers in the form of a levy on real property. These funds are used in planning, engineering, constructing, repairing, and maintaining flood control channels in Mohave County.
- **The Admin Building Debt Service Fund** accounts for debt service payments on the 2004 Beneficial Interest Certificates and is funded from the ¼ cent sales tax fund. This fund replaces the County Capital Improvement Fund as a major fund this year.

The County reports the following major enterprise funds:

- **The 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.
- **The Landfill Fund** accounts for the operations of two landfills located in Mohave County.
- **The 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, 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 other governmental entities; as well as individual investments, including money market investments held by outside trustees.

The agency fund accounts for assets held by the County as an agent for the Public Fiduciary clients.

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, 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 they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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

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

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 as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method.

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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	Estimated
		Method	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
Utility systems	\$5,000	Straight Line	10-50 years
Intangibles	\$5,000	Straight Line	7-15 years

H. Fund Balance Classifications

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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

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

The unrestricted fund balance category is comprised of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations approved by the County's Board of Supervisors, which is the highest level of decision-making authority within the County. The constraints placed on committed fund balances can only be removed or changed by the Board.

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

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

I. Investment Earnings

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 2 – Stewardship, Compliance, and Accountability

Deficit fund balances or net assets-At June 30, 2011, the following funds reported deficits in net assets or fund balances:

<u>Fund</u>	<u>Deficit</u>
Capital projects	
G.V.I.D. construction	\$ <u>799,736</u>

The G.V.I.D. construction fund borrowed funds from the Landfill fund to cover expenses of an improvement district instead of issuing bonds. These funds are reflected as a liability, rather than revenue, resulting in a negative fund balance. The liability is to be paid back to the Landfill fund through collections from the property owners.

Note 3 – Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest-earning investments such as savings 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 of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures, and notes must be rated within the top three ratings by a nationally recognized rating agency.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating services. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Concentration of credit risk

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

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.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 3 – Deposits and Investments (cont'd)

Deposits - At June 30, 2011, the carrying amount of the County's deposits was \$15,575,599 and the bank balance was \$24,685,980. There was cash on hand of \$34,853. It is the County's policy to collateralize all deposits by at least 101 percent of the deposits not covered by depository insurance.

Investments – The County's investments at June 30, 2011, were as follows:

<u>Investment Type</u>	<u>Amount</u>
Guaranteed investment contract	\$ 63,711
U.S. agency securities	167,557,714
Corporate bonds	6,306,250
State Treasurer's Local Government Investment Pool	72,741
Total investments	<u>\$ 174,000,416</u>

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

Credit Risk – It is the County's investment policy to invest to preserve the principal value of the portfolio. This is to be accomplished through limiting the types of securities purchased, the percent of the portfolio of each type of security and the length of time they can be held. Investments allowed are obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities. The County can also invest in certificates of deposits, commercial paper, obligations of Arizona state and local governments, repurchase agreements, money market mutual funds, and corporate bonds, debentures or notes issued by United States companies with AA or greater ratings by Standard and Poor's rating service. All purchases must have prior approval of the investment oversight committee. At June 30, 2011, credit risk 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	S & P	\$ 167,557,714
Corporate bonds	BBB-	S & P	5,000,000
Corporate bonds	Unrated	S & P	1,306,250
State Treasurer's Local Government Investment Pool 7	Unrated	Not applicable	72,741
			<u>\$ 173,936,705</u>

At the time of purchase, all investments carried ratings at or above AA.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 3 – Deposits and Investments (cont'd)

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

Concentration of Credit Risk - The County’s formal investment policy requires at least 10 percent of the overall portfolio to be invested in highly liquid accounts such as local government pools, money market funds or overnight repurchase agreements to ensure the ability to meet ongoing obligations. It also limits the total amount of corporate securities to 20 percent of the total portfolio, with not more than 5 percent invested in any single corporation. Corporate bonds and stocks represented 3.63 percent of the total portfolio at June 30, 2011. All other securities will be structured with varying maturity dates, not to exceed 5 years, and in various types of investments described under credit risk. The County had investments at June 30, 2011, of 5 percent or more in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 35.66 percent, 31.3 percent, and 25.4 percent, respectively, of the County’s total investments. The County Capital Improvement fund had 100 percent of its beneficial interest certificates proceeds held in a guaranteed investment contract, which was less than 1 percent of the primary government’s total investments.

Interest Rate Risk – The County’s formal policy with respect to interest rate risk minimizes the risk by structuring the portfolio into two accounts to meet cash needs. The return on investment is secondary to safety and liquidity. One account consists of highly liquid securities with maturities of 120 days or less. The second account has maturities of greater than 120 days. Both accounts will have active secondary markets. At June 30, 2011, 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 pool	\$ 72,741	\$ 72,741	\$ -
U.S. agency securities	167,557,714	31,272,753	136,284,961
Corporate bonds	<u>6,306,250</u>	<u>1,306,250</u>	<u>5,000,000</u>
Total	<u>\$ 173,936,705</u>	<u>\$ 32,651,744</u>	<u>\$ 141,284,961</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 3 – 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	\$ 34,853
Amount of deposits	15,575,599
Amount of investments	174,000,416
Total	\$ 189,610,868

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	\$ 112,614,235	\$ 16,665,558	\$ 55,038,195	\$ 317,131	\$ 184,635,119
Restricted cash	4,022,654	953,095	-	-	4,975,749
Total	\$ 116,636,889	\$ 17,618,653	\$ 55,038,195	\$ 317,131	\$ 189,610,868

Note 4 – Property Taxes Receivable

Property taxes receivable consist of uncollected real and personal property taxes as determined from the records of the County Treasurer's Office, and at June 30, 2011 were as follows:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
2010	\$ 2,211,566	\$ 895,398	\$ 742,811	\$ 3,849,775
2009	443,040	276,875	229,185	949,100
Prior	890,710	269,935	239,466	1,400,111
Total	\$ 3,545,316	\$ 1,442,208	\$ 1,211,462	\$ 6,198,986

That portion of property taxes receivable, not collected within 60 days after June 30, 2011, 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, 2011

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,263,817	\$ 473,815	\$ -	\$ 26,737,632
Construction in progress	81,362,438	11,597,500	(82,918,469)	10,041,469
Total capital assets not being depreciated	<u>107,626,255</u>	<u>12,071,315</u>	<u>(82,918,469)</u>	<u>36,779,101</u>
Capital assets being depreciated:				
Buildings	64,026,521	82,675,719	(252,431)	146,449,809
Infrastructure and improvements other than buildings	108,916,666	814,053	(15,300)	109,715,419
Intangibles	54,578	9,923	-	64,501
Equipment	41,670,510	2,231,022	(1,166,874)	42,734,658
Total	<u>214,668,275</u>	<u>85,730,717</u>	<u>(1,434,605)</u>	<u>298,964,387</u>
Less accumulated depreciation for:				
Buildings	(15,396,456)	(2,847,971)	147,545	(18,096,882)
Infrastructure and improvements other than buildings	(69,148,550)	(2,860,116)	15,300	(71,993,366)
Intangibles	-	(7,679)	-	(7,679)
Equipment	(24,453,222)	(2,861,726)	954,375	(26,360,573)
Total	<u>(108,998,228)</u>	<u>(8,577,492)</u>	<u>1,117,220</u>	<u>(116,458,500)</u>
Total capital assets being depreciated, net	<u>105,670,047</u>	<u>77,153,225</u>	<u>(317,385)</u>	<u>182,505,887</u>
Governmental activities capital assets, net	<u>\$ 213,296,302</u>	<u>\$ 89,224,540</u>	<u>\$ (83,235,854)</u>	<u>\$ 219,284,988</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,630,859	\$ -	\$ -	\$ 1,630,859
Construction in progress	83,428	97,849	-	181,277
Total capital assets not being depreciated	<u>1,714,287</u>	<u>97,849</u>	<u>-</u>	<u>1,812,136</u>
Capital assets being depreciated:				
Buildings	2,054,277	2,290	-	2,056,567
Utility systems	21,010,949	97,096	(19,395)	21,088,650
Equipment	1,246,392	229,812	(88,113)	1,388,091
Total	<u>24,311,618</u>	<u>329,198</u>	<u>(107,508)</u>	<u>24,533,308</u>
Less accumulated depreciation for:				
Buildings	(719,477)	(48,418)	-	(767,895)
Utility systems	(9,138,674)	(657,973)	19,395	(9,777,252)
Equipment	(809,187)	(109,473)	79,302	(839,358)
Total	<u>(10,667,338)</u>	<u>(815,864)</u>	<u>98,697</u>	<u>(11,384,505)</u>
Total capital assets being depreciated, net	<u>13,644,280</u>	<u>(486,666)</u>	<u>(8,811)</u>	<u>13,148,803</u>
Business-type activities capital assets, net	<u>\$ 15,358,567</u>	<u>\$ (388,817)</u>	<u>\$ (8,811)</u>	<u>\$ 14,960,939</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 5 – Capital Assets (concl'd)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 2,806,125
Public safety	721,294
Highways and streets	3,830,172
Health	10,436
Welfare	84,027
Culture and recreation	218,983
Education	15,545
Internal service funds	890,910
Total governmental activities depreciation expense	<u><u>\$ 8,577,492</u></u>
Business-type activities:	
Landfill	\$ 55,245
Recreation	97,569
Water companies	663,050
Total business-type activities depreciation expense	<u><u>\$ 815,864</u></u>

Note 6 – Construction and Other Significant Commitments

The County had 3 major contractual commitments at June 30, 2011, as follows:

Contractual Commitments	Funding Source	Expenditures to Date	Total Project Cost	Remaining Commitments
Horizon Six Subdivision Phase 2 Engineering design	Secondary tax revenue	\$ 167,014	\$ 493,356	\$ 326,342
Prison health care contract – 11/17/10 through 11/16/11	Tax revenues	1,084,677	1,859,446	774,769
Bullhead City library addition – Construction	Secondary tax revenues	2,967,318	4,714,798	1,747,480
Furnishing		-	429,350	429,350
Total		\$ 4,219,009	\$ 7,496,950	\$ 3,277,941

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 7 – Restricted Assets

As of June 30, 2011, the County had restricted assets as follows:

Governmental activities assets:

Cash	<u>\$ 4,022,654</u>	Cash held by trustees restricted by agreements for construction, debt payments, insurance trusts, loans, or major maintenance.
------	---------------------	--

Business-type activities assets:

Cash	\$ 410,162	I-40 collections restricted for future repairs of infrastructure by agreement with customers.
Cash	<u>542,933</u>	G.V.I.D. water corridor collections restricted for future infrastructure repairs by agreement with customers.
Total business-type activities assets	<u>\$ 953,095</u>	

Note 8 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2011:

	Balance <u>July 1, 2010</u>	Additions	Reductions	Balance <u>June 30, 2011</u>	Due Within <u>1 Year</u>
<u>Governmental activities:</u>					
Special assessment bonds payable	\$ 1,441,000	\$ -	\$ (450,000)	\$ 991,000	\$ 541,000
Beneficial interest certificates payable	53,220,000	-	(4,540,000)	48,680,000	4,700,000
Beneficial interest premium-unamortized	357,979	-	(39,776)	318,203	39,776
Compensated absences payable	7,329,279	6,549,912	(6,542,468)	7,336,723	6,100,000
Claims and judgments payable	<u>1,219,017</u>	<u>14,573,842</u>	<u>(13,951,677)</u>	<u>1,841,182</u>	<u>1,800,000</u>
Total governmental activities long-term liabilities	<u>\$63,567,275</u>	<u>\$21,123,754</u>	<u>(\$25,523,921)</u>	<u>\$59,167,108</u>	<u>\$13,180,776</u>
<u>Business-type activities:</u>					
Landfill closure and postclosure care costs payable	\$ 4,767,669	\$ 1,009,421	\$ -	\$ 5,777,090	\$ -
Compensated absences payable	<u>167,781</u>	<u>99,825</u>	<u>(130,914)</u>	<u>136,692</u>	<u>123,024</u>
Total business-type activities long-term liabilities	<u>\$ 4,935,450</u>	<u>\$1,109,246</u>	<u>(\$ 130,914)</u>	<u>\$5,913,782</u>	<u>\$ 123,024</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 8 – Long-Term Liabilities (cont’d)

Bonds - The County's bonded debt consists of special assessment bonds that are ten-year bonds, payable in installments and 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. Annual principal and interest on the bonds are expected to use 100% of the net revenues. 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 principal and interest paid in 2011 was \$535,050 (64% of available net revenue collected in the current and prior years.) The original amount of special assessment bonds issued in prior years was \$4,591,000.

Bonds outstanding at June 30, 2011, were as follows:

<u>District</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2011</u>
Scenic road and bridge project improvement Mohave County	\$ 4,500,000	1/11-1/13	6.30%	\$ 900,000
improvement district	<u>91,000</u>	in arrears	5.50%	<u>91,000</u>
Total	<u>\$ 4,591,000</u>			<u>\$ 991,000</u>

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2011.

Year Ending <u>June 30,</u>	<u>Governmental activities Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 541,000	\$ 42,525
2013	<u>450,000</u>	<u>14,175</u>
Total	<u>\$ 991,000</u>	<u>\$ 56,700</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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

Beneficial Interest Certificates (BIC) - The County has issued 15 and 12 year beneficial interest certificates to purchase or construct capital facilities that are generally noncallable, with principal payable in annual installments and interest payable semiannually. The BICs are secured by pledges of the ¼ percent sales tax revenue, up to the amount of the annual debt payments. The 2011 debt service requirement of \$6,707,496 was 117 % of the current year tax revenue. This amount exceeded revenue by approximately \$1 million, which was paid from prior years reserves. The original amount of certificates issued in prior years was \$65,320,000.

Beneficial interest certificates outstanding at June 30, 2011, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2011</u>
Beneficial interest certificates Series 2004	\$ 19,320,000	7/2011-7/2019	2.0%-5.25%	\$ 12,525,000
Beneficial interest certificates Series 2008	<u>46,000,000</u>	10/2011-4/2020	3.0%-4.25%	<u>36,155,000</u>
Total	<u>\$ 65,320,000</u>			<u>\$ 48,680,000</u>

The following schedule details debt service requirements to maturity for the County's beneficial interest certificates payable at June 30, 2011:

Year Ending <u>June 30,</u>	<u>Governmental activities</u> <u>Beneficial Interest Certificates</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 4,700,000	\$ 2,007,119
2013	4,875,000	1,832,181
2014	6,693,000	1,657,903
2015	5,255,000	1,368,913
2016	5,445,000	1,258,394
2017-20	<u>21,712,000</u>	<u>2,616,024</u>
Total	<u>\$ 48,680,000</u>	<u>\$ 10,740,534</u>

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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

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

State and federal laws and regulations require the County to place a final cover on its Cerbat and Mohave Valley landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports 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 \$5,777,090 reported as landfill closure and postclosure care liability at June 30, 2011 represents the cumulative amount reported to date at the Cerbat and Mohave Valley landfills based on the use of 89% and 74.3%, 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 \$1,040,316 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 2011. The County expects to close the landfills in the years 2013 and 2016, 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 ensure 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 program. 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, 2011

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

The insurance claims payable liability of the Self-Insurance Fund and Health Insurance Fund totaling \$1,841,182, included in the balance below at June 30, 2011, 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, 2011) 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, 2010 and 2011, were as follows:

	<u>2010</u>	<u>2011</u>
Claims payable - beginning of year	\$ 1,676,826	\$ 1,219,017
Add: Claims incurred and changes in estimates	9,926,496	14,573,842
Deduct: Claims paid	<u>(10,384,305)</u>	<u>(13,951,677)</u>
Claims payable - end of year	<u>\$ 1,219,017</u>	<u>\$ 1,841,182</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 2011, the County's liability for compensated absences is allocated as follows: 60 percent to the General Fund, 13 percent to other major funds, and 27 percent to Other Governmental Funds. The County paid for claims and judgments as follows: 97 percent from the Health Insurance Fund and 3 percent from the Self-Insurance Fund. The claims paid from the Health Insurance Fund were medical claims funded through payroll deductions and contributions from County funds. The Self-Insurance Fund was funded \$452,998 (48%) by the General Fund and \$486,170 (52%) by various Public Works Funds this past year to cover insurance expense and possible settlements. Occasionally it is also reimbursed by other funds.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 9 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2011, were as follows:

	General Fund	Road Fund	Flood Control Fund	Admin Building Debt Service Fund	Other Governmental Funds	Total
Fund balances:						
Nonspendable						
Inventories	\$ -	\$ 303,707	\$ -	\$ -	\$ -	\$ 303,707
Prepaid items	18,754	1,490	-	-	249,580	269,824
Total nonspendable	<u>18,754</u>	<u>305,197</u>	<u>-</u>	<u>-</u>	<u>249,580</u>	<u>573,531</u>
Restricted for:						
Government Services	-	-	-	-	2,156,923	2,156,923
Law enforcement	-	-	-	-	6,309,952	6,309,952
Highways and streets	-	15,324,867	19,352,631	-	20,273	34,697,771
Health	-	-	-	-	850,861	850,861
Welfare	-	-	-	-	1,022,369	1,022,369
Education	-	-	-	-	189,603	189,603
Culture and recreation	-	-	-	-	17,141,504	17,141,504
Debt service	-	-	-	1,240,349	2,766,296	4,006,645
Total Restricted	<u>-</u>	<u>15,324,867</u>	<u>19,352,631</u>	<u>1,240,349</u>	<u>30,457,781</u>	<u>66,375,628</u>
Committed to:						
Government Services	9,067,845	-	-	-	-	9,067,845
Debt service	-	-	-	10,055,791	581,314	10,637,105
Capital outlay	-	-	-	-	3,177,818	3,177,818
Total Committed	<u>9,067,845</u>	<u>-</u>	<u>-</u>	<u>10,055,791</u>	<u>3,759,132</u>	<u>22,882,768</u>
Unassigned	<u>10,629,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,629,336</u>
Total Fund balances	<u>\$ 19,715,935</u>	<u>\$ 15,630,064</u>	<u>\$ 19,352,631</u>	<u>\$ 11,296,140</u>	<u>\$ 34,466,493</u>	<u>\$ 100,461,263</u>

Note 10 – Risk Management

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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, and land under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$1,007,884 for the year ended June 30, 2011. The operating leases have remaining noncancellable lease terms from one to eighty-five years and provide renewal options. The future minimum payments required under the operating leases at June 30, 2011, were as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	\$ 895,560	\$ 2,005
2013	603,175	2,005
2014	349,141	1,226
2015	47,150	279
2016	2,401	-
2017-2021	12,005	-
2022-2026	7,205	-
2027-2096	70	-
Total minimum lease payments	\$ 1,916,707	\$ 5,515

Note 12 – Pensions and Other Postemployment Benefits

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 12- Pensions and Other Postemployment Benefits (cont'd)

and a cost-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) administers 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 and participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a seven-member board, known as The Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Corrections Officer Retirement Plan* (CORP) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The CORP is governed by The Board of Trustees 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 North Central Avenue
P. O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or (800) 621-3778

PSPRS and CORP

3010 East 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, 2011, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.60 percent for retirement and 0.25 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 9.85 percent (9.01 percent for retirement, .59 percent for health insurance premium, and 0.25 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:

<u>Year ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2011	\$3,367,385	\$ 224,492	\$93,538
2010	3,205,300	253,657	153,731
2009	3,153,381	378,879	197,333

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 12- Pensions and Other Postemployment Benefits (cont'd)

Agent plans - For the year ended June 30, 2011, 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 18.41 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution was actuarially set at 1.42 percent of covered payroll. Active CORP members were required by statute to contribute 8.41 percent of the members' annual covered payroll. In addition, the County was required to contribute 5.00 percent. The aggregate of the members' and the County's contributions is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at .84 percent of covered payroll. Probation officers participating in CORP-AOC contributed the statutorily determined amount of 8.41 percent and the County contributed 11.64 percent of their annual covered payroll. The health insurance premium portion of the contribution was actuarially set at 1.33 percent of covered payroll.

Actuarial methods and assumptions - Except for the contribution requirements for probation officers participating in the CORP-AOC which were established by state statute, the contribution requirements for the year ended June 30, 2011, were established by the June 30, 2009 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 2011 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	27 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50%-8.50% for PSPRS and CORP
includes inflation at	5.50% for PSPRS and CORP

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 12- Pensions and Other Postemployment Benefits (cont'd)

Annual Pension/OPEB Cost - The County's pension/OPEB cost for the agent plans for the year ended June 30, 2011, and related information follows.

	<u>PSPRS</u>		<u>CORP</u>		<u>CORP-AOC</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/ OPEB cost	\$776,588	\$64,906	\$145,631	\$29,406	\$268,952	\$34,695
Contributions made	776,588	64,906	145,631	29,406	268,952	34,695

Trend Information – Annual pension cost and OPEB cost information for the current and 2 preceding years follows for each of the agent plans.

<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	2011	\$776,588	100%	\$ -
Health insurance	2011	64,906	100%	-
Pension	2010	824,041	100%	-
Health insurance	2010	62,014	100%	-
Pension	2009	909,388	100%	-
Health insurance	2009	66,193	100%	-
<u>CORP</u>				
Pension	2011	145,631	100%	-
Health insurance	2011	29,406	100%	-
Pension	2010	123,404	100%	-
Health insurance	2010	22,809	100%	-
Pension	2009	123,595	100%	-
Health insurance	2009	20,422	100%	-
<u>CORP-AOC</u>				
Pension	2011	268,952	100%	-
Health insurance	2011	34,695	100%	-
Pension	2010	159,518	100%	-
Health insurance	2010	3,255	100%	-
Pension	2009	212,804	100%	-
Health insurance	2009	60,606	100%	-

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 12- Pensions and Other Postemployment Benefits (concl'd)

Funded Status – Except for the CORP-AOC, the funded status of the plans as of the most recent valuation date, June 30, 2011, along with the actuarial assumptions and methods used in those valuations follow.

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Actuarial accrued liability (a)	\$27,927,107	\$ 831,305	\$ 4,437,310	\$ 246,539
Actuarial value of assets (b)	19,015,513	-	5,768,066	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	8,911,594	831,305	(1,330,756)	246,539
Funded ratio (b) / (a)	68.1%	0.0%	130.0%	0.0%
Covered payroll (c)	\$ 4,348,662	\$ 4,348,662	\$ 3,716,730	\$ 3,716,730
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) – (b))/(c)	204.93%	19.12%	(0.0%)	6.63%

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, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	25 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-Year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases includes inflation at	5.50%-8.50% for PSPRS and CORP 5.50% for PSPRS and CORP

The CORP-AOC's actuarial valuation is prepared on a statewide basis; accordingly, actuarial information for the County, as a participating government, is not available.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

Note 13 – Interfund Balances and Activity

Interfund Receivables and Payables - Interfund balances at June 30, 2011, were as follows:

	Payable to							Total
	General Fund	Flood Control Fund	Nonmajor Governmental Funds	Landfill Fund	G.V.I.D. Fund	Internal Service Funds		
Payable From								
General Fund	\$ -	\$ -	\$ 11,166	\$ -	\$ 8	\$ 324		\$ 11,498
Road Fund	-	-	135,759	-	-	-		135,759
Nonmajor Governmental Funds	29,915	997	218,088	919,667	-	-		1,168,667
Internal Service Funds	21,177	-	-	-	-	-		21,177
Total	\$ 51,092	\$ 997	\$ 365,013	\$ 919,667	\$ 8	\$ 324		\$ 1,337,101

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

The balance of \$919,667 due to the Landfill Fund from the nonmajor governmental funds is an advance from the landfill to cover special assessment engineering fees. This expense is to be reimbursed over the next 10 years, from property owners, through collections assessed on tax bills.

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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

Interfund Transfers –Interfund transfers for the year ended June 30, 2011, were as follows:

	Transfers out to Other Funds						Total
	General Fund	Road Fund	Flood Control Fund	Nonmajor Governmental Funds	Landfill Fund	G.V.I.D. Fund	
Transfers in from Other Funds							
General Fund	\$ -	\$ -	\$ 2,435,032	\$ 927,820	\$ -	\$ -	\$ 3,362,852
Road Fund	-	-	72,980	1,582,787	1,126,028	-	2,781,795
Admin Building Debt Service Fund	-	-	-	4,028,553	-	-	4,028,553
Nonmajor Governmental Funds	4,423,490	432,403	131,418	5,027,884	-	4	10,015,199
G.V.I.D. Fund	-	-	-	662,252	-	-	662,252
Total	\$ 4,423,490	\$ 432,403	\$ 2,639,430	\$ 12,229,296	\$ 1,126,028	\$ 4	\$ 20,850,651

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

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

MOHAVE COUNTY
Notes to Financial Statements
June 30, 2011

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

Substantially, all deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$2,110,454 of deposits held by the Treasurer and \$4,022,654 held by trustees in the County’s name. Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 3 for disclosure of the County’s deposit and investment risks.

Details of each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. agency securities	\$ 167,460,000	.15-1.625%	12/11-06/16	\$ 167,557,714
Corporate bonds	10,000,000	4.85-5.25%	02/12-11/12	6,306,250
State Treasurer’s Local Government Investment Pool	<u>72,741</u>	1.00%	N/A	<u>72,741</u>
	<u>\$ 177,532,741</u>			<u>\$173,936,705</u>

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

Statement of Net Assets

Assets	\$ 183,913,089
Liabilities	<u> </u>
Net assets	<u>\$ 183,913,089</u>
Net assets held in trust for:	
Internal participants	\$ 129,701,593
External participants	<u>54,211,496</u>
Total net assets held in trust	<u>\$ 183,913,089</u>

Statement of Changes in Net Assets

Total additions	\$ 664,035,418
Total deductions	<u>(676,370,678)</u>
Net decrease	(12,335,260)
Net assets held in trust:	
July 1, 2010	<u>196,248,349</u>
June 30, 2011	<u>\$ 183,913,089</u>

Required Supplementary Information

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 37,300,432	\$ 37,300,432	\$ 36,475,427	\$ (825,005)
Licenses and permits	577,918	577,918	590,757	12,839
Intergovernmental	27,878,925	27,873,347	26,962,016	(911,331)
Charges for services	6,068,339	6,068,339	6,815,791	747,452
Fines and forfeits	1,603,407	1,603,407	1,700,397	96,990
Investment earnings	150,000	150,000	278,754	128,754
Contributions	1,000	1,000	1,116	116
Miscellaneous	110,070	110,070	113,207	3,137
Total revenues	<u>73,690,091</u>	<u>73,684,513</u>	<u>72,937,465</u>	<u>(747,048)</u>
Expenditures:				
Current:				
General government				
Assessor	3,509,541	3,509,541	3,444,417	65,124
County attorney	3,883,161	3,883,161	3,803,322	79,839
Risk management	369,141	369,141	355,107	14,034
Board of supervisors	999,183	999,183	967,864	31,319
Clerk of board	218,724	218,724	207,321	11,403
Housing community development	434,815	434,815	413,239	21,576
General administration	2,082,214	2,082,214	1,824,020	258,194
Clerk of superior court	1,970,274	1,970,274	1,929,147	41,127
Constables	378,805	378,805	368,625	10,180
Contingency	11,562,064	10,629,336	-	10,629,336
Elections	894,126	1,024,126	844,253	179,873
Finance	1,057,997	1,057,997	1,041,826	16,171
Building and grounds maintenance	2,043,563	2,043,563	2,036,388	7,175
Justice courts	3,028,873	3,100,480	3,013,498	86,982
Juvenile detention	1,408,709	1,408,709	1,282,990	125,719
Personnel	574,613	574,613	514,699	59,914
Development services	2,090,141	2,090,141	1,744,000	346,141
Public fiduciary	545,792	545,792	482,856	62,936
Public defender	4,912,421	5,231,542	5,186,606	44,936
Public legal defender	835,559	835,559	785,399	50,160
Building inspector	1,162,809	1,162,809	1,076,732	86,077
Public works	97,717	97,717	95,316	2,401
Procurement	392,239	392,239	315,173	77,066
Recorder	766,479	766,479	721,864	44,615
Superior courts	3,059,331	3,059,331	2,895,229	164,102
Treasurer	1,570,218	1,570,218	1,528,194	42,024
Voter registration	372,498	372,498	326,102	46,396
Supervisory districts	400,683	400,683	316,337	84,346
Total general government	<u>\$ 50,621,690</u>	<u>\$ 50,209,690</u>	<u>\$ 37,520,524</u>	<u>\$ 12,689,166</u>

(Continued)

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2011
(Concluded)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
Public safety:				
Animal control	\$ 713,269	\$ 713,269	\$ 695,405	\$ 17,864
Jail	9,378,482	10,885,682	10,620,223	265,459
Medical examiner	539,000	539,000	539,000	-
Probation	1,776,962	1,776,962	1,706,978	69,984
Sheriff	10,227,878	10,227,878	10,025,427	202,451
Total public safety	<u>22,635,591</u>	<u>24,142,791</u>	<u>23,587,033</u>	<u>555,758</u>
Health				
A.H.C.C.C.S.	<u>8,220,700</u>	<u>7,125,500</u>	<u>6,725,677</u>	<u>399,823</u>
Education				
School superintendent	<u>468,296</u>	<u>468,296</u>	<u>426,371</u>	<u>41,925</u>
Total expenditures	<u>81,946,277</u>	<u>81,946,277</u>	<u>68,259,605</u>	<u>13,686,672</u>
Excess (deficiency) of revenues over expenditures	<u>(8,256,186)</u>	<u>(8,261,764)</u>	<u>4,677,860</u>	<u>12,939,624</u>
Other financing sources (uses):				
Transfers in	1,391,730	3,362,852	3,362,852	-
Transfers out	<u>(4,697,608)</u>	<u>(4,697,608)</u>	<u>(4,423,490)</u>	<u>274,118</u>
Total other financing sources (uses)	<u>(3,305,878)</u>	<u>(1,334,756)</u>	<u>(1,060,638)</u>	<u>274,118</u>
Excess of revenues and other sources over (under) expenditures and other uses	(11,562,064)	(9,596,520)	3,617,222	13,213,742
Fund balances, July 1, 2010	<u>11,562,064</u>	<u>9,596,520</u>	<u>16,098,713</u>	<u>6,502,193</u>
Fund balances, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,715,935</u>	<u>\$ 19,715,935</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 36,550	\$ 21,550
Intergovernmental	13,100,600	13,125,600	12,796,099	(329,501)
Charges for services	427,000	427,000	621,351	194,351
Fines and forfeits	-	-	339	339
Investment earnings	88,836	88,836	121,003	32,167
Rents	77,360	77,360	86,358	8,998
Miscellaneous	136,000	136,000	35,892	(100,108)
Total revenues	<u>13,844,796</u>	<u>13,869,796</u>	<u>13,697,592</u>	<u>(172,204)</u>
Expenditures:				
Current:				
Highways and streets	24,071,071	23,728,668	12,146,026	11,582,642
Total expenditures	<u>24,071,071</u>	<u>23,728,668</u>	<u>12,146,026</u>	<u>11,582,642</u>
Excess (deficiency) of revenues over expenditures	<u>(10,226,275)</u>	<u>(9,858,872)</u>	<u>1,551,566</u>	<u>11,410,438</u>
Other financing sources (uses):				
Transfers in	-	2,681,795	2,781,795	100,000
Transfers out	<u>(97,244)</u>	<u>(464,647)</u>	<u>(432,403)</u>	<u>32,244</u>
Total other financing sources (uses)	<u>(97,244)</u>	<u>2,217,148</u>	<u>2,349,392</u>	<u>132,244</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(10,323,519)</u>	<u>(7,641,724)</u>	<u>3,900,958</u>	<u>11,542,682</u>
Fund balances, July 1, 2010	10,323,519	7,641,724	11,712,541	4,070,817
Increase in reserve for inventory	<u>-</u>	<u>-</u>	<u>16,565</u>	<u>16,565</u>
Fund balances, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,630,064</u>	<u>\$ 15,630,064</u>

See accompanying notes to budgetary comparison schedule.

MOHAVE COUNTY
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 11,739,503	\$ 11,739,503	\$ 11,045,544	\$ (693,959)
Licenses and permits	8,000	8,000	5,312	(2,688)
Intergovernmental	379,225	729,225	205,233	(523,992)
Investment earnings	176,342	176,342	302,497	126,155
Total revenues	<u>12,303,070</u>	<u>12,653,070</u>	<u>11,558,586</u>	<u>(1,094,484)</u>
Expenditures:				
Current:				
Highways and streets	34,514,935	32,820,833	11,995,795	20,825,038
Total expenditures	<u>34,514,935</u>	<u>32,820,833</u>	<u>11,995,795</u>	<u>20,825,038</u>
Excess (deficiency) of revenues over expenditures	<u>(22,211,865)</u>	<u>(20,167,763)</u>	<u>(437,209)</u>	<u>19,730,554</u>
Other financing sources (uses):				
Transfers out	(597,669)	(2,641,771)	(2,639,430)	2,341
Total other financing sources (uses)	<u>(597,669)</u>	<u>(2,641,771)</u>	<u>(2,639,430)</u>	<u>2,341</u>
Excess of revenues and other sources over (under) expenditures and other uses	(22,809,534)	(22,809,534)	(3,076,639)	19,732,895
Fund balances, July 1, 2010	<u>22,809,534</u>	<u>22,809,534</u>	<u>22,429,270</u>	<u>(380,264)</u>
Fund balances, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,352,631</u>	<u>\$ 19,352,631</u>

See accompanying notes to budgetary comparison schedule.

Mohave County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2011

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, 2011, 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, 2011

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						
06/30/2011	\$ 19,015,513	\$27,927,107	\$ (8,911,594)	68.1%	\$ 4,348,662	204.9%
Health Insurance						
06/30/2011	-	831,305	(831,305)	0.0%	4,348,662	19.1%
Pension						
06/30/2010	18,729,245	25,568,864	(6,839,619)	73.3%	4,782,717	143.0%
Health Insurance						
06/30/2010	-	760,418	(760,418)	0.0%	4,782,717	15.9%
Pension						
06/30/2009	17,760,643	23,967,200	(6,206,557)	74.1%	5,044,784	123.0%
Health Insurance						
06/30/2009	-	725,142	(725,142)	0.0%	5,044,784	14.4%

Corrections Officer Retirement Plan

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						
06/30/2011	\$ 5,768,066	\$ 4,437,310	\$ 1,330,756	130.0%	\$ 3,716,730	0.0%
Health Insurance						
06/30/2011	-	246,539	(246,539)	0.0%	3,716,730	6.6%
Pension						
06/30/2010	5,200,975	3,636,215	1,564,760	143.0%	2,947,082	0.0%
Health Insurance						
06/30/2010	-	171,518	(171,518)	0.0%	2,947,082	5.8%
Pension						
06/30/2009	4,882,221	3,270,671	1,611,550	149.3%	2,905,422	0.0%
Health Insurance						
06/30/2009	-	144,938	(144,938)	0.0%	2,905,422	5.0%

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

Mohave County
Required Supplementary Information
Note to Schedule of Agent Retirement Plans' Funding Progress
June 30, 2011

Note 1 – Actuarial Information Available

The CORP-AOC's actuarial valuation is prepared on a statewide basis; accordingly, actuarial information for the County, as a participating government, is not available.